



Passion - Professionalism - Collaboration

Dear Friends,

This is a monthly newsletter focusing on legal matters in China, and related issues that shape the general business environment for foreign companies operating in China. Should you have any comments or questions, please do not hesitate to contact Ms. Anna Lukina, BD & Marketing Director at alukina@a-zlf.com.cn visit the A&Z website.

Sincerely,
The Editors



Legal Updates

CAC Issues the 'Guidelines on Application for Security Assessment of Outbound Data Transfers' (First Edition)

On August 31, the Cyberspace Administration of China ("CAC") issued the 'Guidelines on Application for Security Assessment of Outbound Data Transfers' (First Edition) (the "Guidelines"), which came into effect on September 1. The Guidelines specify that the data processors transmit and store the data collected and generated in domestic operations overseas, as well as those stored in China but can be queried, retrieved, downloaded and exported by overseas entities, all belonging to data outbound. In case the data processors provide important data, critical information infrastructure operators and data processors, who process personal information of more than 1 million people to provide personal information overseas, shall report the security assessment of outbound data to the National Cyberspace Office through the local provincial Cyberspace Office. The Guidelines also specify the application process, materials and material templates.

Future events

October 26, Shanghai and online

In light of Covid-19 reshaping business and investment dynamics in China nowadays, the international businesses need to navigate a new set of challenges. More than ever, businesses need the big picture on managing crisis post-Covid. BritCham is organizing a webinar to address all these issues. Anna Lukina, BD & Marketing Director and other speakers will discuss what companies need to be ready for. They will present some

Shenzhen Municipal People's Congress Releases the 'Regulations on Foreign Investment in the Shenzhen Special Economic Zone'

On September 5, Shenzhen Municipal People's Congress released the 'Regulations on Foreign Investment in the Shenzhen Special Economic Zone' (the "Regulations"), coming into force on November 1.

With 46 articles in 6 chapters, the Regulations clarify the responsibility for the department in charge of foreign investment, refine the implementation of the national access system for foreign investment, improve facilitation measures for foreign investment, strengthen the protection of the rights and interests of foreign-invested enterprises, and optimize government services for foreign investment. Under the Regulations, foreign investors are encouraged to invest in key areas, such as advanced manufacturing, emerging industries, high technology, energy conservation and environmental protection. For this, the municipality will strengthen the protection of intellectual property rights, technical cooperation, customs clearance facilitation and other aspects, optimize services, focus on attracting foreign high-level talents, and also explore and establish a list-based system for the recognition of international vocational qualification certificates.

GAC Issues 'Several Measures of the General Administration of Customs for Providing Support for Comprehensively Deepening Reform and Opening-up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone'

On September 7, the General Administration of Customs ("GAC") issued 'Several Measures of the General Administration of Customs for Providing Support for Comprehensively Deepening Reform and Opening-up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone' (the "Measures") with immediate implementation.

The Measures, aim to "give full play to Qianhai's advantages in trial and promoting the coordination between the rules in Shenzhen and Hong Kong", "giving full play to Qianhai's advantages in the modern service industry and promoting the convenient flow of cross-border factors" and "building a high-level opening-up portal and supporting the development of a Shenzhen-Hong Kong comprehensive bonded zone for modern service industry. The Measures clearly support to build of a big data service platform for cross-border trade, pilot electronic bill of lading and support Hong Kong and Macao enterprises to invest in Qianhai, enhance the Qianhai transport integrated hub function, focus on relying on Qianhai Free Trade Zone, support the construction of electronic components and integrated circuit international trading center, as well as facilitate the import of multiple types of goods.

case studies related to force majeure, maintaining good health for your China subsidiary, leadership image and more.

Past Events

September 7, Shanghai and online

On September 7, Elena Gómez, Consultant at A&Z Law Firm, had the pleasure of speaking at the webinar "The Checklist for Contracts & The Experiences of Businesswomen Negotiating in China", organized by "Business Latina", which was an organization focusing on helping enterprises to do business in China successfully and giving the support to the long-term development of the enterprises. Elena shared numerous examples and case studies and participated in a Q&A, which received high praise. The purpose of this webinar is to further expand the cooperation between A&Z Law Firm and Latin American companies, to provide quality legal services to Latin American invested companies, and to facilitate the healthy development of foreign investment in China.

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About A&Z Law Firm

CAC Issues the 'Decision on Amending the Cybersecurity Law of the People's Republic of China' (Draft for Comments)

On September 14, the Cyberspace Administration of China ("CAC") issued the 'Decision on Amending the Cybersecurity Law of the People's Republic of China' (Draft for Comments) (the "Draft for Comments"), for public comments by September 29.

The Draft for Comments mainly makes six changes to the legal liability system compared with the original law, improves the legal liability system for violations of the general provisions of the security of network operations, strengthens the legal liability system for the security protection of critical information infrastructure, adjusts the legal liability system for network information security and increases the legal liability for violations not provided for in laws and administrative regulations, and the original legal responsibility for the protection of personal information is modified to transmissibility provisions.

NISSTC Issued the 'Information Security Technology—Requirements for Classification and Grading of Network Data' (Draft for Comments)

On September 14, the National Information Security Standardization Technical Committee ("NISSTC") released the 'Information Security Technology—Requirements for Classification and Grading of Network Data' (Draft for Comments) (the "Draft for Comments") for public comments by November 13.

The Draft for Comments mainly clarifies the basic principles of data classification and grading, framework and methods of data classification, the framework of data grading, determination methods of data grading, and the implementation process of data classification and grading. The Draft for Comments states that data should be classified according to the idea of classified by industry domain first and then classified by business attribute, and data should be divided into three levels from high to low: core, important and general. Draft for Comments also clearly defines important data, core data, general data, industry domain data, organizational data, and derived data.

GAC Adjusts the Declaration Requirements for the Declarations Form for Imported Goods

On September 19, the General Administration of Customs ("GAC") issued the 'Announcement of No. 88 of 2022' (the "Announcement"), deciding to adjust the declaration requirements for the declaration form for imported goods.

The Announcement adjusts the filling requirements for the relevant items in the "Customs Declaration Form for Imported Goods" and "Customs Record-filing Checklist for

A&Z is a leading Chinese law firm, which employs over 50 experts composed of a team of professionals comprising attorneys, legal assistants, Japanese translators, client managers, and business specialists across 5 offices in 11 legal practices. Having been active in Shanghai since 2004, A&Z's presence was expanded through the establishment of offices in Beijing, Dalian, Wuhan, and Tokyo. A&Z focuses on advising multi-national groups, major corporations, banks, and SMEs on various legal issues relevant to their business endeavors.

A&Z's practices include Foreign Investment, Overseas Investment, Competition and Antitrust, Intellectual Property, M&A and Corporate Restructuring, Labour and Social Security, Dispute Resolution, Compliance and CSR, Finance and Capital Markets, Customs Logistics and Maritime Commerce, and Environment, Health and Safety (EHS).

Inbound Goods" as follows: firstly, adding a new declaration item "Preventive Disinfection Performed" (according to the Standards for Evaluation of On-site Disinfection during the Covid-19 Epidemic Period which state that: "preventive disinfection means the disinfection of places and items that may be contaminated by pathogenic microorganisms when there is no clear source of infection."), and two options including "Yes" and "No" are set for this item, the domestic consignee of imported goods or its agent for customs declaration should choose "Yes" or "No" depending on whether it has performed "preventive disinfection", and secondly, the items "Preventive Disinfection Performed" and "Date of Departure" must be filled in for actual inbound goods.

GAC Issues the 'Administrative Measures of the Customs of the People's Republic of China for the Acceptance of Inspection on Imported and Exported Commodities'

On September 21, the General Administration of Customs ("GAC") issued the 'Administrative Measures of the Customs of the People's Republic of China for the Acceptance of Inspection on Imported and Exported Commodities' (the "Measures"), which will come into effect on December 21.

The Measures stipulate that GAC determines and announces the scope of commodities to which the acceptance of customs inspection may apply and the specific requirements for acceptance, based on the results of risk assessment on the quality and safety of imported and exported commodities, and will make dynamic adjustments. Acceptance requirements include: the name of the accepted product and its batch number, applicable technical specifications, inspection items, inspection methods, sampling plan, the validity period of inspection reports, and other requirements related to the quality and safety of imported and exported commodities. In addition, the Measures clarify that an acceptance agency should, based on the entrustment of the consignee and consignor of the imported and exported goods or its agent, submit an inspection report to the customs via the acceptance management system before the declaration of the imported and exported goods concerned, except otherwise stipulated by the acceptance requirements; in case of failure to submit the report within the prescribed time limit, the customs will not accept the inspection results.

Shanghai Adopted the 'Regulations of Shanghai Municipality on Promoting the Development of Artificial Intelligence Industry'

On September 22, the Standing Committee of the Shanghai Municipal People's Congress formally adopted the 'Regulations of Shanghai Municipality on Promoting the

Development of the Artificial Intelligence Industry' (the "Regulations"), which will come into force on October 1, 2022.

With 72 articles in six chapters, the Regulations aim to promote the development of the artificial intelligence ("AI") industry. The relevant regulatory rules and standards will be revised based on AI characteristics, and minor misconducts in the AI field will be exempted from penalties to support scientists and innovation, according to the Regulations. The Regulations also stress promoting circulation, use and operation of basic factors of production, boosting the protection of the rights and interests of relevant entities, and ensuring that small and medium-sized enterprises ("SMEs") have access to inclusive public computing power. The Regulations also called for the establishment of an AI ethics committee to define AI application boundaries, while encouraging innovation.

Industry News

China's internet users exceed 1.05 billion by June

China Daily, August 31

China leads globally in consumer electronics output, sales

Xinhua, September 20

Chinese smartphone brands dominate African market in Q2

Xinhua, September 2

McDonald's China opens its first zero carbon restaurant in Beijing

China Daily, September 21

Skechers exercises more markets across country

China Daily, September 5

Starbucks opens 6,000th store in Chinese mainland

Xinhua, September 27

Chinese pork prices surge to new high prompting authorities to act

The Guardian, September 13

Across China: Chongqing noodles ride the wave of booming ready-made food market

Xinhua, September 28

Starbucks plans about 9,000 China outlets by 2025

Reuters, September 14

Toymakers look to the past to build business

China Daily, September 29

The information contained in this Newsletter is for reference on matters of interest only, and is not intended to be comprehensive. Although we try to ensure accuracy, please note that the application and impact of laws can vary based on contextual and circumstantial variables.

Before taking any action, please ensure that you obtain professional advice specific to your circumstances.

There are numerous ways for you to keep up-to-date with legal updates, A&Z's practice, and valuable events.

Visit our website: www.A-ZLF.com.cn



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