



Newsletter

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August 31, 2025

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Update

NFRA Abolishes and Invalidates Certain Financial Regulatory Documents

On August 25, 2025, the National Financial Regulatory Administration (NFRA) issued the *Notice on the Abolition and Invalidity of Certain Regulatory Documents* (the “Notice”), with immediate effect, involving the abolition of 44 regulatory documents and the declaration of invalidity for 7 others.

This Notice cleanup covers areas such as banking, insurance, and trust. The abolished documents include regulations on the opening of the banking industry in Hong Kong and Macau, classification of credit asset risks for rural financial institutions, cost allocation for insurance companies, and payments to the insurance protection fund, among others. The invalidated documents cover rules on accounting for non-performing assets of rural credit cooperatives, regulations on loan company management, etc.

CPC Central Committee and State Council Issue Guidelines to Promote High-Quality Urban Development

On August 15, 2025, the CPC Central Committee and the State Council issued the *Opinions on Promoting High-Quality Urban Development* (the “Opinions”), with immediate effect.

The Opinions call for optimizing the urban system, promoting urban agglomeration integration and metropolitan area coordination, and supporting the development of world-class city clusters such as Beijing-Tianjin-Hebei, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area. They call for strengthening scientific and technological innovation, upgrade industries, renew cities, and improve housing, infrastructure, and public service systems. The Opinions promote green and low-carbon transformation, strengthens capabilities for production safety, public health, and disaster prevention and mitigation. It further aims to improve urban governance systems, advance digital transformation, and enhance grassroots governance. The Opinions also encourage urban opening-up and improving international competitiveness.

State Council Deploys Six Key “AI Plus” Initiatives

On August 21, 2025, the State Council issued the *Opinions on Deeply Implementing the “AI Plus” Initiative* (the “Opinions”), with immediate effect, introducing a series of policy measures focused on both industry application needs and foundational capability supply.

The Opinions propose six key initiatives and call for the strengthening of foundational support across eight areas, and outlining focal points for “AI Plus” work in six major fields: science and technology, industrial development, consumption quality improvement, people’s well-being, governance capacity, and global cooperation. The policy systematically builds an artificial intelligence foundational support system around eight dimensions: models, data, computing power, applications, open source, talent, policy and regulations, and security. To address issues such as a hardware-centric approach, fragmented AI applications, and low open-source community engagement in real-world AI deployment, the Opinions propose a range of targeted measures, including establishing and improving AI open-source contribution evaluation and incentive mechanisms.

GACC Issues Regulations on Direct Release Management of Imported Goods at Hainan Free Trade Port

On August 25, 2025, the General Administration of Customs of China (GACC) issued the *Announcement on the Regulations on Direct Release Management of Imported Goods at Hainan Free Trade Port* (the “Regulations”), which will take effective from the commencement of customs closure operations at the Hainan Free Trade Port.

The regulations specify that bonded goods, “zero-tariff” goods, and goods subject to relaxed trade management measures that enter through open ports of the Hainan Free Trade Port and do not require

licenses or inspection and quarantine may be directly released. Consignees must submit cargo information to Haikou Customs; customs authorities may request supplementary materials and conduct inspections as needed. Directly released goods are subject to electronic ledger management, must be stored separately from other goods, and entry registration procedures must be completed within 14 days; use prior to registration is not permitted. Customs authorities will strengthen risk management and utilize information systems for supervision. Consignees who fail to report ledgers as required or dispose of goods without authorization will be held accountable.

Lingang Special Area Releases International Data Processing Hub Construction Plan to Promote High-quality Development of Data Service Industry

On August 15, 2025, the Lingang Special Area Administrative Committee, Shanghai Municipal Commission of Commerce, Shanghai Data Administration, and Shanghai Municipal Cyberspace Administration jointly issued the *Construction Plan for the International Data Processing Hub in China (Shanghai) Pilot Free Trade Zone Lingang Special Area* (the “Plan”), with immediate effect.

The Plan proposes strengthening data cooperation with regions such as Hong Kong SAR of China, Europe, and Southeast Asia, promoting linkage with DEPA and CPTPP rules, and improving the innovative management system characterized by pre-entry access, in-process self-management, and post-event exemption from liability, as well as enhancing the data security management mechanism. It encourages the development of “Data Processing Upon Entry,” digital cultural exports, overseas data service platforms for enterprises, and supports the construction of international computing power resource scheduling and algorithm model platforms. The Plan calls for optimizing international data dedicated lines, data centers, and trusted circulation infrastructure, advancing the opening-up of value-added telecommunications services, improving the international data business arbitration and compliance service system, and cultivating international data service enterprises.

SAMR Releases Multiple National Standards to Support Market Circulation and Production Safety

Recently, the State Administration for Market Regulation (SAMR), together with the National Standardization Administration, approved and published a series of important national standards covering areas such as market circulation, energy conservation and environmental protection, and production safety.

SAMR released 29 standards for market circulation, covering electronic commerce, product barcodes, and knowledge management, which aim to promote the circulation and trade of goods. Nine logistics standards were issued—such as for logistics pallets and cold chain logistics for aquatic products—to enhance logistical efficiency. Three credit supervision standards were released to improve the effectiveness of credit-based regulation. In the field of energy conservation and environmental protection, five standards were issued, including those on formaldehyde energy consumption and energy efficiency for solar water heaters, to drive energy saving and carbon reduction. Thirteen traffic safety standards were published to support green development. For production safety, four standards, including technical specifications for explosion protection of combustible dust process systems, were released to raise safety management standards. In addition, nine fire protection product standards were updated by the relevant

authorities.

Shanghai Introduces Tax Incentives to Support Enterprises' Investment in Basic Research

OThe General Office of the Shanghai Municipal People's Government recently issued the *Several Measures of Shanghai Municipality to Support Enterprises in Strengthening Basic Research and Enhancing New Momentum for High-Quality Development* (the "Measures"), which came into effect on August 1, 2025, and will remain in force until July 31, 2030.

The Measures include tax incentives to support enterprises' investment in basic research: For enterprises' expenditures supporting non-profit research institutions, universities, and government-funded natural science foundations for basic research, the actual amount incurred may be deducted before tax when calculating taxable income, with an additional 100% pre-tax deduction allowed. Non-profit research institutions and universities that receive funds for basic research from enterprises, individuals, and other organizations shall be exempt from corporate income tax.

To encourage enterprises to increase investment in basic research and strengthen technological reserves, one-time financial subsidies will be granted to eligible enterprises:

- Enterprises with annual basic research investment of RMB 100 million or more will receive a one-time subsidy of RMB 10 million;
- Enterprises with annual investment between RMB 50 million (inclusive) and RMB 100 million (exclusive) will receive a one-time subsidy of RMB 5 million;
- Enterprises with annual investment between RMB 10 million (inclusive) and RMB 50 million (exclusive) will receive a one-time subsidy of RMB 2 million.

CSRC Revises and Issues Measures for the Classification and Evaluation of Securities Companies

On August 22, 2025, the China Securities Regulatory Commission (CSRC) released the *Decision on Amending the Measures for the Classified Supervision of Securities Companies* (the "Decision"), with immediate effect, renamed as the *Measures for the Classification and Evaluation of Securities Companies*.

Key revisions include:

1. Renaming the rules to Measures for the Classification and Evaluation of Securities Companies, and adjusting the evaluation framework to focus on "risk management capability, sustained compliance, business development, and functional performance";
2. Improving bonus point indicators, expanding the scope of bonus categories, and encouraging differentiated development of small and medium-sized institutions;

3. Strengthening comprehensive penalties, optimizing point deductions for administrative penalties and self-disciplinary sanctions, with major violations capable of resulting in direct downgrading of ratings;
4. Defining special issue handling rules, with point deduction reductions for companies that actively make commitments or provide advance compensation.

The classification and evaluation results will be used as prudential factors in matters such as business applications, pilot program rollouts, and the proportion of investor protection fund contributions.

Article(s)

China's Revised Dual-Use Items Control List: Impact Analysis on Cross-Border Operations and Compliance Adaptation (II)

by Jackson Liu

III. Compliance Adaptation

(A) Focus on the requirements of the Dual-Use Item Export Control List according to enterprises' industry

Within the Dual-Use Item Export Control List (the "List"), the category "Special Materials and Related Equipment, Chemicals, Microorganisms and Toxins" accounts for nearly half of all controlled items. Items related to Category 3 "Electronics," Category 4 "Computers," and Category 5 "Telecommunications and Information Security" are described in the greatest detail. These categories reflect both the current key areas and important trends in scientific and technological development in China and globally. Given their wide range of practical applications and development potential, they are expected to become key areas for China's future dual-use item export controls.

Enterprises engaged in artificial intelligence and automation technology, quantum technology, and semiconductor technology, including industries such as chip design, quantum computing, and cybersecurity, should pay close attention to the items and related explanations listed in the List. They should also conduct relevant compliance work for item exports in conjunction with the provisions of the Dual-Use Item Export Control Regulation (the "Regulation").

(B) Improve the Enterprise Export Control Compliance Management System

The scope of the List spans a wide range of technology and product categories, with particularly detailed descriptions for items related to electronics, computers, telecommunications, and information security. This indicates that China's future export controls will not remain limited to traditional materials, chemicals, and biological products but will gradually shift towards focused regulation of high-tech industries.

According to Article 16 of the Regulation, when applying for a dual-use item export license, enterprises must truthfully fill out the dual-use item export application form and submit multiple materials, including technical specifications or test reports for the dual-use items, and documentation proving the final user and end-use of the dual-use items. Enterprises that have established and maintain a well-functioning internal compliance system for dual-use item export control, possess relevant dual-use item export records, and have relatively fixed export channels and end-users may apply to the competent commerce department of the State Council for a general license.

It is evident that the ultimate purpose of establishing the integrated control system of the Regulation and the List is to guide enterprises in establishing internal compliance systems for dual-use item exports. This ensures that the flow of dual-use items aligns with national security and national interests, thereby achieving the developmental goals of safeguarding national security, maintaining international peace, and balancing high-quality development with high-level security. Based on this, enterprises should establish and improve their internal compliance systems related to dual-use item export controls, introduce professional export control personnel and teams, and conduct technical reviews of their products by referring to the Regulation and the List to comply with national regulatory requirements for dual-use item exports.

(C) Re-evaluate International Transactions and Supply Chain Structures

For enterprises involved in cross-border transactions — especially those with U.S., EU, or “sensitive region” ties — it is crucial to: (a) Review existing export contracts for compliance clauses; (b) Identify exposure to re-export controls and foreign-origin technologies; (c) Assess logistics hubs and data flow paths for risk of regulatory overlap. Strategic restructuring may be needed to avoid “deemed export” or “secondary export” liability.

IV. Conclusion

With technological progress and changes in the international political and economic environment, China’s overall strategy for addressing domestic and international security situations is constantly being adjusted. The revision and unification of China’s Dual-Use Items Export Control List signal a broader shift toward a more centralized, systematic, and security-oriented regulatory environment. For enterprises engaged in cross-border operations, especially in sectors involving advanced materials, electronics, biotech, or high-performance manufacturing, these changes represent both compliance challenges and strategic inflection points.

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