

Research on Rule Design and Critical Path of Company Law in Corporate Compliance Context

Yue Liping, Yang Rongkuan

Kangda Law Firm, Beijing, 100027, China

Abstract: *Once financial fraud, bribery, corruption and other illegal acts occur in the company's operation, it will have a great impact on its reputation and development. Only by combining China's national conditions and establishing the company law according to the corporate compliance system and standards, can we better safeguard the interests of the company and make the company become a leader who abides by the social rules and guides the moral culture. This paper discusses the legal basis and specific path of company law design based on the corporate compliance system.*

Keywords: *Compliance system; Company law design; Implementation path*

1. Introduction

We Chinese companies generally have the problem that lack of compliance awareness, which also leads to the possibility of unintentionally touching the relevant red lines when they go abroad and conduct cross-border transactions, so they become the object of economic sanctions by international organizations in cross-border transactions. However, the lack of basic laws on corporate compliance requirements is unable to respond reasonably in the face of sanctions. In order to improve the international competitiveness of Chinese companies and safeguard the fundamental interests of the company, it is necessary to strengthen the construction of compliance systems and incorporate compliance requirements and ideas into the company law.

2. The connotation of company compliance

At this stage, corporate compliance has become a basic way of internal governance for companies in various countries. Compliance has multiple meanings. From the basic level, it refers to compliance with regulations. From the origin level, it contains three meanings. First, the company needs to operate in strict accordance with relevant laws and regulations. Second, companies need to strictly abide by ethical norms and codes of conduct. Third, the company should strictly abide by the relevant rules and regulations after they are formulated.

At this stage, many cross-border companies in China have realized the importance of compliance and actively draw on foreign advanced experience to formulate a series of normative texts. Although at this stage, some companies will also formulate compliance systems, these texts are scattered and lack systematicness, so they cannot be effectively implemented in business practice. This also makes Chinese companies vulnerable to WTO compliance investigation sanctions. Once companies are sanctioned for commercial bribery and other acts, they will be included in the blacklist of multilateral financial institutions, and their economy and reputation will be damaged. The above problems also sound the alarm for China to introduce the compliance system and supervise the implementation.

3. Design basis and requirements of the corporate's compliance system

3.1. Legal basis

The formulation of the compliance system is conducive to the legal operation of the company and regulates its development. The introduction of a compliance system can change the company's previous mandatory rules that were purely aimed at making profits. The company must comply with normative documents and international laws, whether it is internal or external, and at the same time, it must also earnestly implement its internal business regulations, conventions, and guidelines. Through the above

work, we will improve the level of corporate governance and further improve the content of the system.

The combination of company law and compliance system can create an image for the company to trade in unfamiliar markets on the basis of ensuring the company's trading activities so that the company can obtain more cooperation opportunities with unfamiliar economic subjects. In order to improve corporate governance, it is necessary to actively apply the content of the compliance improvement system. At the same time, the company law is established in combination with the compliance system to improve the convenience of the company's social activities and enable it to have strong wealth creation capabilities.

After the compliance system is moved into the company law, the company's various behaviors can meet the ethical and legal requirements, laying a good foundation for its higher profits. The compliance system is subject to legal control, which is the company's commitment. It applies the expression of the company law and creates a good business environment internally. By exempting the responsibility of the company and the responsible person, the company is encouraged to strictly follow the compliance requirements in the actual operation process, making it a conscious behavior, reducing the probability of crime, and creating a safe environment for the company to obtain expected profits ^[1].

3.2. Design requirements

3.2.1 Unify personal benefits and social public interests

The purpose of the establishment of the Company Law is to create a favorable environment to promote the further development of the company so that it can achieve its own business goals. Although the company is a profit-making organization, it also shoulders certain social responsibilities. Therefore, we should design the system in combination with the corporate's complex functions, take the improvement of social morality as its own responsibility, determine multiple value goals, formulate company laws in combination with goals, and restrict the company's behavior, so as to avoid bad behavior due to excessive emphasis on its own profits in the development process. At the same time, under the restriction of the company law, we should coordinate various resources and promote the mutual interaction of social and individual interests.

3.2.2 Combine coordination and precise adjustment

Most companies believe that the compliance system is independent of corporate law, but in fact, this perception is wrong. The objectives of the compliance system are diverse and the content is relatively complex. It includes comprehensive systems in many legal fields, such as intellectual property law, financial law, and trade secret protection law. At this stage, administrative policies and regulations are the main force to promote the company's compliance system. The proportion of laws in company law is relatively low, and their existence is to connect company compliance and corporate governance. Although this approach has a certain value, it cannot meet the actual needs very well, and it needs to be adjusted and optimized again. In corporate governance, it is necessary to increase the application of administrative regulations, give full play to the legal role of criminal law and company law, and further promote the construction of the compliance system.

3.2.3 Benchmarking international rules according to basic national conditions

The compliance system has an institutional spillover effect, which is also the inevitable result of the development of international anti-corruption. With the frequent economic trade between China and other countries, the economic pattern has changed greatly, and all countries also hope to stand at the highest point of the system. In this context, the compliance system has become an important carrier, which represents the ownership of the discourse power of international rules. The development of economic integration is irreversible, so companies need to change the way they see things. When analyzing problems, it is necessary to go to the macro level to evaluate and observe the design requirements of the compliance system. When designing a company law system, it is also necessary to digest and absorb international treaty rules and related content, assume China's responsibilities as a world power, and strictly abide by and implement international rules. At the same time, we should take advantage of the environment to become a leader in international rules, design the content of company law by the relevant requirements of the compliance system, and use this as a tool to achieve external system output ^[2].

3.2.4 Give consideration to appropriateness and advancement

It is necessary to adhere to the principle of being ahead of time to design the compliance system. Improve the company's internal governance level and force the company to fulfill its own social

responsibilities, so as to strengthen transaction security.

4. Implementation path of compliance system company law design

We should consider the design of the company's compliance system from multiple aspects, fully consider its actual needs to participate in international competition, and improve the rationality of the compliance system.

4.1. Institutional design in general principles of company law

We should give full play to the function of the company's compliance system and promote the company to effectively bear its social responsibilities. When designing the content of the system, we should think from the perspective of social adherents. When carrying out various activities, we should not only think from the perspective of social value creators but also have certain ethics and self-discipline ability when changing social roles. The company's development goals should be enriched, and various behaviors should be implemented in combination with the goals. The company's activities and system design should also take compliance-related requirements as the main principle. In the general provisions of company law, company activities should be carried out in strict accordance with the requirements of relevant laws and regulations, and at the same time, it should be ensured that all company behaviors can comply with social order, international regulations and business ethics^[3].

4.2. Institutional design in specific principles of company law

The compliance requirements need to design the sub-rule system of the company law on the basis of full consideration of the construction of the compliance system and obligations, adhere to the important principle of differential treatment, try to reduce the cost of system implantation, and take the compliance requirements as a unified requirement. Specific types of companies should also take compliance agencies and systems as reference documents when setting systems. For non-specific types of companies, compliance-related requirements can also be used as suggestions.

4.3. System design of legal liability in company law

A sound legal liability system is the basis for the compliance system to achieve good results. Therefore, legal responsibilities and compliance obligations should be organically linked, and compliance requirements should be fully grasped and used as the main basis for the company's system behavior. When compliance requirements are violated, the company's administrative criminal responsibility should be investigated.

When the company assumes legal responsibility, it should take compliance obligations as the basis, appropriately combine rewards and punishments, implement the compliance system in all aspects of the company's operation, and strictly follow the compliance requirements. If the behavior of the company or its employees will harm society or the country, it is necessary to comprehensively collect relevant information, otherwise, the punishment can be reduced or exempted according to the actual situation. Highlight the function of the law to punish evil and promote good, and motivate employees to act in strict accordance with relevant legal requirements and regulations^[4].

5. Conclusions

In a word, moving into compliance requirements in company law is an inevitable choice for enterprise development under the global economic development trend. Through this method, the faith appeal of the company law can be improved, and the profitability of the company can be better restrained. While safeguarding the company's own interests, we should enhance its international competitiveness so that it can better adapt to the development of global economic integration.

References

- [1] Zheng Chengjie. *Company Law Design of Compliance System and Its Implementation Path [J]. Legal System and Society*, 2021(8):47-48.
- [2] Liu Zhe. *Company Law Design of Compliance System and Its Implementation Path [J]. Regional*

Governance,2021(28):130-131.

[3] Zhao Wanyi, Wang Peng. *On the Legal Realization Path of Comprehensive and Coordinated Adjustment of Our Corporate Compliance Behavior [J]. Hebei Law Science*, 2021, 39(7):58-75.

[4] Zhao Wanyi. *Company Law Design of Compliance System and Its Implementation Path [J]. Social Sciences Digest*, 2020(6):71-73.