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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, Business Development & Marketing Director at [alukina@a-zlf.com.cn](mailto:alukina@a-zlf.com.cn) and visit the [A&Z website](http://www.a-zlf.com).

Sincerely, The Editors

## LEGAL NEWS

### **MIIT Issues the “Lithium Battery Industry Norms and Conditions and Announcement Management Approach (Draft for Comments)”**

On May 8, the Ministry of Industry and Information Technology (“MIIT”) issued the “Lithium Battery Industry Norms and Conditions and Announcement of Management Approach (Draft for Comments)” (the “Conditions”) to seek public opinions until May 13th.

The Conditions make it clear that lithium battery and supporting projects shall not be constructed in areas (to be determined by planning) where permanent basic farmland and red line for ecological protection are located. This extends to areas where the construction of industrial enterprises is prohibited by national laws, regulations and rules. Existing enterprises in the above areas shall be closed and dismantled in accordance with laws and regulations, or shall be strictly controlled and gradually moved out. Enterprises shall establish and improve the production safety responsibility system and production safety rules and regulations, increase the investment guarantee for production safety funds, materials, technology and personnel, improve production safety conditions, strengthen the construction of production safety informatization, set up a means of tracing the safety and quality of product manufacturing, strengthen the education and training of employees in production safety, build a dual prevention mechanism for the grading and control of safety risks and the investigation and management of hidden dangers, improve the risk prevention and resolution mechanism, and carry out standardized construction of work safety to reach the level of Grade 3 or above.

### **SAMR Issues the “Interim Provisions Against Unfair Competition in Cyberspace”**

On May 11, the State Administration for Market Regulation (“SAMR”) released the “Interim Provisions Against Unfair Competition in Cyberspace (the “Provisions”)”, which will take effect on September 1, 2024.

The Provisions strengthen the responsibility of platforms and comprehensively sort out and enumerate behaviors that constitute unfair competition in cyberspace. Firstly, they clarify the new manifestations of traditional unfair competition behaviors, such as counterfeiting and false claims in the cyberspace environment, and regulate issues such as credit speculation, praise and cashback, and strive to eliminate the blind zones from the regulatory perspective. Secondly, they point out the unfair competition behaviors in cyberspace regulated by the Law Against Unfair Competition, listing traffic hijacking, malicious interference, malicious incompatibility and factors for determination. Thirdly, they regulate new types of unfair competition behaviors implemented by technical means, such as reverse billing, illegal data acquisition, and discriminatory treatment. At the same time, they set up a provision to serve a regulatory basis for new issues and new behaviors that may subsequently arise.

### **SAMR Issues the “Measures for Credit Information Repair in Market Regulation”**

On May 11, the State Administration for Market Regulation (“SAMR”) issued the “Measures for Credit Information Repair in Market Regulation (Draft for Comment)” (the “Measures”) to seek public opinions until June 10, 2024.

Measures explicitly incorporate, the inclusion and removal of records from the Business Abnormalities Directory, the autonomous disclosure of information on administrative penalties, and negative information related to the results of spot checks and inspections that have attracted widespread attention in practice, into the scope of repair. Measures also provide for the credit repair of the relevant business entities that have been requested by other departments to be included in the list of those, who have violated the law seriously, and have lost their trust; they provide for the credit repair of reorganized enterprises and shorten the period of disclosure of information on other administrative penalties from six months to three months. And the processing time limit for credit repair of the list of serious violations of laws and administrative penalties, was equally shortened from fifteen working days to five working days.

### **People’s Government of Beijing Municipality Issues “Investing in Beijing. Beijing Foreign Investment Guide (2023-2024)” in Both Chinese and English Languages**

On May 23rd, the People’s Government of Beijing Municipality issued a Chinese-English version of “Investing in Beijing. Beijing Foreign Investment Guide (2023-2024)” (the “Guide”).

The Guide mainly consists of four sections, namely; “Experience Beijing”, “Invest in Beijing”, “Policy Support”, and “Investment Services”. The “Invest in Beijing” section introduces key areas and investment regions, while the “Policy Support” section specifies

## A&Z UPDATES

### **May 21, Shanghai**

On May 21, 2024, A&Z Law Firm was invited to hold a seminar by one of our clients, the Universidad Politécnica de Madrid (UPM) at the Sino-Spanish Campus co-founded by UPM and Tongji University. The theme for the Seminar was “How to Do Business in the Chinese Market”. This topic was handled by Mr. Andrew Zhang, a Senior Partner at A&Z, who delivered a speech on the whole life cycle of a foreign-invested enterprise in China. This included pre-investment analysis and preparation, design of corporate governance structure, common legal risks and solutions during operations, and market exit mechanism. Included in the discussion were topics such as data security, protection of personal information, and cyber security.

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**A&Z** is a leading Chinese law firm, which employs over 50 professionals across 7 offices, focusing on 11 legal practices. Having been active in Shanghai since 2004, A&Z’s presence has expanded through the establishment of offices in Beijing, Dalian, Wuhan, Tianjin, Xiamen 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, Labor and Social Security, Dispute Resolution, Compliance and CSR, Finance and Capital Markets, Customs Logistics and Maritime Commerce, and Environment, Health and Safety (EHS).

industrial planning, foreign investment, headquarter economy, "specialized, high-end and innovation-driven SMEs", construction of Integrated National Demonstration Zone for Greater Service Sector Openness, and the China (Beijing) Pilot Free Trade Zone as well as the construction of national science and technology innovation center, digital economy, international consumption center city, talent development, and key policies of major industrial parks. The "Investment Services" section includes the creation of an international first-class business environment, the investment process, life in Beijing, investment costs, and service organizations.

**NISSTC Issues the “National Standard on Basic Security Requirements for Generative AI Services (Draft for Comment)”**

On May 23, the National Information Security Standardization Technical Committee ("NISSTC") issued the “Cyberspace Security Technology Basic Security Requirements for Generative AI Services (Draft for Comment)” (the "National Standard") to seek public opinions until July 22, 2024.

The National Standard stipulates the basic security requirements for generative AI services, including training data safety, model safety, and safety measures. It gives reference points for safety assessments, which are applicable to service providers to carry out safety assessments that can also provide reference to relevant authorities. The National Standard also makes it clear that generative AI services are AI services based on data, algorithms, models, and rules that are capable of generating content such as text, images, audio, and video based on user prompts, thereby standardizing the application scenarios of generative AI.

**MIIT Issues the “Implementing Rules for Data Security Risk Assessment in the Field of Industry and Information Technology”**

On May 24, the Ministry of Industry and Information Technology ("MIIT") issued “Implementing Rules for Data Security Risk Assessment in the Field of Industry and Information Technology (the "Implementing Rules")”, which was effective from the date of promulgation.

The Implementing Rules specify that important data and core data processors shall carry out a data security risk assessment at least once a year, and that the validity of the assessment results shall be one year, which is calculated from the date of the first issuance of the Assessment Report. The Assessment Report shall include the basic situation of the data processor, the basic description of the assessment team, the type and quantity of important data, the situation of carrying out data processing activities, the environment of the data security risk assessment, as well as the analysis of the data processing activities, the compliance assessment, the security risk analysis, the conclusion of the assessment and the countermeasures. In five cases, such as the occurrence of new cross-subject provisions, entrusted processing or transfer of core data during the validity period, or the occurrence of changes in the security status of important data and core data that adversely affect data security, the processor of important data and core data shall carry out a timely risk assessment of the part in which the changes have taken place and their impacts.



**INDUSTRY NEWS**

**China's paper-making industry sees steady growth in first two months**

Xinhua, May 2

**Bayer sees rise of more innovative drugs**

China Daily, May 15

**China's furniture industry sees steady recovery in Jan-Feb 2024**

Xinhua, May 4

**Decathlon plans big expansion in China**

China Daily, May 16

**Mastercard's joint venture starts bank card clearing business in China**

Xinhua, May 9

**Audi, partner SAIC to develop China-specific EV platform**

Reuters, May 20

**Interview: To invest in China is to invest in the future, says L'Oreal executive**

Xinhua, May 11

**Chinese tech giants slash prices of language models used to power AI chatbots**

Reuters, May 21

**Tesla's new mega factory project in Shanghai granted construction permit**

Xinhua, May 13

**Global logistics giant DHL opens EV center in Shanghai**

Xinhua, May 22

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.



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