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RECENT CHINESE LEGISLATION

RELATING TO

Commercial, Railway and Mining Enterprises.

TRANSLATED BY

E. T. WILLIAMS,

CHINESE SECRETARY, H. S. LOYD'S, LTD.

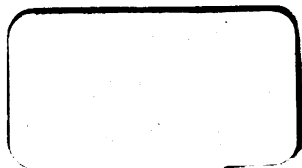
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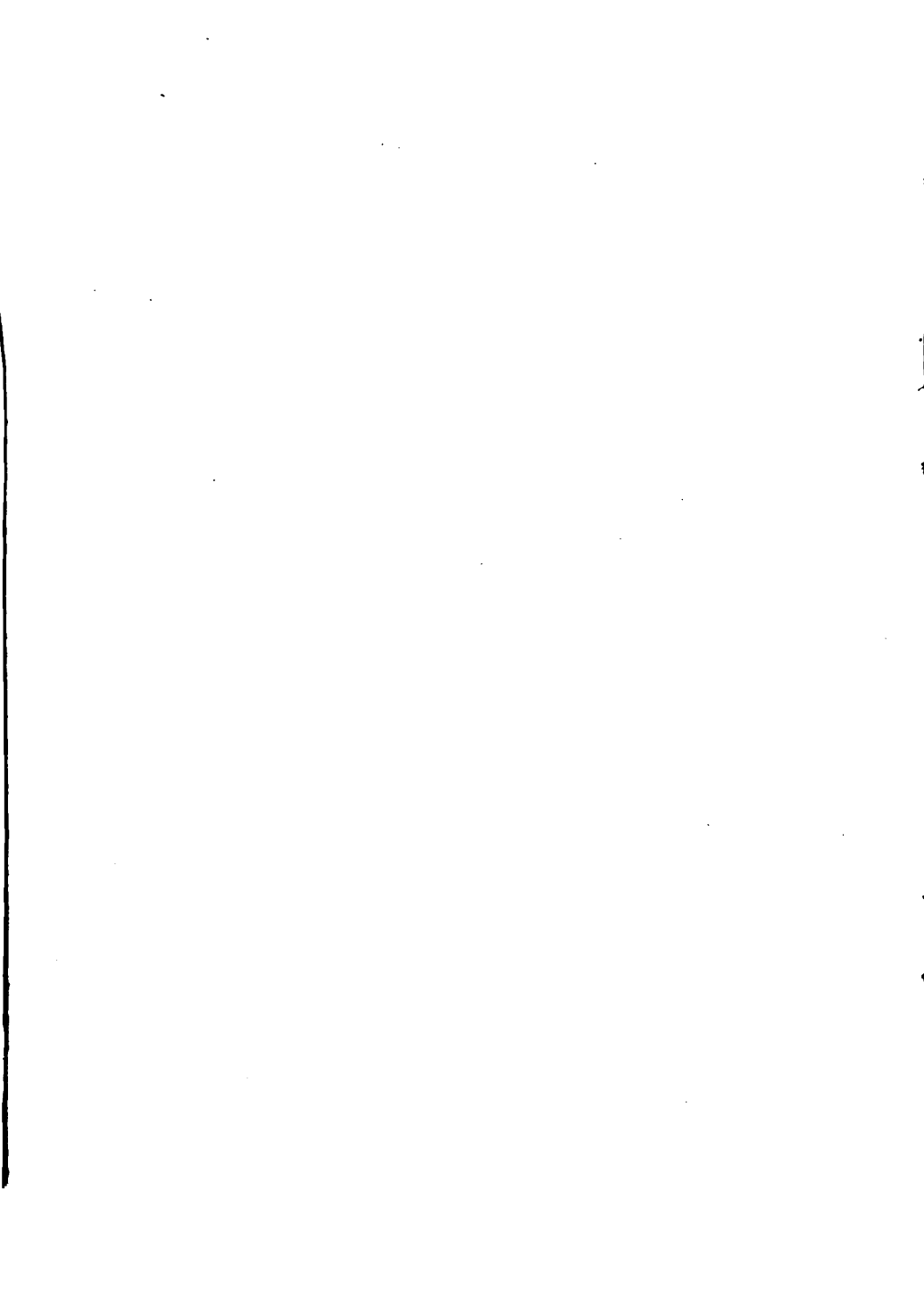
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CHINESE SECRETARY, U. S. LEGATION, PEKING.

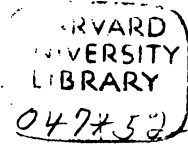
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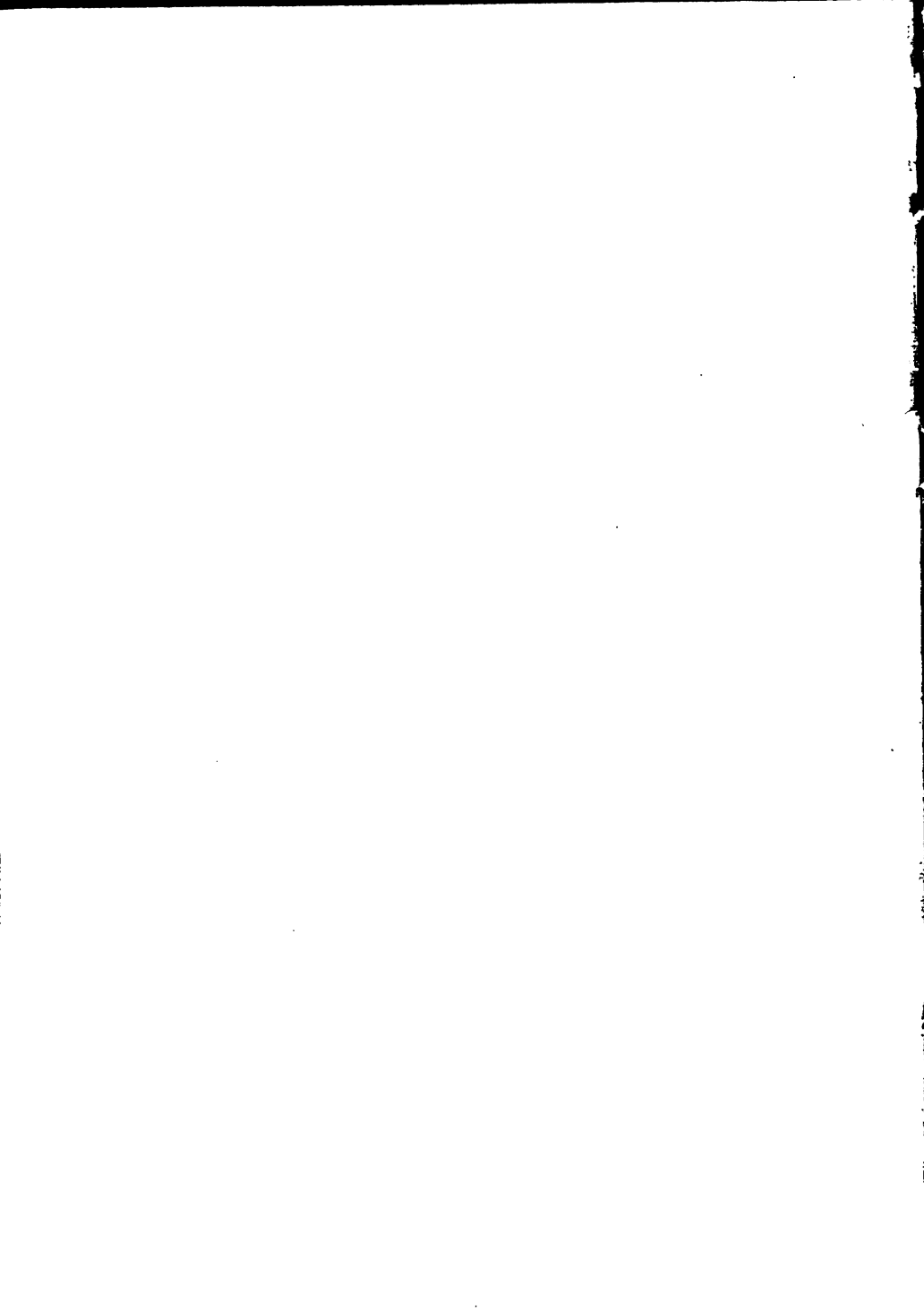
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IMPERIAL EDICT.

TRANSLATED FROM THE PEKING GAZETTE
OF APRIL 22nd, 1903.

Commerce and the encouragement of industries have ever been from ancient times to the present matters of real importance to governments, but according to an old tradition, WE have looked upon industries and commerce as matters of the last importance. That the policy of the Government and the labor of the people result in daily increasing poverty can have no other reason than this. It is most necessary, therefore, that changes be made that will be of general advantage, and greater attention than ever ought to be given to the matter.

Recently WE received a report from the Bureau of National Administration in reply to the memorial of Prince Tsai-chen, requesting that a Board of Commerce should be established. WE have already issued an Edict sanctioning the proposal.

Now WE appoint Prince Tsai-chen, Yüan Shih-k'ai and Wu T'ing-fang to arrange, first of all, a Code of Commercial Laws, which may serve for a standard. After the compilation of these commercial laws shall have been completed and presented in a memorial, and approval given to them, WE shall select a high official to organize and manage a Board of Commerce. As to the methods to be employed to introduce industries and to improve the conditions of commerce, let Prince Tsai-chen and his associates carefully consider the matter and petition for an Edict sanctioning their proposals, all of which, it is hoped, may put an end to the old attitude of officials and unite all in one spirit, that there may not be the least division of sentiment to become a source of trouble. It is more than ever necessary that no effort be spared to give the protection and assistance needed*, so that to some extent commercial matters may be improved and daily grow more prosperous, thus increasing the wealth of the people and nourishing the roots of the State. This is OUR earnest hope. "Respect This."

*That is, by commerce and manufactures.

IMPERIAL EDICT.

SEPTEMBER 7TH, 1903.

Now that encouragement is being given to commercial pursuits it becomes necessary to establish a Board of Commerce. WE therefore now appoint Tsai-chen to the post of President of the said Board, Wu T'ing-fang* to be First Vice-President, and Ch'en Pi† to be Second Vice-President.

Let the said President and Vice-Presidents make satisfactory arrangements for the management of the matters that fall to the control of the said Board, and report in a memorial to US. "Respect This."

*Wu T'ing-fang has since been transferred to the Board of Foreign Affairs.

†Ch'en Pi promoted to succeed Wu T'ing-fang as First Vice-President, has himself been succeeded as Second Vice-President by Ku Chaoshin.

IMPERIAL EDICT.

ABOLISHING BUREAU OF RAILWAYS AND MINES
AND TRANSFERRING THESE INTERESTS TO
THE BOARD OF COMMERCE.

Some time ago WE issued an Edict, appointing Wang Wen-shao, Ch'u Hung-chi, and Chang I to take charge of railway and mining affairs. Having now established a Board of Commerce, all matters connected with railways and mines ought to be put under its control.

Let the General Bureau of Railways and Mines be abolished. "Respect This."

Issued Sept. 26th, 1903.

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IMPERIAL EDICT.

ENCOURAGING THE ESTABLISHMENT OF RAILWAY, MINING, AGRICULTURAL AND MANUFACTURING COMPANIES.

The Board of Commerce has memorialized, proposing that Railway, Mining, Agricultural and Manufacturing Companies should be established in all the provinces, and praying that orders be given to the Tartar Generals, Viceroy and Governors of the provinces to consult together and devise appropriate measures.

The encouragement of commerce, which is our present concern, all depends upon the united efforts of officials and merchants and their animation by a common spirit of mutual trust and confidence. The Central and Provincial Governments should combine their strength to give assistance and seriously urge the matter far and wide, so that we may hope in good time to see some improvement.

Let the Tartar Generals, Viceroys and Governors of the various provinces consult with the Board of Commerce and establish these companies. Let them together devise ways and means and give earnest attention to their management, and let them direct the Taot'ais, Prefects, Department and District Magistrates in their several jurisdictions to conscientiously give protection as occasion may require. Should any shirk their responsibility in order to follow the old methods, ignoring the orders given, the said Board must at once present a memorial stating the facts and must exert themselves to remove such obstructives. Let not the least leniency be shown them. "Respect This."

Issued Sept. 29th, 1903.



COMMERCIAL LAWS.
ADOPTED BY IMPERIAL ORDER.

GENERAL LAWS AS TO MERCHANTS.

1.—All who are engaged in commerce, trade, buying and selling, or in the transportation of goods, are regarded as merchants.

2.—Any male over sixteen years of age, that is, after attaining manhood, may be a merchant. (He must, however, be fully sixteen years of age.*)†

3.—Should any merchant become incapacitated by illness and have no father nor elder brother, and his sons and younger brothers be under age and therefore too youthful to conduct his business, his wife or a daughter over sixteen years of age, or a daughter who has

* Chinese ordinarily reckon their ages from the first day of the year in which they were born. This law requires that one shall really have completed his sixteenth year, reckoning from his birthday.

† All parentheses, unless otherwise noted, are found in the original.

elected to remain unmarried owing to the death of her fiancé, if able of herself to conduct the business, may be considered a merchant. But the matter must be reported to the Board of Commerce and a record made there, or the report may be made to a Chamber of Commerce near at hand and transmitted by said Chamber to the Board of Commerce for record. (If no Chamber of Commerce shall have been established in the vicinity, then report may be made to the nearest guild of the Trade concerned and by said guild transmitted to the Board of Commerce for record.)

4.—Any woman already married must have her husband's written consent, and proceeding carefully according to Article 3, must report to the Board of Commerce, when only may she be considered a merchant. But, should there be shortages owing to the confusion of her accounts, her husband may not escape liability for her debts.

5.—Any merchant may please himself as to whether he shall use his own personal name in business or a separate name chosen for the shop.

6.—Whether their business be large or small, merchants must keep a current Account Book in which they shall make daily entries of all monies received and expended and all goods purchased or sold, as well as of all daily expenses.

7.—Merchants must take stock once a year and prepare and keep for reference an inventory of the year's goods, the real estate and the equipment of their shops as well as a statement of all sums of money owing to them or owed by them to others.

8.—Merchants must preserve all their accounts, statements, and all correspondence relating to their business for ten years. After ten years they may suit themselves as to whether to preserve them longer or not. Should any real accident occur within the ten years, causing loss of them, they must report the occurrence to the Board of Commerce for filing in the same manner as set forth in Article 3.

9.—No matter what sort of merchant, what sort of company, or what sort of shop, all must comply with Articles 6, 7 and 8; there must be no disobedience.



LAWS REGARDING COMPANIES.

CHAPTER I.

KINDS OF COMPANIES AND METHODS OF ORGANIZATION AND OF REGISTRATION.

1.—All who combine capital for the purpose of conducting together a business enterprise may be said to form a company. They may be classed as of four kinds:—

(1) Co-partnership, (2) Limited Co-partnership, (3) Joint Stock Companies, (4) Joint Stock Companies Limited.

2.—All who organize companies, on going to the Board of Commerce to have them registered, must present the Articles of Agreement for the organization of the companies, together with the Rules and Regulations complete, to the Board of Commerce to be kept on file.

3.—No company may adopt a name already adopted by another company previously established.

4.—A Co-partnership is an association of two or more persons who have combined their capital in some business enterprise and chosen one name under which to operate.

5.—In conducting the business of a Co-partnership one or two persons who have contributed capital must be chosen as responsible Managers of the business.

6.—A Limited Co-partnership is an association of two or more persons who have combined their capital in some business enterprise and clearly announced that the capital so combined is the limit of their liability.

7.—Those who combine their capital and organize a Limited Co-partnership must enter into a contract and jointly sign the same, which shall clearly state what sort of business is to be conducted, how much capital each person contributes, on what day of what month and what year the contract takes effects and for how many years it is to run, and fifteen days before commencing business they must report the above-mentioned facts to the Board of Commerce for registry. Only upon compliance with this requirement will they be allowed to commence operations.

8.—The Sign Board, all documents issued in the transaction of the business, and the seal of a Limited Co-partnership must bear the words,

distinctly legible, “.....
.....(firm name)..... A Limited
Liability Company” (or Co-partnership).

9.—Should a Limited Co-partnership meet with losses and fail in business, and examination show that there had been no fraud practised, such as the concealment of the assets with intention to swindle, then only the total amount of money belonging to the Co-partnership may be seized, together with its real estate, which shall be sold and turned into money, and both shall be applied to the payment of the debts. The partners shall not be compelled to pay anything in addition to make up any deficiency.

10.—A Joint Stock Company is one organized by seven or more persons, who combine their capital for the transaction of business.

11.—The Articles of Agreement entered into by the organizers of a Joint Stock Company must make a clear statement of the following items:—

(1) The Name of the Company, (2) The Business to be conducted by the Company, (3) The Amount of the Company's Capital, (4) The whole number of the Shares in the Company and the nominal value of each Share, (5) The number of Shares to be taken by each organizer, (6) The Location of the Head Office of the Company and of the Branch Office also, if there be any, (7) It

must also state clearly how notice is to be given to the Share-holders or the Public after the establishment of the Company, whether by announcement in a newspaper or by letter, (8) The Names and Addresses of the Organizers.

12.—Those who organize a Company, must fifteen days before commencing business report to the Board of Commerce the several items required by Article 11, that a record may be made of them, after which only will it be permitted to begin operations.

13.—A Joint Stock Company Limited is an association of seven or more persons, who combine their capital to carry on some business and make a clear statement of the amount of their capital and that this shall be considered the limit of their liabilities.

14.—The Organizers of a Joint Stock Company Limited must enter into Articles of Agreement, as set forth in Article 11, but must clearly state therein that the Company is a “Limited” one, using this word.

15.—The Sign Board of a Joint Stock Company Limited, as well as all documents used in the transaction of its business and the seal must also all bear the words clearly legible, “..... (firm name).....Limited Liability Company.”

16.—Joint Stock Companies, whether Limited or not, when they desire to invite persons to take shares, must first issue a notice and publish an announcement in a newspaper to inform the public. The notice and the advertisement must contain the following items:—

(1) The Name of the Company, (2) In what sort of Business the Company is to engage and the general method of its management, (3) Place where the Company is established, (4) Names and residences of the Organizers, (5) Total number of Shares in the Company, nominal value of each Share, how many Shares are now being offered, and the number of instalments in which payment is to be made, (6) Where payments on Shares are to be received, (7) Whether or not the Organizers obtain any extra profits or have been promised such advantage by others, (8) What sort of financial agreements with others have been entered into beforehand by the Organizers in order to establish the Company.

17.—Organizers must not clandestinely obtain profits other than those properly accruing to them and conceal the same in order to defraud the share-holders. Should there be any malpractice of this sort, immediately upon the discovery of it, besides requiring them to turn over the amount so obtained, action shall be taken in accordance

with Article 126 on Fines, so as to make an example of them. But as to any profits which they ought of right to obtain, if a clear statement of the matter have already been made in a general meeting of the share-holders and they shall have given their consent to the arrangement, the foregoing shall not apply.

18.—When the shares offered have been taken up, the organizers must at once fix a date for a meeting of the share-holders, and the share-holders shall appoint one or two of their number as examiners to determine whether or not the full number of shares has been subscribed and whether or not the affairs of the Company are in a satisfactory condition.

19.—If the share-holders discover that the organizers of the Company have not observed all the requirements clearly set forth in Article 16, or that there has been any other mismanagement, they may disperse, refusing to acknowledge any responsibility in connection with the Company.

20.—If the share-holders find that the organizers have observed the various requirements fully set forth in Article 16, and that there has been no mismanagement of any kind, the said Company must within fifteen days report to the Board of Commerce for registry, that they may begin operations.

21.—When a Company reports to the Board of Commerce for registration it must present a clear statement of the following items:—

(1) The name of the Company; (2) In what sort of business the Company is to engage; (3) The total number of shares in the Company; (4) The nominal value of each share; (5) What method is to be employed after the establishment of the Company for notifying the share-holders or the public, whether by advertisement in a newspaper or by letter; (6) The location of the head office of the Company and of the branches if there be any; (7) The year, month and day on which the Company was established; (8) On what day, in what month and year, the term during which the Company is to conduct business will expire—if no term has been agreed upon this, too, must be clearly stated; (9) How much has already been paid upon each share; (10) The names and addresses of the organizers and the examiners.

22.—After the Company shall have been in operation three months the Board of Directors must, within a further period of one month, call a General Meeting of the share-holders, and make a report to them in detail of all matters connected with the working of the Company, so that all the share-holders may be informed.

Should there be any important matter demanding consideration they may request the shareholders to deliberate and take action regarding it.

23.—All companies already established, together with such as may be hereafter established, as well as all associations, factories, hong, firms, shops and stores, may apply for registration at the Board of Commerce, so that they may all alike enjoy the benefits of protection.

24.—All shares must be for equal amounts; there must be no inequality.

25.—The face value of a share may not be less than five dollars, but payment may be allowed in instalments.

26.—No share may be divided into portions.

27.—Every Company must proceed in accordance with the various requirements clearly set forth in Article 21, before it shall be allowed to issue share certificates. If there be any disobedience the share certificates are valueless. Should any person on this account be made to suffer loss it will be permitted him to bring suit against the Company and demand compensation.

28.—The share certificates of any Company must be signed by the Directors and sealed with the seal of the Company, as evidence of their

genuineness. They must be numbered consecutively and contain the following items:—

(1) The name of the Company; (2) The day, month and year on which the Company was registered; (3) The total number of shares in the Company; (4) The nominal value of each share; (5) Periods at which payments on shares are made—it must also clearly state the exact amount paid at each period; (6) The name and residence of the share-holders.

29.—Should a Joint Stock Company Limited meet with losses and fail in business, and examination show that there has been no concealment of assets or other evil practices with intent to defraud, only the face value of the shares fully paid up may be seized and, together with the real estate of the Company, which shall be sold and turned into money, applied to the payment of the debts. No further demand can be made upon the share-holders.

30.—No matter whether operated by officials or merchants or jointly by officials and merchants every sort of Company and all associations (all commercial enterprises are included) must uniformly observe the Regulations adopted by the Board of Commerce.

31.—All Co-partnerships and Joint Stock Companies, which at the time when they report

to the Board of Commerce for registration do not distinctly state that they are Limited Liability Companies, using the word "Limited," shall be considered unlimited, and if they fail in business, not only will the Company's real estate be sold and turned into money to be applied toward the payment of the debts, but, should this prove to be insufficient, the partners or the share-holders will be liable for any balance due.

32.—Should any Company whose liabilities are unlimited or any shop fail in business, payment of their debts may be required of the share-holders in the Company or the proprietors of the shop, and real estate held in the names of such individuals may be seized and sold to satisfy the claims. (For details see special statutes on "Bankruptcy" and "Collection of Debts.")

CHAPTER II.

SHARES.

33.—An applicant for shares must recognize his obligation to pay for the full number of shares for which he has subscribed.

34.—Applicants for shares must fill in the forms of application for shares in the Company and sign the same and send it to the place fixed by the Company for receiving applications, as

well as make the payments due on the shares at the periods specified.

35.—Applicants for shares, no matter whether Chinese or foreign merchants, after having made their applications are bound to observe the Rules and Regulations adopted by the Company.

36.—Applicants for shares are not allowed to use bills owing them by the Company in payment for their shares.

37.—When several persons unite in buying a share, they must permit one of their number to buy in his name, and he must be responsible for the exercise of all rights pertaining to the stock and the receipt of all benefits accruing, which he may divide with the other joint owners of the stock. Should any one of them be unable to meet the payments due upon the stock at the proper dates, the others may each pay a portion of the sum due.

38.—If not contrary to the Regulations of the Company, shares may be transferred at will, but the purchaser must go to the Head Office of the Company and have the transfer recorded, when only will it be permitted.

39.—The Company may not buy back the share certificates which it has issued, nor hypothecate them.

40.—Should any applicant for shares fail to make payment upon them at the time fixed, the Organizers must notify the said applicant and allow him half a month in which to pay up. If after the expiration of this period he shall still fail to make payment, they may offer the shares for which he has subscribed to some other person.

41.—If a Company orders an additional assessment to be made upon all share-holders, fifteen days' notice must first be given, and if at the expiration of that time payment shall not have been made, an additional fifteen days must be allowed, when, if payment be still deferred, the persons so defaulting shall lose their rights and benefits as share-holders.

42.—When share-holders fail to pay up the additional assessment within the extended period, the Company may sell the shares concerned to some other person, and if they should be sold below par, the original share-holder may be compelled to make good the loss.

43.—If a Company should desire to present shares as a bonus, a clear notice thereof must be given in advance at the time of organization; there must be no concealment.

44.—Applicants for shares who are officials, no matter whether of high rank or low, whether applying over their personal names or by

their official titles, are to be regarded just as non-official applicants, simply as share-holders, and treated in the same way as others. Any earnings to which they may be entitled, and any rights in discussion or voting together with any other privileges, must be the same as those of any other share-holder; there must not be the slightest discrimination in their favor.

CHAPTER III.

THE RIGHTS AND BENEFITS OF SHARE-HOLDERS.

45.—When a meeting of the share-holders of a company is to be called, notice must be sent and published in a newspaper at least fifteen days beforehand, and the notice as well as the advertisement must contain a clear statement of the business to be considered.

46.—The Board of Directors of a company must at least once a year call an ordinary general meeting of the share-holders.

47.—Fifteen days in advance of the ordinary general meeting of the share-holders, the Board of Directors must send to each of the share-holders for his consideration the Annual Report of the Company, together with a General Statement of the Accounts.

48.—At the ordinary general meeting of the share-holders the Directors of the Company must read the Annual Report to the share-holders and submit the Accounts to their inspection. If the share-holders shall have no objections to make, record shall be made in the minutes that the same have been approved, the dividend shall be declared, and Directors elected for the ensuing year. If the share-holders think that the Accounts are not clearly explained, they may then elect one or two persons to carefully examine them.

49.—Should any matter arise of importance to the Company the Board of Directors may at any time call an Extraordinary Meeting of the share-holders to consider it.

50.—Any share-holder or share-holders (no matter whether one or several) who may hold shares equal to one-tenth of the capital stock of the Company, if he shall have some matter which he desires to have considered, may inform the Board of Directors and request them to call an Extraordinary Meeting of the share-holders, but he must make a definite statement of the matters to be considered and write them down seriatim. If the Board of Directors of the Company do not comply with his request within fifteen days, the said share-holder may report the matter to the Board of Commerce, and upon receiving its

consent, may himself call a meeting of the shareholders.

51.—Share-holders who have not paid up the amounts due upon their shares may not take part in a meeting.

52.—Minutes of all matters discussed must be kept by a Secretary, whether at an Ordinary General Meeting of the share-holders or an Extraordinary one. The Directors of the Company must act in accordance with the decisions of the meeting after the Chairman shall have once signed the Minutes in approval of them.

53.—Should the Directors or any share-holders think that any action taken at a meeting of the share-holders is in violation of the Commercial Laws or of the Regulations of the Company, they will be permitted to lay the matter before the Board of Commerce for its consideration, but such action must be taken within one month. After that time the complaint will not be entertained. When share-holders make such complaint they must show their share certificates to the Board of Commerce in proof of their right to act.

54.—Copies of the Articles of Agreement entered into at the time of the organization of the Company as well as of the record of all decisions taken at the successive meetings of the

share-holders and of the general list of the share-holders must be kept at the Head Office of the Company and at the Branch Offices, that the share-holders and the creditors of the Company may at any time inspect them.

55.—The Head Office of the Company must keep a list of the surnames and personal names of the share-holders. The list must contain the following:—

(1) The surnames and personal names of the share-holders and their residences. (2) The number of shares held by each share-holder and the number on their share certificates. (3) The amount paid on each share and the dates of payment. (4) The year, month and day on which the share-holder purchased his shares.

56.—Every person who purchases shares, once his name has been entered on the Company's register, is possessed of all the rights and benefits of a share-holder to the same extent as those who made application at the time of the organization of the Company. He must accept, too, the same responsibilities as other share-holders, and, should any additional assessment become necessary, he must pay accordingly.

57.—Should foreigners make application for shares in a company established by Chinese, they must agree to observe the Chinese Commercial

Laws as well as the Regulations of the Company.

58.—Every person possessed of shares of a company, if the share certificate be in his own name, no matter what the amount of the capital stock may be, will be permitted, should his affairs require it, to examine the accounts of the Company.

59.—Should a share-holder want to go and examine the accounts of the Company, he must first give three days' notice to the General Manager of the Company, or, if there be no General Manager, to the person having general charge of affairs, so that preparations may be made. (There is more than one share-holder, and the manager has his daily duties to perform, and to allow persons at their pleasure to examine the accounts cannot but give trouble and may cause obstruction of public business, therefore notice ought first to be sent.)

60.—Should a share-holder desire to examine the correspondence or any documents belonging to the Company, he must in such case also write to the General Manager, or the person in charge, and give him three days' notice that preparation may be made. Should the letters or documents which he wishes to examine be of such concern to the Company's interests that an exhibition of

them would appear likely to cause obstruction, the General Manager or the person in charge may request the Board of Directors to take the matter into consideration and decide it, and should the letters be such as ought to be kept secret, and which it is not convenient to make public, then they must not submit them to the inspection of the share-holder.

61.—Should a share-holder make a pretence of desiring to examine the accounts, letters or other documents of the Company, when really he wants to avail himself of the opportunity that would be afforded to secure in an illicit way some other advantage for himself to the prejudice of the general interests of the Company, the Board of Directors must forbid his inspection of them.

CHAPTER IV.

DIRECTORS.

62.—The Company having been established, the share-holders must at their first general meeting elect several of their number to be Directors, who shall be known as the Board of Directors.

63.—A Company must at the least have three Directors; at most there must not be more than thirteen, but in any case an odd number must be elected.

64.—At any meeting of a Board of Directors three persons shall constitute a quorum for the transaction of business, but they must observe the Rules of Parliamentary Procedure.

65.—Any one who serves as a Director must do so under his own name and must be possessed of at least more than ten shares of the Company.

66.—The salaries of the Directors, if no provision respecting the same shall have already been made in the Articles of Agreement for the organization of the Company, shall be determined by the share-holders at a meeting of the same.

67.—Every Company is to regard its Board of Directors as its governing body, but it is not necessary for the Directors to be constantly at the offices of the Company. It shall be the duty of the General Manager or the officer in charge, however, to refer to the Board of Directors all matters, great or small, regarding which they ought to deliberate or take action, and to carry out their orders.

68.—Directors shall serve for a term of one year, and upon the expiration of that period shall retire. For the very first year, two-thirds of their number shall be selected by lot and retained, but thereafter succeeding vacancies

shall be filled by election.* (If the whole number should not be divisible by three, then a number as near as practicable to two-thirds shall be retained.)

69.—When a Director's term of office shall have expired, if the share-holders think that he has been a capable officer, they may at the Ordinary General Meeting re-elect him.

70.—When a Director's term of office shall have expired, if the share-holders desire to elect some one else in his stead, they must notify the General Manager or the officer in charge two days in advance of the Ordinary General Meeting, giving the name of the person proposed; and should there be any one desiring himself to serve as Director, he may send his name beforehand to the Company and await the choice of the share-holders at their meeting.

71.—Should a Director for any reason be unable to complete his term of office, the Board of Directors may temporarily appoint a reliable and careful share-holder to take his place and fill the vacancy in the Board until the Ordinary General Meeting of the share-holders, who shall then elect some one to the vacant post.

*There is evidently an error in the text here. The meaning plainly is that Directors shall serve for a term of three years, but that one-third of them, or as nearly so as practicable, shall retire each year.

72.—Should the Directors not be satisfactory in their management of affairs or not meet the general expectations, the share-holders may by resolution at the time of meeting vacate their posts.

73.—Directors must retire from office for any of the following reasons:—

(1) Bankruptcy. (2) Imprisonment on a criminal charge. (3) Insanity. (4) If without consulting the other Directors with regard to the matter, he shall absent himself for three months in succession from the meetings of the Board.

74.—Directors must not engage in the same sort of business as that of the Company, unless the share-holders shall have given their consent at a meeting.

75.—The capital stock of the Company and all other monies belonging to it must be used only in such enterprises as are provided for in the Articles of Agreement by which it was organized, and must not be used for any other purpose.

76.—Should a Company meet with losses to the amount of one-half of its capital stock, a meeting of the share-holders must be called at once to decide upon some method of procedure.

77.—The General Manager of a Company and its Secretary shall be appointed by the Board of Directors. If they prove to be incapable or are guilty of any malpractice, the Board of Directors may discharge them. Their salaries and gratuities shall be fixed by the Board of Directors.

78.—All the ordinary business of a Company may be transacted by the General Manager and the Secretary in accordance with the Regulations, but any matter of serious importance must be referred by the General Manager to the Board of Directors with a request that they meet and take action with regard to it. Their decision recorded in the Minutes shall be carried into effect.

CHAPTER V.

AUDITORS.

79.—After the establishment of a company the share-holders at their first meeting must elect at least two Auditors, whose compensation shall be fixed by the share-holders.

80.—Auditors shall serve for a term of one year, and at the close of that period the share-holders at their ordinary general meeting shall elect their successors. If the share-holders desire to retain them they may be re-elected.

81.—No Director may serve as Auditor.

82.—No Auditor may serve as a Director, but if the share-holders should elect him to be a Director, he must resign his office as Auditor.

83.—Should an Auditor for any reason be unable to serve until the end of his term, the Board of Directors may appoint some one temporarily to take his place, and the share-holders at their ordinary general meeting shall elect a successor.

84.—Auditors may visit the offices at their pleasure to examine the accounts and all the books and registers of the Company, and the General Manager or other officers must not hinder, but must answer any questions which they may ask.

CHAPTER VI.

MEETINGS OF THE BOARD OF DIRECTORS.

85.—At meetings of the Board of Directors there must be at least three members present to constitute a quorum.

86.—One of the Directors shall be elected Chairman of the Board and another Vice-Chairman.

87.—The Chairman shall preside at the meetings of the Board, and in his absence the Vice-Chairman shall take his place. Should both be absent, a temporary Chairman shall be chosen for the occasion.

88.—Should some matter be under discussion at a meeting of the Board in which any one of the Directors is personally interested, he must withdraw from the meeting.

89.—At meetings of the Board of Directors each man shall have one vote. (What is meant by “ichüehchih ch’uan” is that in deciding a question one man has one portion of the authority. For instance, if there be five persons present who are to jointly decide a question these five persons have five portions of authority.)*

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90.—If there should be any difference of opinion regarding any matter under discussion at a meeting of the Board of Directors, the majority shall decide. If there be five Directors present, and three of them think that a certain course ought to be taken while two are opposed to such action, the will of the majority shall be followed in the matter, and the Secretary shall enter it in the Minutes as so decided and the Chairman shall sign them in approval.

*The word translated “vote” is the common word for “authority.” Literally it is said:—“Each man shall have one authority to discuss and decide.”

91.—If at any meeting of the Board of Directors there shall be six members present including the Chairman, and three of them shall approve of any course proposed and three disapprove, the vote upon the question being a tie, the Chairman shall have another or casting vote and thus decide the matter, but no extra vote shall be allowed the Chairman when there is no tie.

92.—The Board of Directors shall select one of the Secretaries* of the Company as Secretary* of its meetings, who shall record all the decisions of the Board in a book of Minutes to be kept for that purpose.

93.—The Secretary having recorded the actions of the Board in the book of Minutes, he shall read these Minutes at the following meeting of the Board to the assembled Directors, and, if there be no errors, the Chairman shall sign them in approval.

94.—Action having been taken on any question at a meeting of the Board of Directors and the Chairman having signed the Minutes at the following meeting, the Directors who were not present at the original meeting, if they shall say nothing to the contrary, shall be regarded as having by their silence given consent.

*Literally "managers of affairs" 司事 *書記

95.—The Board of Directors must hold a meeting at the offices of the Company at least once every week, at which time the General Manager may report to them any matters requiring attention and ask for their orders. Should there be any matter of importance, he may request the Board of Directors at any time to meet at the offices and consider it.

96.— The Board of Directors shall itself decide how often the ordinary meetings of the Board shall be held. Any two members who may desire to call a meeting to consider some matter of importance may at once fix a date and call an Extraordinary meeting of the Board.

97.— When the Board of Directors shall have met and decided any question, the Company, General Manager and other executive officers* must comply with such decision.

CHAPTER VII.

GENERAL MEETINGS OF THE SHARE-HOLDERS.

98.—At Ordinary General Meetings of the Share-holders or Extraordinary Meetings the Chairman of the Board of Directors may act as Chairman, or the Share-holders may elect some one else.

*Vide note to 92—The Chinese is 司事人

99.—Should any Share-holder have a matter which he desires to bring before the meeting, he must make a motion to that effect, and some one else must second the motion before the matter can be discussed or a vote taken.

100.—At meetings of the Share-holders every Share-holder shall have one vote for every share held by him. (For instance, if one person shall own ten shares, he shall have ten votes and so on.) But the Company may beforehand adopt regulations determining how many votes one man may have for all shares in excess of ten. (If it should be decided to allow one vote for every ten shares or one vote for every twenty shares, the number of votes shall be determined accordingly.)

101.—All questions brought before a meeting shall be decided by a majority of the votes. Should there be a tie, the Chairman shall have an additional casting vote, but the procedure must be in accordance with the provisions of Articles 90 and 91.

102.—The decisions upon all questions, whether in the affirmative or the negative, must be recorded in the book of Minutes of the Share-holders' meetings, and the Chairman shall sign the Minutes in approval.

103.—Should a Company have any matter of unusual importance to consider (such as issuing additional shares or combining with another

Company) an extraordinary meeting of the shareholders must be called, and, if after discussion the proposal shall be approved, another meeting must be called within one month to ratify this action, which being done, the proposal shall be carried into effect.

104.—When some matter is brought before a meeting of the Share-holders in which a Share-holder has a personal interest, the said Share-holder may attend the meeting and need not withdraw.

105.—Should a Share-holder be unable to attend a meeting he may give his proxy to some one to represent him. If the representative be not a Share-holder, he shall have the right only to vote and shall not be permitted to take part in the discussion to express his own opinions.

106.—When a Share-holder appoints a representative to attend a meeting, he must three days before the meeting send the proxy certificate to the General Manager for examination.

CHAPTER VIII.

ACCOUNTS.

107.—The Board of Directors must direct the General Manager and his subordinates to at least once a year carefully make up the Company's accounts and prepare an annual report.

108.—When the Directors are settling the accounts, the Auditors must first examine all the account books in detail, and, if there be no irregularities, the Auditors must indorse upon the annual balance sheet that it is correct and that there are no errors and must sign the same as evidence.

109.—The Annual Report of the Company must contain the following:—

(1) The total receipts and expenditures of the Company. (2) A summary of the condition of the Company's business during the year. (3) Profits or losses of the Company during the year. (4) Dividend proposed by the Board of Directors and amount to be placed to Reserve. (5) The capital stock of the Company, its real estate, goods, sums owing to it and owed by it.

110.—When the Board of Directors shall have completed the Annual Report the Head and Branch Offices shall distribute copies of it among the share-holders fifteen days in advance of the (Annual Ordinary General Meeting)* for the consideration of said share-holders, and should also keep copies at the Head and Branch Offices for the examination of the share-holders.

*The words in parenthesis are not in the text.

111.—No dividend may be declared unless there be a balance to the credit of the Company. Where there is no balance to credit dividends must not be paid from the capital.

112.—When a Company settles its accounts, the least that may be set aside from the balance to credit for the reserve fund is one-twentieth until the reserve shall equal one-fourth of the Company's capital stock. Whether or not further additions shall be made to the reserve may be determined by the Company.

CHAPTER IX.

AMENDING THE REGULATIONS.

113.—A Company has authority to issue detailed Rules and Regulations to cover matters not provided for by the Laws, but must not make any regulations that conflict with these Laws.

114.—Should the Board of Directors desire to amend the Articles of Agreement by which the Company was organized, or the Regulations of the Company, the share-holders must first approve of the same in a general meeting.

115.—When the share-holders meet to decide the matter there must be present at the meeting one-half of the share-holders, representing one-half

of the shares. If it should be impossible to comply with the above restriction, and those present think that the chances are that the matter can be carried through, they may temporarily decide the business in hand and publish the decision in a newspaper and notify the shareholders that within one month another meeting will be held to consider the subjects again, at which time a majority vote shall decide it.

116.—Should a Company desire to increase its capital stock, action must be taken in the same way as provided in Articles 114 and 115, and within fifteen days after the adoption of the proposal report must be made to the Board of Commerce.

117.—If a Company should desire to increase its capital stock in can be undertaken only after all the share-holders shall have paid up in full on the original shares.

118.—Any profit derived from the sale of the new shares at a premium shall belong to the Company.

119.— A Company having increased its capital stock, after the new shares shall have been paid up in full the Directors must at once call a general meeting of the share-holders and announce the fact in the presence of all. Should any of the share-holders at the meeting desire

to have an examination made, one or two examiners may be elected to carefully investigate whether or not the shares have been paid up in full.

CHAPTER X.

WINDING UP THE BUSINESS.

120.—Under any of the following circumstances a Company must close up its business:—

(1) If the share-holders in a meeting called according to the provisions of Article 115 shall decide to close up. (2) If half of the capital stock shall be lost. (3) If the term for which the Company was organized shall have expired. (4) If the share-holders shall be less than seven persons. (5) If the Company shall become consolidated with some other.

121.—When a Company is winding up its affairs the Directors ought to take the part of liquidators; but, if the Directors should not be equal to this task, the share-holders may meet and elect, and they may also, if occasion should require, meet and discharge the liquidators whom they shall have elected.

122.—When the Company is winding up, if the share-holders should not be able to elect liquidators, they may request the Board of Commerce to appoint persons to settle up its affairs.

123.—If share-holders holding shares to the amount of one-tenth of the capital stock shall consider the liquidators to be proceeding improperly, they may request the Board of Commerce to appoint some one to take over the duty.

124.—When the liquidators shall have settled up the accounts and paid over all monies, they must prepare a clear statement and call a meeting of the share-holders to formally approve of the same. Only after this has been done can the matter be considered as settled.

125.—After a Company shall have wound up its affairs, its account books, and all important correspondence must be kept for ten years, after the expiration of which period further preservation shall depend upon the will of those concerned.

CHAPTER XI.

FINES.

126.—The Organizers of a Company, the Directors, Auditors, General Manager and the Secretaries, if they shall be guilty of any of the following offences, shall be fined, according to the gravity of offence, from \$5.00 at the least to \$500.00 the extreme penalty.

(1) For not reporting to the Board of Commerce at the proper time for registry. (2) For not publishing what the Law requires to be published, or for publishing what is not true. (3) For not submitting to inspection of those desiring it, except under the circumstances set forth in Articles 60 and 61, all the documents which the foregoing laws provide shall be submitted to inspection. (4) For hindering the investigation of any matters which the foregoing laws provide must be investigated. (5) For engaging in business before the Company shall have been registered. (6) For issuing share certificates before the Company shall have been registered. (7) For not keeping a register of the surnames and personal names of the share-holders as required by Law, or for neglecting to keep such register in accordance with the provisions of Article 55, or for making false entries therein. (8) If the share certificates shall not be prepared in compliance with the requirements of Article 28, or for making false statements in said certificates. (9) For not complying with the requirements of Articles 54 and 110 in filing at the Head and Branch Offices of the Company copies of the Articles of Agreement for the organization of the Company, or of the Minutes of the successive meetings of the share-holders, or of the general list of the share-holders, or of the General Account and

General Summary of the goods and property of the Company, the Annual Report, General Account of Profit and Losses, Reserve Fund Account, and of the Dividends Account; or for filing incomplete copies of any of the above-named documents, or for filing documents falsely pretending to be copies of the above. (10) For failing to call a meeting of the share-holders when losses to the amount of half the capital stock have been suffered, as required by Article 76. (11) If the Organizers of the Company shall have secretly secured profits not of right belonging to them in violation of Article 17.

127.—Members of a Company, no matter what official position they may hold, who shall violate Article 75, given above, by using the capital stock of the Company, or any other monies belonging to it for any other purposes than those provided for in the Articles of Agreement, shall not only be compelled to refund the money so used, but shall be fined at least \$1,000 and at most \$5,000.

128.—The Directors, General Manager or the Secretary of any Company, who shall violate the Commercial Laws or the Regulations of the Company, and have accusation made against them at the Board of Commerce, shall be fined, according as the Board of Commerce shall find

their offence to be light or heavy, from \$5 to \$5,000.

129.—The Directors, General Manager or the Secretary of any Company, who shall embezzle funds belonging to the Company or swindle others out of their property, shall not only be compelled to make equitable restitution, but shall be imprisoned for not less than one month nor more than three years and fined not less than \$1,000 nor more than \$10,000. If he be an official, he shall also be impeached and dismissed from the service.

130.—Any violations of the fore-going laws for which no definite fine has been provided shall be punished by a fine of not less than \$5 nor more than \$500 according to the gravity of the offence.

131.—An Imperial Edict has been received approving the fore-going laws, and after promulgation they shall be of force for ever. But, as this is the first time such laws have been issued, if they should prove to be not sufficiently detailed or so wanting in application to special cases as to be unable to give merchants all the protection they require or to promote commercial enterprise, additions may be made as occasion shall arise, for which an Imperial Edict will be requested giving them approval, that they may be promulgated and put into operation.

REVISED REGULATIONS FOR RAILWAY
CONSTRUCTION,
SUBMITTED IN A MEMORIAL BY THE BOARD OF
COMMERCE,
AND APPROVED BY THE THRONE.

ARTICLE I.—This Board having, in obedience to an Imperial Edict, taken over the direction of Railway and Mining affairs, which is a matter of record, will issue special mining regulations, and now gives notice that all records concerned with railway concessions already made have been transferred to this Board by the General Bureau of Railways and Mines, and that all applicants for railway concessions not yet granted, are required to await the approval or disapproval of this Board.

ARTICLE II.—No matter whether Chinese or foreigner, official or merchant, all applicants for railway concessions must proceed in accordance with the Regulations proposed by this Board and sanctioned by the Throne. No appeal will be allowed to Regulations heretofore adopted by various provincial authorities and which are not

in harmony with the present Regulations. Moreover after the concession shall have been approved by this Board there must be a careful observance of the Company Laws,* submitted in a Memorial by this Board and sanctioned by the Throne; there must be no disobedience.

ARTICLE III.—When the officials or merchants of any province have accumulated capital stock and asked for a concession for either a main line or a branch line of railway in any province, they must prepare a map in explanation and state clearly the real amount of their capital, giving exact details, both being submitted with their petition. They shall then wait until this Board shall have communicated with the local official of the district to which they belong, who shall carefully investigate the circumstances of the applicants, whether or not they are reliable persons and whether or not they are men of property, as well as whether or not they are violating these Regulations. When a reply shall have been received this Board shall then determine whether to approve or disapprove the application.

ARTICLE IV.—When the line of any railway shall have been surveyed and agreed upon, the local officials must first notify the people, so as to prevent any intentional obstruction. As to the

* Vide Commercial Code.

purchase of the ground by the Company, the local officials must fix a fair price; they must not allow any raising of the price. As to the taxes due, the Company must agree to pay them from year to year; no neglect shall be allowed. Whenever any cottage or graves shall be found in the line of the railway, if they can be avoided by a curve, steps must be taken to do so in order to satisfy popular sentiment. If it shall be very difficult for the railway to go around them, the local officials shall decide what payment shall be made for them so as to prevent contention and obstruction.

ARTICLE V.—When Chinese merchants apply for a railway concession if there be any foreign share-holders, application must not only be made to this Board but to the Board of Foreign Affairs as well, that said Board may investigate and consider the matter. If foreign merchants shall apply for a concession in their own names, they must not only file a petition with the Board of Foreign Affairs and await its reply, but also petition this Board that we may investigate and give a decision. No matter whether the foreign merchants desire to undertake the work themselves or simply to supplement the capital stock of a Chinese Company, they must agree to uniformly observe these Regulations now issued; there must be no infraction of them.

ARTICLE VI.—In accumulating capital it is important that as a rule the Chinese-owned shares should be in the majority.* If there be no alternative than to supplement with foreign capital, then the amount of the foreign-owned shares should not at most be more than equal to the amount of Chinese-owned shares. When the petition is presented the exact amount of the foreign-owned shares must be stated; there must be no concealment or deception. It will not be permitted at all to borrow foreign capital in addition to that obtained by foreign-owned supplementary shares. This prohibition is to prevent deception and insure sincerity. Should there be any deception practised in securing a concession, immediately upon the discovery of the facts the concession will be cancelled.

ARTICLE VII.—Even if foreigners apply for railway concessions in any of the provinces, and they are granted, it is no more than just that Chinese merchants themselves should obtain reasonable advantage therefrom; hereafter, therefore, whenever foreigners make application for a concession, no matter what may be the amount of the capital stock, they must reserve thirty per cent. of the shares and allow Chinese opportunity to purchase these shares at the original price.

*That is, in the case of concessions made to Chinese.

ARTICLE VIII.—No matter whether it be a Chinese Company aided by foreign capital, or a foreign Company aided by Chinese capital, in every case the local authorities must give equal protection. But they must not interfere with the authority of the Company to manage its own affairs. Should the Company meet with losses, the matter must be dealt with strictly in accordance with the Imperial Statutes of China; according to precedent the Imperial Government is not required to indemnify.

ARTICLE IX.—Should any Chinese apply for a railway concession and himself furnish the capital therefor, amounting to more than taels 500,000, on the successful completion of the railway this Board will make a special petition in his behalf for an Edict conferring extraordinary reward as an encouragement. Should he gather together Chinese share-holders and raise in this way capital to the amount of more than taels 500,000, then on completion of the work being reported this Board will take action in accordance with Article XII of the Regulations as to Rewards submitted in a memorial by this Board and sanctioned by the Throne.

ARTICLE X.—When Chinese make application for a railway concession they must first estimate the entire amount of capital needed for the

completion of the road, so as to determine the number and amount of shares to be raised, and after the work has begun, if a great sum has to be expended on account of the difficulties of the work, and the estimate made at the time of gathering shares does not meet the requirements and the capital thus prove insufficient, and there be no way to add further shares of capital, then the said Company ought to be permitted to borrow foreign money by mortgaging machinery and buildings; in no case will it be permitted to mortgage lands. But the total amount of money thus borrowed may not in any case exceed three-tenths of the original estimate, and it will be necessary beforehand to send a petition to this Board stating clearly the real amount of money to be borrowed. The merchants concerned will borrow and repay; in no case will the Imperial Government assume any responsibility. Only after this Board shall have considered and approved the proposal will it be permitted to negotiate the loan. A copy of the contract for the loan must be filed with this Board.

ARTICLE XI.—If the shares of capital accumulated are all Chinese-owned, and if, after the work on the road, for which application was made, has been all completed, the Company shall apply for the construction of some other road in addition, and if the capital originally raised shall

really have been already entirely exhausted, and they shall propose to borrow foreign money in addition to supply the means for the extension of their enterprise, it will be necessary to prepare a petition and submit the same to this Board and await until it shall have considered the aspects of the case and either approved or disapproved.

ARTICLE XII.—Hereafter if any Chinese applying for a railway concession shall enter into a secret contract with foreigners to borrow foreign money, mortgaging the road applied for as security, and shall, for the time, obtain the concession under false representations, or if after the work shall have been commenced they shall clandestinely sell the concession to others, then as soon as this Board shall learn of these facts and investigate the affair, or if the local Viceroy or Governor shall discover the same, not only will the road be confiscated and the concession cancelled, but it will be further necessary to investigate the circumstances of the case and according to the gravity of the offence to decide upon some form of punishment.

ARTICLE XIII.—All persons who may obtain a railway concession from this Board, no matter whether Chinese or foreigner, must within six months after the granting of the concession survey the road, and within six months after

the completion of the survey must commence the work of construction. The gauge of the road must be exactly four feet eight inches and a half, English measurement, the same as that of the roads now in operation. Moreover the date of commencing the work must be reported to this Board. If the limit of time shall be exceeded and no report be made, the concession shall be cancelled, so as to prevent the occurrence of such evils as the pretence of raising shares of capital and using this as a pretext for swindling operations. If there should really any extraordinary circumstances arise, report must first be made to this Board, which will make investigation; and if it be found that there has really been no deception, then the matter of extending the time may be taken into consideration.

ARTICLE XIV.—If at any place in any of the provinces where railways are in construction land-owners shall raise the price of land, thus hindering or causing trouble, or if workmen, depending upon numbers, shall institute a boycott,* it will be permitted the Company to make a clear report of the matter to the local authorities, who shall issue a strict proclamation, suppress the disturbance and prohibit,

* That is, for the purpose of securing unreasonable wages.

under severe penalties, all extortionate practices of yamen underlings. It must be known that railways are the foundation of commercial prosperity and profitable transportation, as well as an important enterprise of the Imperial Government. If the said local officials prove unable to give protection and evade their responsibilities, on investigation, if the facts be as reported, they shall be impeached and dismissed.

ARTICLE XV.—At present such experts as are needed in surveying for railways, estimating their cost and superintending the construction are few in China, and it becomes necessary to permit the Companies to engage foreign officers, and the local authorities of the places through which they may pass or where they are temporarily residing must use extra care in giving them protection; they must not allow the least unforeseen danger to arise. If the said foreign officers are themselves unmindful of the proprieties and set social restraints at defiance, it is permitted the local authorities to notify the Company, so that they may be discharged. They must not be screened and protected improperly by being transferred to some other road to be employed. If their faults be serious it is permitted to report them to this Board, which shall transmit the

complaints to the various Consuls concerned. They shall not be allowed to travel or reside in China.

ARTICLE XVI.—No matter whether Chinese or foreigners may apply to Viceroys and Governors of provinces for railway concessions, it will be necessary for the said Viceroys and Governors to make a careful investigation as to whether or not the proposed road will be really of advantage to Chinese commerce or transportation, and whether or not there may be any violation of these present Regulations involved in the matter. As soon as they shall report, this Board will take the subject into consideration and deal with it.

ARTICLE XVII.—If a Company shall get into a quarrel, or there arise any other difficulty affecting the interests of the Company, if the Company be a Chinese one, the nearest local official may try and decide the case fairly, thus preventing injustice to either party. If the judgment given does not satisfy, it will be permitted to appeal to this Board, which will consider the case and deal with it, so as to give due protection. Should trouble arise between Chinese and foreign merchants, each of the two parties ought to nominate a man to discuss the case and decide it. If the two arbitrators cannot agree in their opinions, they may together

nominate a third just and upright man, no matter whether connected with the railway or an outsider, and these together may effect a settlement. The Government of the two nationalities shall not concern themselves with the case.

ARTICLE XVIII.—Railways and Mines are two separate concerns, and each should be managed in accordance with its own Regulations. Those who apply for Railway concessions must not demand the right to work Mines in connection with them. Formerly Railway Companies had regulations for working Mines along their lines. It will not be permitted hereafter to quote this as a precedent. If there be no place near from which to obtain a supply of coal, and this cause the Company so much trouble that it seems likely to suffer loss, they ought, as occasion may require, to petition this Board, making a clear statement of the circumstances and await our investigation and approval or disapproval. If the application be disapproved, they may not thereafter present any further petition upon the subject. This is to prevent confusion.

ARTICLE XIX.—Formerly the General Bureau of Mines and Railways decided upon a form for making reports. These forms will still be furnished by this Board to each Company, which shall

at the end of each year carefully fill in all the details required and present the same to this Board for its inspection and to be placed on file.

ARTICLE XX.—When application has been made for a Railway Concession and the same has been granted, the Company may at once draw up a contract. If there should be some items not fully settled, concerning which provisions ought to be made in the contract, it will be permitted to consider them and insert such provisions, but nothing must be inserted which will conflict with these Regulations. When the contract is arranged a copy must be made and presented to this Board for its consideration and approval. Only after this is done may it be signed. After the work has been completed, should there be places where it is necessary to establish Custom Houses, this Board will consult with the Board of Revenue as to their location and take appropriate action.

ARTICLE XXI.—Whenever Chinese or foreign merchants are operating Railways, should military matters require the Chinese Imperial Government to transport troops, rations, pay, weapons or any supplies necessary to the camp, they shall be given the right of way and transported at half rates.

ARTICLE XXII.—When a Railway is under construction, or after the Railway shall have been completed, should it be necessary to employ police,

it will be permitted to use one or two Chinese each *li* of railway, but they will not be allowed to bear arms. If it should be necessary to use soldiers to guard the Railway, a petition to that effect must first be presented, and this Board will consult with the Tartar Generals, Viceroys and Governors of the provinces concerned as to sending such troops. The Company must not act upon its own authority. Provisions and pay for such troops must be supplied by the Railway.

ARTICLE XXIII.—Railways and Post offices are of mutual assistance. All who operate Railways ought to carry the mail bags of the Imperial Chinese Post Office. The detailed Regulations as to this matter will be drawn up at the proper time.

ARTICLE XXIV.—The foregoing Articles are the Regulations in general for the construction and operation of Railways. Matters not definitely decided therein may be set forth in detail at the time when concessions are granted and contracts are drawn up.



REGULATIONS FOR CHAMBERS OF
COMMERCE.

ARRANGED BY THE BOARD OF COMMERCE
AND APPROVED BY THE THRONE
AFTER SUBMISSION THERETO
IN A MEMORIAL.

1.—It is the fixed purpose of this Board to give protection to commercial enterprises and to improve the conditions of trade, but inasmuch as the people engaged therein are scattered in various regions, and, since the several provinces differ among themselves in customs and conditions, it is difficult for the Board to become thoroughly familiar with all the intricacies of the subject, and it can therefore set forth only the general principles which control, and must leave their detailed application under varying circumstances to be made by the Chambers of Commerce which are to be established at various ports in the provinces for this purpose, and which, as the arteries of trade will converge toward them, will naturally respond to its pulsations.

2.—Commercial guilds and mercantile associations, of whatever name, which have been already established by various trades in the several provinces at various ports, must change themselves at once, in compliance with the Regulations now issued by this Board, into Chambers of Commerce,* so that uniformity may be secured. In places, too, where such associations have not been established heretofore, there must at once be made a systematic investigation of the importance of their trade, that Chambers may be established if needed. As to the various Bureaus charged with the protection of trade, the Viceroys and Governors must determine whether or not they are to be retained or abolished.

3.—All the busy and wealthy commercial centres, no matter whether towns or cities, ought to establish General Chambers of Commerce; and those which are of second rank in commercial importance should establish Branch Chambers of Commerce, which shall be under the control of the General Chamber of Commerce of the Province to which they may belong. As, for instance, Tientsin in Chihli, Chefoo in Shantung, Shanghai in Kiangsu, Hankow in Hupeh, Chungking in Szechuen, Canton in Kuangtung, and Swatow in Fokien ought all to be locations of General

* In Chinese 商會.

Chambers of Commerce, and other provinces should be treated in similar fashion.

4.—One Chairman and one Vice-Chairman shall be appointed for each General Chamber of Commerce, and one Chairman for each Branch Chamber. All the Directors of the Chamber in any given place must assemble in meeting and publicly nominate several persons who are familiar with the conditions of trade and who have the confidence of all, and request this Board to consider the matter and issue instructions as to the appointments. They shall serve for a term of one year, and three months before the expiration of the term the Directors of the Chambers shall meet and either nominate others to succeed them or request that they be retained, and after the vote shall have been taken, they shall report to this Board for its examination and decision.

5.—The Directors of a Chamber of Commerce shall be elected by the merchants of the place concerned. For a General Chamber the rule shall be to elect from twenty to fifty, and for a Branch Chamber from ten to thirty, the exact number to be determined by the amount and importance of the trade of the place. One month after election, if there be no opposition to them, the Chairman shall prepare a list of the Directors of the Chamber and send it to this Board to be placed on file for

reference. As to their terms of office, the election of successors, or the retention of the old Directors, the same course shall be pursued as is set forth in the preceding Article.

6.—In the election of Directors of Chambers four things are to be considered as determining their qualifications; ability, position, seniority and popularity. For instance, the following may be considered as suitable:—(1) As to Ability. If one shall have established a business and been eminently successful in it, and, who although he may have been sued at Law, shall have done nothing improper in the conduct of his business. (2) As to Position. If one's firm shall really be one of large capital, or if in the amount of trade done each year it shall hold the first place in its locality. (3) As to Seniority. If one shall have been established in the locality concerned and transacted business there for more than five years and shall himself be thirty years of age. (4) As to Popularity. If the merchants nominating the said person form a large majority.

7.—The duties of the Chairman and Vice-Chairman of a Chamber of Commerce are to protect trade and encourage it. Therefore whenever a merchant has a complaint to make, the Chairman and Vice-Chairman must investigate the matter, and, if they should find real cause for the

complaint, they must make a just statement of the matter in behalf of the merchant to the local official. Should the complainant fail to get justice or authority be wanting to deal with the case, it must be reported at once to this Board, which will take it under consideration and settle it.

Should the Chairman or Vice-Chairman take bribes, show partiality or confuse right with wrong, whether reported by the Directors or the merchants of the Chamber, or discovered by this Board through its own investigation, such person shall be impeached and not pardoned.

8.—All General Chambers of Commerce must each year through its Chairman prepare and send to this Board an Annual Report, containing a statement as to the prosperity or decline of trade with the reasons therefor, mention the amounts of the imports and exports, together with an account of any new products or manufactures—said Report to be placed on file for reference. Any matter of serious importance to trade may be reported at once, and, if it should be one demanding urgent attention, the report may be made by telegraph.

9.—The Directors of each Chamber of Commerce, having been elected by the general body of merchants, must endeavor to make themselves thoroughly acquainted with the conditions of trade, whether favorable or unfavorable. They

ought to meet therefore once a week with the Chairman and Vice-Chairman of the Chamber, so as to enable each merchant to accommodate himself at once to existing circumstances and in any undertaking proposed to avoid making any mistake. Should merchants have any important matter to consider they should go at once to the Chamber and consult about it. If it should be a matter of general concern, the Chairman must issue notices to all the Directors and to the managers of the various firms fixing a date for a meeting at which time they should assemble at the Chamber and take the matter into consideration. They must proceed honestly and justly, gathering the opinions of each and seeking to adopt the course which will be generally advantageous. Each merchant having his own proposal to make, may set it forth and after discussion the best may be selected for adoption. There must not be the least stubbornness in insisting upon one's own opinions.

10.—All meetings of Chambers of Commerce must be conducted in accordance with Parliamentary Rules. The Chairman of the Chamber shall preside at all meetings. No meeting can be held unless a majority of the Directors be present. The method of procedure at a meeting will be as follows:—Suppose some one has a resolution to propose, there must

also be some other person to second it. Should there be others still who want to oppose it, generally speaking, no matter how many are present, they must wait until the proposer shall have finished his argument, when they may by turns discuss the resolution, and the question shall be decided by the votes of the majority. The Secretary shall make record accordingly in the Minutes, and at the next meeting shall read the Minutes of the present meeting, and, if there be no objections to them, the Chairman shall sign them in approval. The regulations for the conduct of all meetings shall be the same as those proposed by this Board for the meetings of corporations, and which have been approved. (For details see Articles 86 and 87 of the Commercial Laws, and Articles 89—94 inclusive, together with 99—102 inclusive.) There must be no disregard of them.

11.—Should any Directors of a Chamber be guilty of showing partiality or injustice, advancing their own personal interests at the expense of the merchants, such merchants may join together in a complaint to the Chamber, and the Chairman shall call a meeting of the Directors and take action, at once removing the offending Directors. Should the charges be very serious and investigation show them to be true, report shall at once be made to this Board, which shall

inflict such penalties as the Law may require. Should the Chairman and Vice-Chairman or the other Directors attempt to shield them, the merchants may lay charges before this Board, which will investigate and take action. If the accusations should prove to be false, the accusers shall suffer the penalties which would have been inflicted upon the defendants, had they been found guilty.

12.—The special business of the Chairman and Vice-Chairman is to have charge of commercial cases, make reports on commercial conditions, and to act as advocates in behalf of the merchants. In matters which may be of any advantage to the merchants, they must not allow the least taint of corruption to attach to themselves. They must take the lead in inaugurating new methods and must promote reforms. In all their plans to advance the general welfare and to remove evils, they must call meetings of the whole body of Directors to take action, without which nothing may be done. They must not with partiality and stubbornness act upon their own responsibility and hastily make changes in commercial conditions. Should there be any of the above-mentioned faults, the body of Directors or the merchants themselves may make complaint to this Board, which will investigate and take action.

13.—The regulations for the management of the Branch Chambers are the same as those for the General Chambers, but these Branch Chambers must each quarter prepare a statement of the commercial conditions and send the same to the General Chamber, which shall combine this in one general report for the quarter, to be forwarded to this Board for our examination. Should there be any reforms which they ought to introduce, the Directors at the first opportunity must meet together in consultation and decide upon a method of procedure, which they should report to the General Chamber, to be placed on file. If the matter be one of considerable importance to commerce or one demanding urgent attention, they ought at once to telegraph this Board as well as inform the General Chamber, so as to avoid delay.

14.—Since these Chambers of Commerce are to be established in various places whose commercial conditions are not alike, the Chairman of each Chamber at the first opportunity ought to consult with the Directors and agree with them upon a set of Bye-laws, which they shall report to this Board, that it may decide whether or not upon the whole they may be of advantage to commerce, and whether or not they violate the Regulations adopted by this Board.

15.—Should any dispute arise between Chinese merchants, they may proceed to the Chamber and lay the matter before the Chairman, who shall fix a date for a meeting of the Directors and give the matter an impartial consideration, and give decision according to the opinion of the majority. If the parties to the quarrel will not abide by this decision they may petition the local official to deal with the case.

16.—Should Chinese and foreign merchants come to a dead-lock in their relations, the Chambers of Commerce ought to direct the two parties each to select an arbitrator to arrange a fair settlement of the case, and the two arbitrators may thereupon consider the matter and give a decision. If they should be unable to agree, they may together select a third—one who shall have for years enjoyed the general confidence—who may decide the case. Should the Chamber of Commerce not have become thoroughly acquainted with the circumstances of the case, and suit have already been brought before the local official or the Consul having jurisdiction, the two parties may proceed with the suit, if they should so prefer; but, if the decision of the local official or the Consul should not be entirely just, the aggrieved party may inform the Chamber of Commerce, which may in his behalf attempt to have the judgment revised. If it should be a

matter of serious importance, the Chairman may report to this Board, which will thereupon take action in conjunction with the Board of Foreign Affairs.

17.—When a Chamber of Commerce is about to begin operations, the local official shall first thoroughly investigate the circumstances and loan the Chamber a public building for the transaction of its business, until it shall have accumulated sufficient funds and decide to build, thus enabling it to advance step by step until it shall become thoroughly equipped.

18.—The Directors of a Chamber of Commerce must issue a circular notice, directing the merchants to first register themselves, in the same manner as provided for in the Corporation Laws submitted by this Board and approved by the Throne, so as to secure a tabulated list of all the merchants in any locality, arranged according to their various lines of trade, after which the Chairman, Vice-Chairman and Directors will be able, as occasion shall arise, by referring to the Register, to have a means of conducting their investigations and deliberations, and thus of giving thorough protection, as well as a method of energetically promoting the reforms which they may desire to inaugurate. Should there be any agents of small capital who do not desire to be registered, they

must all be allowed to suit themselves; there must not be any compulsion, which would reverse the original intention of providing protection to trade.

19.—All contracts entered into by merchants for the purchase of goods, together with their deeds for purchase or sale of houses and lands, mortgages given as security for loans, and all documents held as evidence, ought to be taken to the Chamber of Commerce and registered, and the certificate to that effect be sealed with the seal of the Chamber, thus proving their genuineness and preventing any such evil practices as cheating and swindling.

20.—Chinese merchants have heretofore had no Commercial Colleges in which to become thoroughly acquainted with all the various matters connected with trade. Therefore all merchants have acquired their knowledge by transmission from father to son or from master to apprentice. Each has his own method of keeping accounts, and when a law-suit occurs and these accounts are presented at the yamen for comparison, it is difficult to make them agree, and the yamen clerks avail themselves of this condition of affairs to make their influence felt.* Our Board has therefore decided

*That is in an illegitimate way, by endeavoring to secure judgment in favor of the man who pays the heaviest bribe.

upon certain forms for accounts, as explained below, which we will issue to each Chamber of Commerce, that they may carefully print the books accordingly. The Chambers of Commerce must also stamp the books with their own chops, and each quarter the Directors of the Chamber will issue them to the merchants, that they may make their entries according to the forms prescribed. Should any trouble arise, these accounts shall be relied upon for evidence. As to the number of books which any merchant may need in one quarter, he must himself indicate this on a list which he shall prepare and stamp with his own chop and present to the Directors of the Chamber, who will obtain for him from the Chamber the number indicated. The Account Books to be kept are as follows:—

(1) Day Book, in which receipts and expenditures are to be recorded day by day.

(2) Monthly Accounts, in which the daily accounts are to be summed up in a monthly account of all receipts and expenditures.

(3) The Ledger, in which is to be recorded the accounts of goods purchased, the amount of goods sold, the accounts of monies received, bills payable, disbursements, and real gains or losses, that is, a book of the general accounts of the firm.

21.—The original reason for the establishment of Chambers of Commerce being the protection of trade, there must, of course, be charges made for service rendered, and it is now proposed that merchants shall pay the following fees, which are entirely in harmony with this intention to protect trade; and Chambers of Commerce shall not, by making other Regulations than those established by this Board, collect illegal fees under various names, in addition to the legal fees hereby allowed.

(1) Registration fee. A minute fraction of the real value of each man's trade as registered shall be collected for this service. The merchant shall pay it in person to the Chamber of Commerce and take a receipt therefor.

(2) Fee for Certificate. This shall be a small per cent. of the actual sum mentioned in the registration certificate, adjusted according to the length of time for which the certificate is given. The receiver of the certificate will pay it in person to the Chamber of Commerce and take a receipt therefor.

To calculate and graduate the fees according to the two foregoing lenient Regulations will in practice be rather cumbersome, therefore each Chamber of Commerce should adopt special Regulations, making the fees light or heavy

according to the circumstances, adjusting them with great care that there may be no opportunity for squeezing.

(3) Fees for Account Books. The charge must be according to the market price of such books; there must be no overcharge. The Directors will collect these amounts each quarter from the merchants and report them to the Chamber of Commerce, and take receipts accordingly. Should there be any such evil practices as withholding the books until extortionate prices are paid, the merchants may unite in signing a complaint preferring charges and presenting the same to this Board for action thereon.

22.—Every Chamber of Commerce must at the end of each year make a report to this Board of all fees collected during the year, the report being arranged by the General Chamber under the Four Heads. "Balance from Last Account," "Amount Collected," "Amount Expended," and "Balance on Hand." Seven-tenths of the actual balance, after the payment of frugal expenses, shall be deposited in the Reserve Fund of the Chamber, one-tenth shall be appropriated as a bonus to the Chairman and Vice-Chairman of the General Chamber and the Chairman of the Branch Chambers, and two-tenths as a bonus to the Directors.

23.—Since seven-tenths of the money received from fees by any Chamber of Commerce is to be

deposited in a Reserve Fund, the Branch Chambers ought at the end of each quarter to send their balances on hand to the General Chamber to be by it deposited at interest with some reliable Bank. The Chairman and Directors must not at their own pleasure disturb these deposits. Any who violate this Regulation will be punished according to Law and removed from office. As to the method of procedure which must be followed when the matter of making appropriations from these deposits is under consideration, application must first be made to this Board and its permission obtained before they may be so used, except under the circumstances mentioned below, when it will be permitted to verify the account and report it:—

(1) When a Branch Chamber is unable to meet its monthly expenses, and there is no method of retrenchment possible, the Chairman and Directors may consult with the General Chamber, which in meeting assembled may decide to advance a definite sum as a loan, to be repaid as soon as there shall be a balance from which to pay it.

(2) In buying houses or ground, adding necessary supplies, or making repairs or enlargements, it will be permitted the Chairman to call a meeting of the Directors and after consultation

it may be decided to make the appropriation; but, no matter how large the Reserve Fund may be, no more than Tls. 10,000 may be thus appropriated; all above this sum must be left on deposit; the whole sum must not be appropriated.

(3) If the Reserve Fund should amount to more than Tls. 50,000 and some of the principal merchants should start a hong or company whose business would be able to reduce the imports from abroad, and thus tend to recover for China her prosperity and influence, and should said merchants have secured seven or eight-tenths of the capital needed, thus being still short two or three-tenths, and it be impossible at once to secure subscriptions of the balance, the Directors of the Chamber at their meeting may by a vote of the majority decide to contribute in aid of the enterprise, and thus carry out the purpose of the Government to encourage trade. But, should the said merchants not be of good repute and be unable to command the confidence of the Chamber, it will not be permitted to take the course outlined above.

(4) Should a stringency occur in the money market at a commercial centre, causing financial embarrassment to the people of the place, so that suddenly there happen to be a large accumulation of goods which cannot be disposed of, and should the failure of the business houses concerned be

likely to involve the general interests of trade, then an extraordinary meeting of the General Chamber shall be called, which may by a vote of the majority decide to take over the surplus stock at security and make loans from the Reserve Fund in definite amounts, as a practical method of assistance, fixing a date for the repayment of the loans, which shall bear interest at about the rate of $\frac{4}{10}\%$ each month. This will be really assisting in the protection of trade. Those whose affairs do not concern the general interests of trade, or who by the loss of capital are compelled to go into bankruptcy must not presume by any misrepresentations to disturb the Reserve.

(5) As the Reserve Fund shall daily grow and become large, each Chamber of Commerce may build additional houses and purchase the very best quality of local products, and establish an Exhibition Hall, somewhat after the style of a foreign museum. But at first a beginning should be made in a simple way, in the hope that the collection will be gradually enlarged, and that the merchants will mutually examine one other's goods and mutually spur one another so that China's commercial status may constantly improve.

24.—The duty of Chambers of Commerce is the protection of trade, but unless there be equal treatment for all that duty is not fulfilled. All

merchants are not of the same character; while there are many who are straightforward in the conduct of their business, there are also many others who are tricky in the pursuit of gain, and who therefore injure trade and, of course, trample one upon another. Moreover they raise the price, without reason, of such articles of daily use as fuel, rice, oil and beans, which closely affect the lives of the people, and avail themselves of some pretext or other to corner them. The Chairman and Directors therefore must be especially careful to make investigation as occasion may require, and, should they find such evil practices existing as are described above, they must summon the said merchants and induce them to act justly, or the Directors may meet and fix upon just prices according to the condition of the market. Should any dare, while openly pretending to accept these prices, to secretly disobey the orders given them, and show themselves unwilling to reform, the Chairman and Directors may send them to the local official to be punished according to Law, that they may serve as a warning to others.

25.—At present these institutions are just being inaugurated and we ought first to establish a General Chamber of Commerce in the most important commercial centre of each province and Branch Chambers in those of the next grade;

afterwards, as trade daily improves, the Chambers of Commerce will be increased as the times may demand. The Chinese merchants in the South Seas*, as well as in the ports of Japan and the United States, are very numerous, and they, too, ought in the same manner to consult together and establish General and Branch Chambers of Commerce. As to the investigation of foreign commerce, this Board has already prepared a separate and special list of regulations, which have been sent to the Chinese Ministers in foreign countries, with instructions to consider them and to appoint attachés and Consuls to carry out their provisions.

26.—Any merchant who may by his own ability invent a new machine or compile a new book, provided either shall be of any use, or who may make any improvement upon any article, whether of Chinese or foreign origin, will be allowed to make report of the same to the Chamber of Commerce for its examination, after which the Chairman may report the matter to this Board for its consideration, and the Board, if it so decides, will issue a patent for a limited term of years to prevent imitation and to encourage talent.

* Singapore, Java, Philippines, Australia, etc.

REVISED MINING REGULATIONS.

This memorial is reverently submitted, proposing for temporary adoption the following set of Mining Regulations, which has been drawn up, and the examination of which by Your Imperial Majesties is humbly requested.

In the memorial proposing for adoption certain Railway Regulations, which memorial was presented by this Board in the Tenth Moon of the XXIX Year of Kuanghsü (Nov-Dec. 1903) we said:—

“As to Mining Regulations we have already received an Imperial Edict directing Liu K’un-i and Chang Chih-tung to make a selection from the Mining Regulations of various countries. So far Chang Chih-tung has not yet come to a decision, and this Board ought for the present to propose a set of Regulations to be put into operation experimentally.” In response we received an Edict saying:—“Let it be as proposed.” “Reverently Received; Let it be reverently obeyed.” All of this is a matter of record.

Chang Chih-tung has now returned to his post, and we hear that he has bought a collection of western books on mining, the translation of which will yet require some time. This Board having by Imperial Edict been given direction of Railway and Mining Affairs, has special responsibility with regard to this matter. The operation of mines is being gradually undertaken, and merchants are clamoring for concessions. If, then, we do not agree upon some Regulations it will be difficult to secure uniformity in our granting or withholding of the concessions asked. Moreover the matter is one which intimately concerns our foreign relations, and we ought therefore the more carefully and minutely to investigate the subject that we may have some definite course to follow. We find that in the Tenth Moon of the XXIV Year of Kuanghsü (Nov.-Dec. 1898) the General Bureau of Railways and Mines submitted twenty-two regulations dealing with mines and railways together; and that in the Second Moon of the XXVIII Year (March-April 1902) the Board of Foreign Affairs in a memorial submitted a set of 19 Regulations. An examination of these two sets of Regulations shows that under present circumstances there is need of revision and additions, and the members of this Board, having consulted together, have prepared a set of 38 Mining Regulations, which we propose for adoption

temporarily, and herewith submit the same for the inspection of Your Majesties. Should Your Majesties sanction them, this Board will circulate them throughout all the provinces for their observance, and will also communicate them to the Board of Foreign Affairs that they may be transmitted to the Ministers of the various foreign countries in Peking to be placed on file. Afterwards when Chang Chih-tung shall have compiled a special work upon the subject, it will have to be taken up again in connection with him, so that there may be no lack of uniformity.

As in duty bound we have reverently set forth the reasons for issuing Revised Mining Regulations for temporary use, and submit this memorial, praying that Her Imperial Majesty, the Empress Dowager, and His Imperial Majesty, the Emperor, will examine the same and issue instructions.

The above memorial was submitted on the 1st of the Second Moon, the XXX year of Kuanghsü (March 17th, 1904) and on the same day an Edict was received, saying:—

“Let it be as proposed.” “Respect This.”

REGULATIONS.

1.—This Board has with reverence received an Imperial Edict, directing it to take over the joint management of Mining and Railway Affairs, and has humbly complied therewith, as is a matter of record.

Railway Regulations have already been submitted in a memorial by us and adopted. As to Mining Regulations, already in use, the Board of Foreign Affairs in those issued by it in the Second Moon of the XXVIII Year of Kuanghsü (1902) stated clearly that matters not fully treated in said Regulations would be provided for as occasion might require by such additions and excisions as circumstances might demand, in the hope that the Regulations might be made as perfect as possible. Our Board having now agreed upon these temporary Regulations will not hereafter give its consent to any request for a concession based upon former Regulations, or methods of Mining operation heretofore allowed in various provinces, brought forward as a precedent, except that Mines already in operation or Concessions for working which have already been granted may continue to be worked according to the agreements already made.

2.—All who apply for Mining concessions must obtain permits from this Board and must not operate the Mines before such permits have been obtained. Permits are divided into two classes; (a) Prospecting Permits, and (b) Permits for Working Mines.

3.—Only when Mining lands are the property of the State, no matter what the kind of ore produced by them, can a permit (certainly) be granted. If the lands be private property, an

agreement must first be made with the owner as to a price, or his consent obtained to taking shares instead, and a report to that effect made and recorded, when only may a permit be requested. If the Mining land in question be a place which the Government ought to develop, the officials must buy the land at a fair valuation, and the owner must not oppose.

4.—No matter whether the undertaking is to be managed by Chinese or by Chinese and foreigners together, when application is made for a Prospecting Permit or a Permit to work a Mine, the petition must be prepared in strict accordance with the requirements detailed below, and may be presented directly to this Board or through the Viceroy and Governor of the province concerned, and after they shall have investigated whether or not local circumstances present any obstacles to the concession, and whether or not these Regulations are being violated, this Board will take the matter into consideration and grant or withhold the concession asked. The requirements referred to are as follows:—

(a) The petition shall state clearly the surname and personal name of each petitioner, and to what province and district he belongs, the number of the petitioners, and whether the petitioners are really to operate the Mine themselves or intend to dispose of it to others.

(b) Should the applicants consist of Chinese and foreigners who are taking shares together, the application must state clearly to what countries the foreigners belong and the exact number of shares which they hold.

(c) The application must state the location and boundaries of the Mine, measurements of these boundaries, and the area of the Mine in square *li* and in *mow*, and must be accompanied by a map marked with proper explanations, in order to facilitate examination.

(d) The kinds of ore which the applicants intend to work must also be clearly set forth.

5.—The Mining concession asked must not contain more than 30 square *li* and must be comprised in territory which is continuous; the length must not be more than four times the breadth, and should there be graves upon the land, some method must be adopted to avoid them in constructing shafts and tunnels; if this should be absolutely impossible, then a liberal allowance must be made for removing them.

6.—Should the Mining concession for which application is made have been granted already to some other person, or should the lands concerned be important to the use of the State, the permit cannot be granted. This Board upon thorough investigation will reject the application.

7.—(The following refer to prospecting.)
When an application has been made for a permit to prospect and the same has been granted, it is understood that permission is not given to work a Mine, but merely to examine the surface out-crop of the vein in the locality mentioned in the permit, and such prospecting must not be carried to too great a depth nor over too great extent of ground.

8.—A permit to prospect shall be good for one year, at the expiration of which time, if the examination shall really not have been completed, a petition must be prepared making a clear statement of the facts, and if, upon investigation, it shall appear that no false report shall have been made, the permit may be extended for not more than one year in addition.

9.—Local officials shall still collect the land tax according to the usual regulation from all private lands affected by the permit to prospect, and public lands concerned shall pay an annual rental of K'u-p'ing Taels 1.00 per *mow*, which shall be an established rule. A fee of K'u-p'ing Taels 50.00 shall be paid for each permit to prospect, on the issue of which the rent in full for one year on all public land affected must first be paid to the local official before work will be allowed to begin; and, if an extension of time

shall be granted, immediately after such grant is made, an additional year's rent shall be paid.

10.—Every applicant for a permit to prospect must prepare a petition stating the locality, boundaries, and extent of the land to be examined, and present the same, as may be most convenient, either to the Viceroy and/or Governor of the province concerned, who shall investigate the locality to determine whether or not such permit will injure the people of the place, whether or not the applicants be reputable persons, whether or not they have any considerable amount of property, and whether or not there may be in their application any thing that violates the Regulations which have been submitted to the Throne and received the Imperial sanction, and if, upon such investigation, they shall find that with respect to the foregoing there has been no violation of the Regulations and that there are no other objections to be made, they shall communicate the facts to this Board for its consideration and action; or the applicants may present the petition which they shall have prepared directly to this Board and await the communication of it by the Board to the Viceroy and/or Governor of the province concerned, who shall investigate and report whether or not there be in regard to the matters above-mentioned

any reason for refusing the permit, upon the receipt of which report this Board will take action, either granting or refusing the permit.

11.—If the Mining lands shall really be the private property of some other person, whose permission shall not have been given, and the prospector, having fraudulently obtained his permit, proceed arbitrarily to make examination, immediately upon complaint being made by the owner, an estimate of the damages shall be made and compensation required accordingly.

12.—Any person who shall have obtained a permit to prospect must within four months after the expiration of his permit completely fill in all excavations that may have been made, and, if houses or trees shall have been injured during the time of his prospecting, he must also put them in as good condition as before. If, at the expiration of the four months he shall have obtained a permit to work the Mine, the foregoing shall not apply.

13.—(The following refer to working Mines.) No matter whether a Mine is to be worked by Chinese or by Chinese and foreigners jointly, if a permit to work the Mine be requested, the permit to prospect must first be returned for cancellation and a report submitted stating clearly the exact amount of capital stock raised, what

kind of ore it is desired to work, as well as in what reliable banking or exchange establishment the funds have been deposited, and the said banking or exchange establishment must give a guarantee to this effect, which shall be presented for inspection.

14.—Should the original applicant for a permit to work a Mine, either before or after beginning operations, desire to transfer the permit to some other person, he must first petition this Board and wait its sanction or refusal. Should the transfer be clandestinely made, immediately upon its coming to the knowledge of this Board, the original holder of the permit will be severely punished, the permit cancelled and the property confiscated.

15.—Any person who shall have obtained a permit to operate a Mine must be permitted to take out ore at the place mentioned in the permit and, in addition, to transport to the Mine all machinery and materials needed in its operation, and, having paid the Customs duty on the same according to regulation, shall not be required to pay any additional duty at any inland barrier. But, if any goods not needed in the working of the Mine should be secretly brought in with such machinery and materials, a fine will be imposed according to the Regulations.

16.—In raising capital for the operation of a Mine, generally speaking, the shares owned by Chinese ought to be in the majority so that the control may remain with them. If the Chinese-owned shares prove to be insufficient, so that it becomes necessary to supplement them with foreign-owned stock, the latter must not amount to more than the number of Chinese-owned shares. And when the petition is presented, it must state clearly the exact number of foreign-owned shares; there must be no vagueness. Moreover it will not be permitted to borrow foreign money in addition to the foreign-owned supplementary shares. Should permission to operate be obtained by misrepresentation, on discovery of the facts, the permit will be cancelled and the property confiscated.

17.—When permission is wanted to work Mines, there ought first to be a rough estimate made of the amount of work to be done, and the amount in round numbers of the capital that will be required. If, after examination, the Mine appears to be promising, subscriptions of stock must be invited until the full amount of the capital estimated as necessary shall have been raised, when only will a permit to work the Mine be given. If after the work shall have commenced, it shall appear that on account of its difficult character the expenses are much

greater than was estimated when the capital was being raised, and that the latter is insufficient and that it is difficult to raise additional shares, and it be proposed to raise a temporary loan of foreign capital to meet the emergency, if the capital already employed be composed entirely of Chinese-owned shares, then permission should be given to mortgage the machinery and buildings for a term of years as security for a loan, but it will not be allowable to borrow money by mortgaging the Mine, and the amount of the loan must not exceed three-tenths of the amount originally estimated as the capital needed. A petition must first be presented to this Board, clearly stating the number of years which the loan is to run, from merchants of what nationality it is to be borrowed, and containing the words:—"Borrowed by merchants to be repaid by merchants; the government assumes no responsibility." Thereafter this Board will take the matter into consideration and give permission to negotiate the loan. When the contract is prepared, one copy must be deposited with this Board for reference. It must not be clandestinely modified.

18.—Hereafter should Chinese merchants make application for permission to conduct Mining operations, and, without reporting to

this Board, have already entered into a contract with foreigners to mortgage the Mine as security for a foreign loan, and for the time secured their permit by deception, or if, after operations shall have begun, they shall secretly sell the Mining property to foreigners, and the original holder of the permit simply sit down and receive pay for the use of his name, as soon as such evil practices be discovered by the Viceroy or Governor of the province concerned, or by this Board, action will uniformly be taken in accordance with Article 14, due consideration being given to the lightness or gravity of the offence.

19.—If the applicants for a Mining concession are assisted by foreign-owned shares, no matter whether the permit sought be for prospecting or for working a Mine, they must not only petition this Board and wait for its action, but must also petition the Board of Foreign Affairs, which will consider the application and approve or disapprove of it. As to the foreign merchants, since they are willing to take shares they must cheerfully recognize these Regulations and uniformly comply therewith; there must be no transgression of them.

20.—If a Chinese corporation after having brought the Mining enterprises mentioned in its permit into successful operation shall desire to

work in addition some neighbouring Mine, and, its capital being insufficient, shall propose to enlarge it by securing supplementary shares of foreign capital, it must petition this Board, making a careful statement in detail, so that we may be able to decide whether to grant or refuse the petition, and after sanction is given a separate permit must be issued; the Chinese Company already existing must not become involved in this new enterprise.

21.—Should it be necessary to maintain guards at a Mine to protect the works, a petition to that effect must first be presented to the local authorities, who will consider the matter and decide whether or not it may be allowed. Only Chinese must be used for guards. It is still more necessary that all employés, except those in charge of the machinery and those who keep the accounts, should consist entirely of natives of the district in which the Mine may be situated. Only when the natives go on strike will it be allowed to employ men from the adjoining districts, but still there must be no foreigners employed. The rations of the guards needed, together with all the expenses of drilling them, must be supplied by the proprietors of the Mine, and if they should want to establish a school of mining in order to develop skill, the

said proprietors will be permitted to consider the matter, and take such action as they desire.

22.—If it should be desired to construct a small branch railway for the economical transportation of the ore, examination must first be made to learn whether or not the nearest main line of railway or the nearest port is within a distance of ten *li*, and whether or not there may be any local objections, which facts may be submitted in a petition to this Board, which will consider the matter and decide whether or not the line may be built. If the distance should be more than ten *li*, the case must be presented and treated as a special one.

23.—If the territory covered by the permit to mine contain ten square *li* or less, a fee of K'u-p'ing Taels 100 shall be paid for the permit, and for every additional square *li* an additional Taels 10.00 must be paid, 30 square *li* being the largest concession that may be granted, and after the fixed rent per *mu* shall have been paid to the local authorities, no matter whether the operators be Chinese only or Chinese and foreigners together, equal protection must be given to all, but the officials must not interfere with the rights of the operators to manage their own business. In case the operators should meet with losses, action shall be taken in strict compliance with

the Imperial Statutes; the Law does not require the Government to indemnify.

24.—After applicants shall have received the permission of this Board to work a Mine, they must commence operations within six months from the date on which the permit shall have been granted, no matter whether the operators be Chinese or foreigners, and they must also report to this Board the date of beginning work. If the six months' period shall pass without report, the permit shall be cancelled and others be invited to operate the Mine. Should the delay be caused by some unforeseen difficulty, it will also be necessary for a clear report to this effect to be made this Board, which shall investigate the matter, and only if there shall have been no misrepresentation may the matter of extending the time be taken into consideration.

25.—Holders of permits must mark the boundaries of their concessions with stones that their limits may be clearly shown. They must also adopt proper measures to guard against dangers, lest the engineers or workmen should meet with accidents. If in spite of the precautions taken any accident should occur, a report must be made as soon as possible to the local official, who will make an investigation. If any of the workmen shall have been killed a satisfactory

indemnity must be paid. The amount of the indemnity shall be determined by the circumstances, a generous allowance being made.

26.—At present China has very few Mining experts, and holders of permits must therefore be allowed to employ foreign engineers. The local officials must give them thorough protection; should any disregard this injunction, they shall be liable to impeachment and punishment. The Mining engineers must also themselves observe the rules of propriety. Should any of them show that they are ignorant of restraint, the blame must be borne by themselves, and the local official will inform the manager, who will discharge them and engage others. They must not be shielded.

27.—The superior officials of those provinces in which Mining enterprises are being conducted must direct their subordinates to issue proclamations and suppress all disturbances. Should the natives become contentious on account of any matter or the workmen stir up a row, the nearest Department or District Magistrate will take jurisdiction and deal with the case in a just manner. It is even more necessary for the officials to forbid their yamen clerks to avail themselves of any pretext to extort money. If the local officials do not discharge their duties

properly, and accusation be made against them, this Board will thoroughly investigate the matter and on learning the facts will impeach them and request their severe punishment.

28.—When a quarrel arises on account of some matter, if both parties to it are Chinese, the nearest local official ought to settle it with impartiality, but if both parties will not accept his decision as just, an appeal may be taken to this Board, which will consider and deal with the case so as not to cause both sides to suffer injury. If a troublesome complication should occur between Chinese and foreigners, each of the two parties should nominate a man, and these two should arrange a fair settlement. But if the two arbitrators should not agree in their opinions, they together should refer the matter to a third arbitrator, no matter whether connected with the establishment or not, and thus the matter may be impartially arranged. The Governments of the two nationalities concerned ought not to interfere.

29.—After the petition has been presented and granted, and a permit issued, the contract for operating the Mine may be drawn up, in which all matters not settled may be provided for in detail, but there must not be the least infraction of these Regulations, and when the contract is

being made a copy must be sent to this Board for its inspection and approval before it may be signed.

30.—A permit to work a Mine shall be good for thirty years only. Should it be desired to renew it, report to that effect must be made to this Board not later than six months before the expiration of the thirty years' period, and the Board will consider the application and decide whether or not to renew it. In the case of Mining lands for which the State may have some other important use, no renewal of the permit will be allowed, but an estimate will be made of a bonus to be paid for the recovery of the said lands. Otherwise, if the request for the renewal of the permit be granted, the holders of the new permit will pay fees, as in the first instance.

31.—Although a holder of a permit is allowed to open a Mine and take out ore anywhere within certain boundaries mentioned in his permit, yet, if there should be within those boundaries any property belonging to another or in which another has an interest, such property must be marked off as not included in the concession, and moreover at the time that application for a permit to work the Mine is made the facts must be reported to this Board that they may be entered on the permit to prevent any quarreling. If by

misrepresentation a permit should be obtained for the time, on accusation being made and the facts discovered a penalty will be determined.

32.—Of the forests grown on Mining lands some are needed by the State, and no one will be allowed to cut trees at will. If at the time that the permit is taken it should be clearly stated that it is desired to cut wood for use in the work, then the operators must wait until this Board shall have carefully examined the conditions of the region and decided whether or not such cutting can be allowed, and, if permission should be given, the extent of the forest that may be so cut must be plainly stated in the permit, and outside of such limits no one must dare to disturb the timber. All wood cut must be paid for at market price.

33.—The rent for Mining land having been paid the first year, if no ore shall have been taken out, it must be paid again the second year according to the rate fixed. If ore shall have been taken, then the Mine tax shall be paid according to regulation, and no collection of rent in addition shall be made. This is to manifest the Government's consideration for trade. But, notwithstanding this, if rent due shall not have been paid within three months after due date, the Mine and all property connected with it shall be

sealed up until the amount due shall have been paid in full. If within six months after the sealing the debt shall not have been cleared off, the permit shall be cancelled and the Mine taken back.

34.—The rate of the tax on the output of various ores will be determined according to the classification of the ores as more or less valuable. It is given in a general way below. Ores not specifically mentioned will be taxed at the rate of that which is nearest in kind to it among those given. In the case of Mines for whose working contracts have already been entered into, in which no rate of duty is specified, the tax will be levied according to that here given.

- (a) Coal, Antimony, Iron, Alum, and Borax, 5% ad valorem.
- (b) Petroleum, Copper, Tin, Lead, Sulphur, and Cinnabar, 7½% ad valorem.
- (c) Gold, Platinum, Silver, Mercury, and Zinc, 10% ad valorem.
- (d) Diamond, Quartz-crystal, and all sorts of precious stones, 20% ad valorem.

35.—Ores shipped abroad shall pay export duty according to the Customs Tariff, and this having been paid, no additional duties shall be collected at any inland barrier. All duties collected from this source must be kept by the

Customs in a separate fund until orders are issued for appropriation.

36.—All Mining Companies must keep a tabulated account of the ores obtained, which shall present the exact amounts of the various ores obtained and the various amount of each shipped from various ports, and the various grades of ore, whether excellent or inferior, and shall send report of these items to this Board every quarter, that it may be placed on file. This Board will either send a deputy to the Mines to make examination or will compare the figures sent with those of the Customs, and if the two sets of figures do not tally, will consider the matter and impose a penalty.

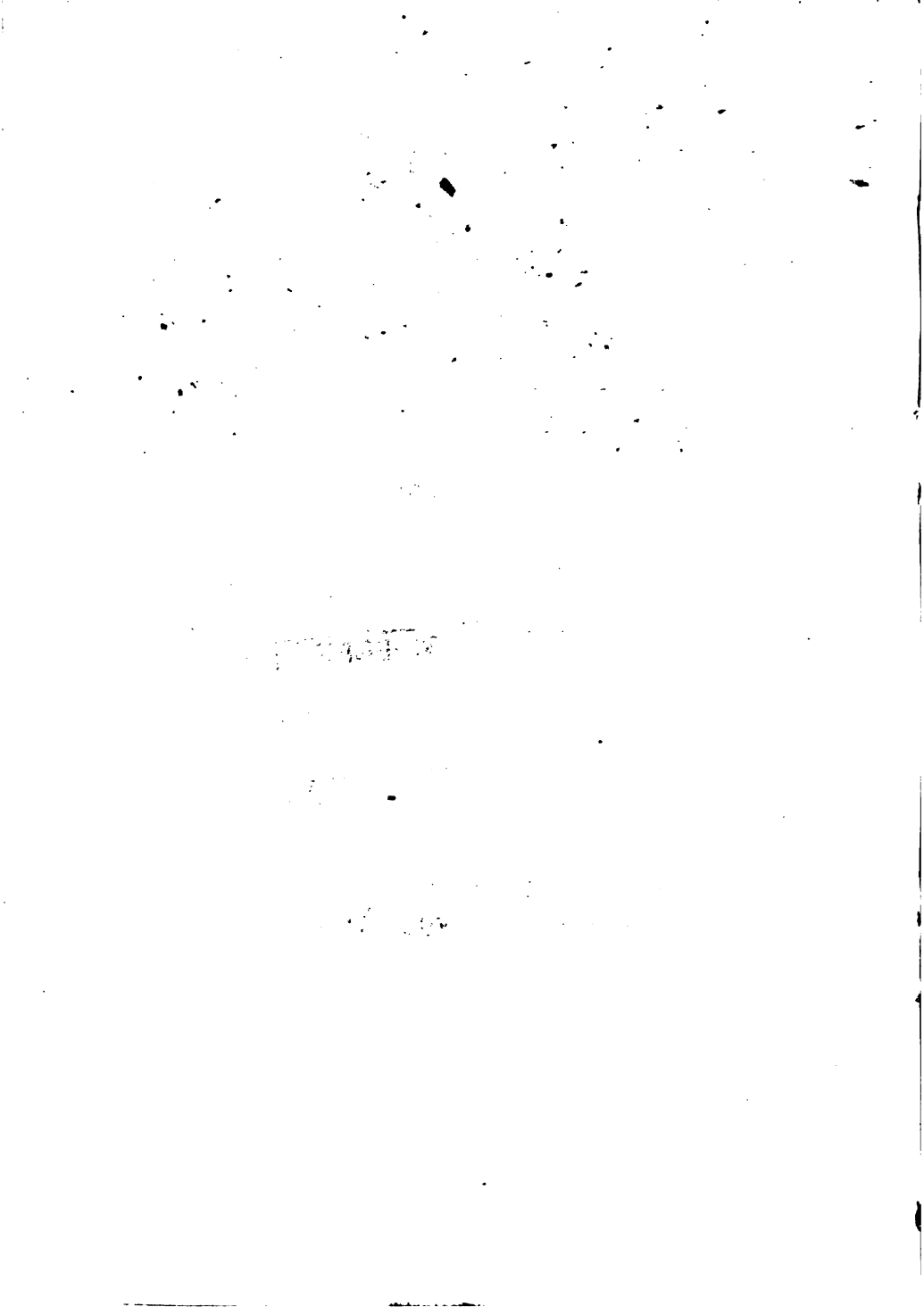
37.—When a permit to prospect is issued, the receiver of the permit must present the bond of some reputable and wealthy firm as security in the amount of Tls. 5,000, and the receiver of a permit to work a Mine, a bond in the amount of Tls. 10,000, the bondsmen guaranteeing that the holder of the permit will observe the conditions recorded in the permit and the Regulations of this Board. In default thereof the sums mentioned will be forfeited, as a penalty.

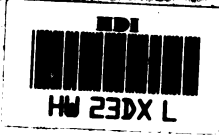
38.—If Chinese applicants for a Mining concession should be able of themselves to raise capital to the amount of more than Tls. 500,000,

and it should appear upon examination that they have been successful in their operation of the Mine, this Board will make a special request for an Edict conferring extraordinary rewards as an encouragement.

The foregoing Regulations, slightly altered by additions and excisions from those submitted and approved in the XXVIII Year of Kuanghsü (1902), are declared to be the Temporary Regulations for the control of Mining Operations until a volume of Mining Laws shall have been compiled and published, when such amendments shall be made as may appear to be necessary.





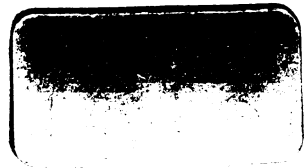


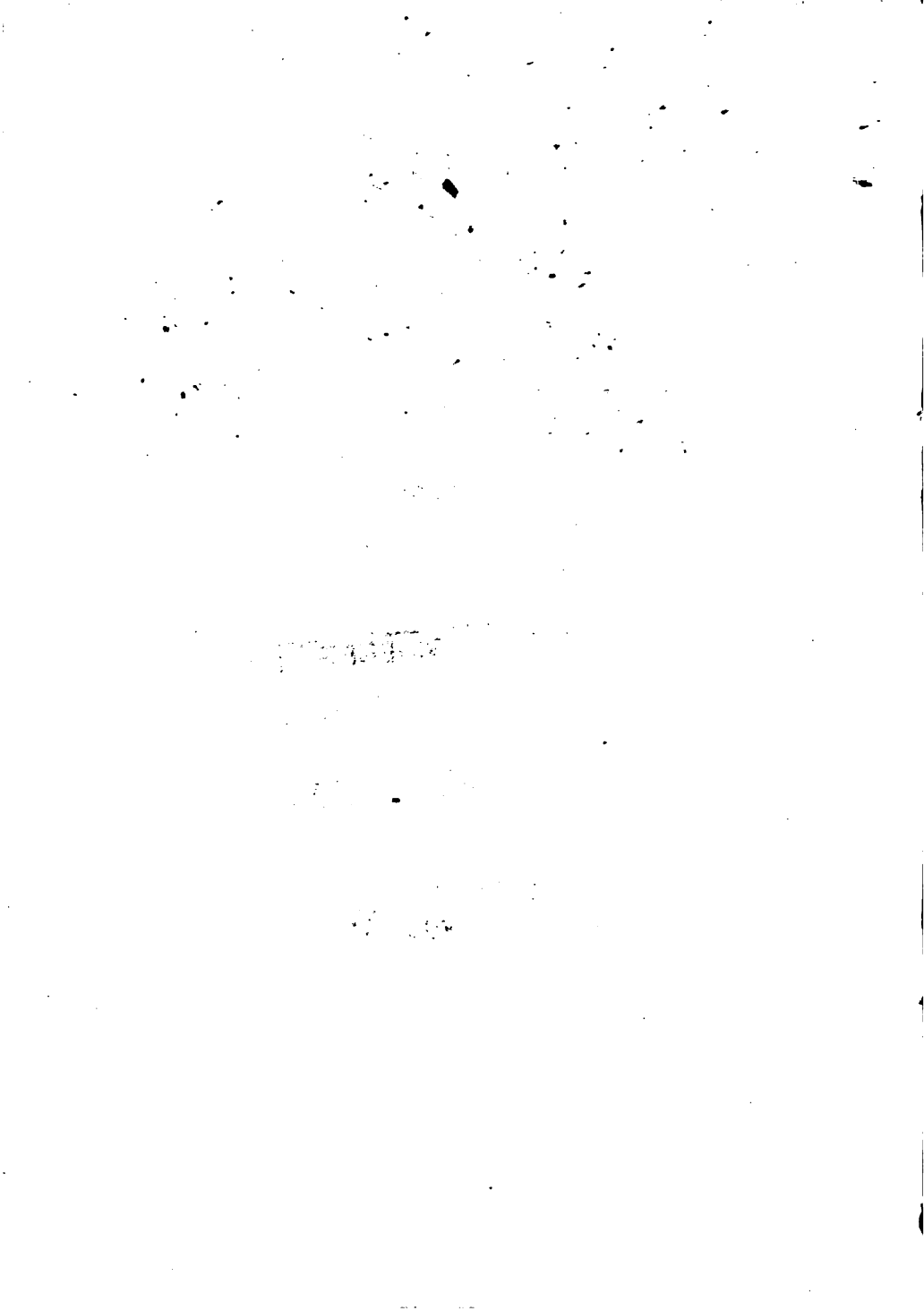
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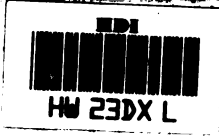
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