

## Translation



*The following document is a series of Chinese government policy measures designed to provide greater financing to tech startups. The measures encourage the use of more exotic means of financing, such as lending by non-bank financial institutions, pension fund investment in smaller tech companies, and the use of credit derivatives, in order to overcome Chinese institutional and private investors' reluctance to invest in newer and less-established companies. The measures urge the government to adopt a new scheme for scoring the innovativeness of tech companies, so as to channel public and private investment and incentive policies to benefit the high scorers.*

### Title

Certain Policy Measures to Accelerate the Construction of the Science and Technology Finance System and Strongly Support a High Level of Self-Reliance in Science and Technology  
加快构建科技金融体制 有力支撑高水平 科技自立自强的若干政策举措

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### Source

MOST website. The *Policy Measures* were formulated on May 13, 2025 and were published to the website the following day.

*The Chinese source text is available online at:*

[https://www.most.gov.cn/tztg/202505/t20250514\\_193573.html](https://www.most.gov.cn/tztg/202505/t20250514_193573.html)

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## Certain Policy Measures to Accelerate the Construction of the Science and Technology Finance System and Strongly Support a High Level of Self-Reliance in Science and Technology

Developing science and technology (S&T) finance is the essential path to deepening the integration of S&T innovation with industrial innovation, and financial capital is an important force supporting high-level self-reliance (自立自强) in S&T. The

following policy measures are hereby proposed to accelerate the construction of a S&T finance system adapted to S&T innovation, and to support a high level of self-reliance in S&T and the construction of China into an S&T powerhouse.<sup>1</sup>

## **A. Overall Requirements**

In order to thoroughly implement the spirit of the 20th Party Congress and the Third Plenum of the 20th Central Committee, conscientiously implement the arrangements made by the National Science and Technology Conference and the Central Financial Work Conference, and advance the great task of S&T finance, we shall coordinate the development of policy instruments including venture capital, bank loans, the capital market, S&T insurance, and bond issuance, to provide total life-cycle, end-to-end financial services for S&T innovation, guide long-term capital, patient capital, and high-quality capital into S&T innovation fields, accelerate the development of a S&T finance system with Chinese characteristics, form a diversified, multi-tiered, and multi-channel pattern of investment in S&T, and strengthen financial services for national strategic S&T forces such as national laboratories and leading S&T enterprises, thereby providing robust financial support for major national S&T tasks and for small and medium-sized S&T enterprises.

## **B. Leveraging venture capital's role as a provider of new fresh forces (新生力量) supporting S&T innovation.**

- 1) Establish a "National Venture Capital Guidance Fund." Leverage the important role of the National Venture Capital Guidance Fund in supporting S&T innovation, prioritize the growth of S&T enterprises as a key direction, incubate and develop strategic emerging industries, particularly future industries, and promote the conversion of major S&T achievements into real productive forces, so as to accelerate the achievement of a high level of self-reliance in S&T, and to incubate and develop new quality productive forces (新质生产力).
- 2) Broaden funding sources for venture capital funds. Expand the scope of the pilot program for equity investments by financial asset investment companies (AICs)<sup>2</sup> to the provinces where the 18 cities [currently in the pilot] are located, and support

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<sup>1</sup> Translator's note: This translation renders the Chinese word 强国 qiángguó—which literally means "strong nation" and is sometimes translated "superpower"—in English as "powerhouse," as in the phrase "S&T powerhouse" (科技强国). For a more thorough discussion in English of the Chinese word qiángguó, see: <https://www.newamerica.org/cybersecurity-initiative/digichina/blog/lexicon-wangluo-qiangguo/>.

<sup>2</sup> Translator's note: In China, a financial asset investment company (AIC; 金融资产投资公司) is defined as a non-bank financial institution that conducts debt/equity swaps and supporting services for companies, just as a bank does. The main shareholder of an AIC is typically a bank.

insurance funding in participating in AIC equity investment pilot programs. Support venture capital institutions and industrial investment institutions in raising funds by issuing bonds, so as to broaden direct financing channels. Encourage social security funds to invest in equity funds—within their operational scope and subject to their risk management requirements—in order to support S&T innovation. Optimize management mechanisms, support the participation of insurance funding in venture capital investments in accordance with market principles, and advance pilot reforms for the long-term investment of insurance funding. Guide wealth management companies and trust companies to participate in venture capital investing, in accordance with laws and regulations.

- 3) Optimize assessment and evaluation mechanisms for state-owned venture capital. Properly implement policy measures supporting the high-quality development of central enterprise<sup>3</sup> venture capital funds, improve policy mechanisms for investment, assessment, error tolerance (容错), and exit of state-owned capital that are consistent with the characteristics and laws of development of the venture capital industry, and assess state-owned venture capital institutions based on the life cycles of entire funds. Channel state-owned capital to become long-term and patient capital supporting venture capital. Push local government state-owned capital and state-owned capital in other sectors to follow suit.
- 4) Improve exit channels for venture capital. Evaluate the effectiveness of pilot programs for the transfer of private equity fund shares in regional equity markets such as Beijing, Shanghai, and Guangdong, and further optimize business processes and pricing mechanisms for share transfers. Launch pilot programs for physical distribution of stock certificates (实物分配股票) by private equity venture capital funds, allowing stock certificates held in listed companies to be distributed to investors through non-trade transfers of ownership (非交易过户). Encourage development of private equity secondary market funds (S-funds) for private equity.

### **C. Leveraging the important role of monetary and credit policies in supporting S&T innovation**

- 5) Use structural monetary policy instruments fully and effectively. Optimize structural monetary policy instruments supporting S&T innovation. Give full play to the

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<sup>3</sup> Translator's note: The term "central enterprise" (中央企业; 央企) refers to state-owned enterprises (SOEs) directly under the Central People's Government of the People's Republic of China (aka the State Council) whose leaders are appointed by the State Council or the Chinese Communist Party (CCP) Central Committee, either directly or by the CCP Central Organization Department, the State-owned Assets Supervision and Administration Commission (SASAC), or another central Party or government department.

guiding role of relending facilities for S&T innovation and technological transformation, increase relending quotas, optimize support scope and process mechanisms, and incentivize financial institutions to increase support for major national S&T tasks and small and medium-sized S&T enterprises, as well as technological transformation and equipment upgrading projects in priority fields.

- 6) Establish a dedicated bank credit mechanism for supporting S&T innovation. Formulate standards to identify S&T enterprises for S&T finance support, and establish a mechanism for recommending S&T enterprises, so as to facilitate precisely targeted and effective support from banking and insurance industry institutions. Encourage commercial banks to establish specialized S&T finance institutions and set up S&T-focused branches in regions with high concentrations of S&T resources. Encourage qualified banks to explore internal performance assessment schemes for longer-term S&T innovation loans and establish due diligence exemption (尽职免责) mechanisms. In selected commercial banks and pilot cities, launch pilot programs for S&T enterprise merger and acquisition (M&A) loans, increasing the ratio of loans relative to the total price in M&A transactions to 80%, and extending the loan term to ten years.
- 7) Encourage financial institutions to step up support for S&T innovation. Guide financial institutions to further streamline internal loan implementation mechanisms based on the financing characteristics of projects in S&T fields, and to rationally determine loan pricing, terms, and performance review incentives according to principles of risk controllability, compliance transparency, and financial sustainability, thereby supporting S&T development. Encourage institutional banks<sup>4</sup> to support S&T innovation within their scope of operations, while staying focused on their main businesses and taking into account their functional positioning.

#### **D. Leveraging the crucial pivotal role of the capital market in supporting S&T innovation**

- 8) Further strengthen the capital market's support for S&T innovation-oriented enterprises. Improve countercyclical adjustment mechanisms for new share issuance and step up support of financing through public listing by qualified S&T enterprises. Concentrate efforts on supporting major S&T research tasks, prioritizing

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<sup>4</sup> Translator's note: The term "institutional bank" (政策性银行)—alternately, "policy bank" or "policy lender"—refers to three Chinese government-run banks: (1) China Development Bank (CDB; 国家开发银行) focuses on infrastructure investment. (2) The Export-Import Bank of China (中国进出口银行) specializes in trade financing, foreign investment, and foreign aid. (3) The Agricultural Development Bank of China (ADBC; 中国农业发展银行) funds development projects related to agriculture and rural areas in China.

public listing financing by S&T enterprises that achieve breakthroughs in key and core technologies (关键核心技术). Continue supporting high-quality but not yet profitable S&T enterprises in going public, and optimize the M&A, equity incentive, and other systems for listed S&T companies. Give greater play to the Beijing Stock Exchange's role as a reform testing ground, and improve listing and issuance system arrangements aligned with the growth needs of small and medium-sized S&T enterprises. Study the formulation of policy documents to leverage the role of regional equity markets and enhance their ability to serve small and medium-sized S&T enterprises.

- 9) Improve mechanisms to support the bond market's service to S&T innovation. Establish a "Science and Technology Board" within the bond market. Promote high-quality development of S&T innovation corporate bonds, incorporate high-quality S&T innovation bonds (科创债) into the benchmark and market maker varieties [of bonds] (基准做市品种), and guide and encourage investors to increase investment in S&T innovation bonds. Enrich the interbank bond market's S&T innovation bond products and improve the financing support mechanisms for such bonds. Give full play to the credit enhancement role of credit derivatives, step up support for the issuance of S&T innovation bonds by S&T enterprises, venture capital institutions, and financial institutions, and thereby raise long-term, low-interest, and easily accessible bond funds for S&T innovation.

#### **E. Leveraging the shock absorber and stabilizer roles of S&T insurance in supporting innovation**

- 10) Promote innovation in S&T insurance products and services. Formulate a set of opinions on promoting the high-quality development of S&T insurance, establish a mechanism for coordinating S&T insurance development, optimize support policies, and accelerate the formation of policy support approaches for key fields, critical segments, and priority regions. Improve the system of insurance products and services covering the total life cycle of S&T enterprises, and refine product and service innovation mechanisms, as well as regulatory incentive and assurance policies. Explore using a co-insurance consortium (共保体) approach to provide risk assurance for S&T insurance in key fields, and conduct pilot risk spreading programs in areas such as major technological research efforts, pilot production, and cybersecurity. Encourage the participation of insurance funding in the implementation of major national S&T tasks.

#### **F. Strengthening guidance and support for S&T finance through fiscal policy**

- 11) Give full play to the role of fiscal and tax policies in mobilizing more financial

resources to support S&T innovation. Innovate fiscal S&T investment methods, and make full and effective use of existing policies such as borrowing at a discounted rate, insurance subsidies, and risk offsetting (风险补偿) to support S&T innovation by enterprises. Fully leverage the performance evaluation role of government investment funds, and guide funds to invest early, invest in small companies, invest long-term, and invest in hard S&T.<sup>5</sup> Implement specialized guarantee (担保) plans for S&T innovation and effectively leverage the government financial guarantee system. Properly implement relevant tax policies for angel investment and venture capital to channel more social capital<sup>6</sup> toward S&T innovation investment.

#### **G. Coordinating central and local government efforts to advance S&T finance work nationwide**

- 12) Promote the innovation score system.<sup>7</sup> Promote the “innovation score system” nationwide, optimize core indicators for innovation score evaluation, and strengthen tiered and differentiated (分层分类) management in key industries and sectors, so as to accurately portray small and medium-sized S&T enterprises. Improve mechanisms that link the implementation of the innovation score system with relending for S&T innovation and technological transformation, as well as with the Special Guarantee Program.<sup>8</sup> Encourage financial institutions to use innovation scores to better understand the innovation capabilities of enterprises, and expand the application scenarios of innovation scores in the financial sector.

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<sup>5</sup> Translator's note: "Hard S&T" (硬科技) refers to technologies that require long-term research to come to fruition, have high technical barriers and clear applications, are at the technological cutting edge, and have a transformative effect on the economy and society. Photonic chips, AI, aerospace, biotech, and IT are all examples of hard S&T. "Hard S&T" is more or less synonymous with "key and core technologies" (关键核心技术).

<sup>6</sup> Translator's note: The Chinese term 社会资本, translated literally as "social capital," refers to any source of funding outside of government budget outlays. This term encompasses investment by private individuals and private institutions. However, investment from state-funded entities such as state-owned enterprises (SOEs), including state-run banks, also falls under the umbrella of "social capital."

<sup>7</sup> Translator's note: The "innovation score system" (创新积分制) is a scheme devised by the Chinese government to generate a quantitative rating of the innovativeness of a technology company, for the purposes of identifying promising tech companies for the state to support through subsidies and other incentives. The system takes into account factors such as the amount and growth rate of a company's R&D spending, the income its high-tech products and services generate, how many graduates with advanced degrees it recently hired, and so forth.

<sup>8</sup> Translator's note: The Chinese government established the Special Guarantee Program for Private Investment (民间投资专项担保计划; 专项担保计划) to provide government funding to compensate private Chinese investors in case their investments in small tech companies go bust. The measure is designed to spur more private investment in startups and other small tech companies.

13) Promote regional S&T finance innovation practices. Prioritizing support for the Beijing, Shanghai, and Guangdong-Hong Kong-Macao Greater Bay Area international centers for science and technology innovation, as well as regional S&T innovation hubs including Chengdu-Chongqing, Wuhan, and Xi'an, pioneer and test policies related to S&T finance innovation along marketized and rule-of-law-oriented tracks. Carry out high-quality development of Beijing (Zhongguancun), Jinan, and five Yangtze River Delta region cities as S&T innovation finance reform pilot zones, develop the China (Shanghai) Pilot Free Trade Zone Lin-gang Special Area as a leading zone for S&T insurance innovation, and develop the Ningbo National Insurance Innovation Comprehensive Pilot Zone and the Wuhan (Donghu) Science and Technology Insurance Innovation Demonstration Zone. Using higher standards, promote S&T financial services in 13 key regions including Beijing, Tianjin, and Jiangsu. Conduct comprehensive pilot programs for intellectual property finance ecosystems in Beijing, Shanghai, Guangdong, and other provinces and municipalities. Launch an assessment of the effectiveness of regional S&T finance implementation.

#### **H. Building an open innovation ecosystem for S&T finance**

14) Promote opening up (开放) and cooperation in S&T finance. Support foreign investment in domestic S&T enterprises and make it easier for foreign capital to engage in equity investment and venture capital in China. Make good use of the Qualified Foreign Limited Partnership (QFLP) pilot program and cross-border financing facilitation pilot program policies, so as to broaden cross-border financing channels for S&T enterprises. Support overseas listings by S&T enterprises in accordance with laws and regulations. Focusing on countries participating in the Belt and Road Initiative (BRI),<sup>9</sup> promote international exchanges and cooperation in areas such as venture capital, S&T enterprises, and technology transfer by supporting bilateral and multilateral exchanges and cooperation in S&T finance, thereby cultivating international S&T finance talent.

15) Establish and improve a mechanism for the coordinated advancement of S&T finance. The People's Bank of China (PBOC) and the Ministry of Science and Technology (MOST), in conjunction with the National Financial Regulatory Administration, the China Securities Regulatory Commission, the National Development and Reform Commission, the Ministry of Finance, and the

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<sup>9</sup> Translator's note: The "Belt and Road Initiative" ( "一带一路" ), abbreviated BRI, refers to the Silk Road Economic Belt (丝绸之路经济带) and the 21st Century Maritime Silk Road (21世纪海上丝绸之路), two massive Xi Jinping-era initiatives to expand China's global economic influence, predominantly among developing countries in Asia, the Middle East, Eastern Europe, Africa, and Latin America.

State-owned Assets Supervision and Administration Commission of the State Council, shall establish a coordinated advancement mechanism for S&T finance, and strengthen interdepartmental coordination, policy linkage, and information sharing in S&T finance work. PBOC and MOST shall regularly organize the holding of meetings of the advancement mechanism's member work units (单位) to study and formulate important S&T finance policies, pilot programs, implementation arrangements, and other relevant matters, so as to promote the thorough implementation of all policy measures. Conduct joint research on S&T finance, enhance policy propaganda and interpretation, and jointly cultivate interdisciplinary talents for S&T finance. Under existing mechanisms, conduct macro policy consistency assessments, S&T innovation consistency reviews, and financial policy evaluations of the major S&T finance policy measures formulated and introduced by various departments.