



Newsletter

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September 30, 2025

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Update

SAFE Issues Notice to Deepen Reform of Foreign Exchange Management in Cross-Border Investment and Financing

On September 15, the State Administration of Foreign Exchange (SAFE) issued the *Notice on Matters Related to Deepening Reform of Foreign Exchange Management in Cross-Border Investment and Financing* (the “Notice”), effective from the date of publication.

The Notice clarifies the cancellation of registration for domestic direct investment pre-investment expenses and reinvestment by foreign-invested enterprises within China, allows foreign-invested enterprises to reinvest foreign exchange profits domestically, and facilitates the receipt of foreign capital by non-enterprise scientific research institutions. High-tech, “specialized and new,” and technology-based small and medium-sized enterprises may borrow foreign debts within a quota not exceeding USD 10 million, with the innovative scoring system increasing the enterprise quota to USD 20 million. The Notice

simplifies cross-border financing business registration requirements, reduces the negative list for capital project income, optimizes the facilitation of foreign exchange income payments, and facilitates the settlement and payment of foreign exchange for overseas individuals purchasing homes in China.

Nine Departments Jointly Issue Thirteen Policy Measures to Promote Service Export

On September 22, the Ministry of Commerce and eight other departments jointly issued the *Policy Measures on Promoting Service Export* (the “Measures”), effective from the date of publication.

The Measures set out thirteen policy measures, covering new business formats for service export such as digital services, advanced design, research & development, and supply chain services. The Measures include optimizing the declaration procedures for zero tax rate service export, expanding the coverage of export credit insurance, improving bonded supervision systems, facilitating cross-border capital flow and settlement, encouraging intellectual property transaction and transformation, promoting and standardizing cross-border data flow, and supporting the development of international data service businesses.

Notably, the Measures specify the formulation of an important data catalogue and the introduction of a more operational guide for identifying important data. It calls for optimized adjustment and dynamic updates to the negative list for outbound data transfers in pilot free trade zones, and for research and exploration of a nationwide negative list for data outbound in pilot free trade zones. Regions with adequate conditions are supported in exploring facilitation arrangements for cross-border internal transmission of personal information by multinational corporations, allowing free cross-border internal transmission of personal information by multinational corporations that have passed assessment or certification.

Shanghai Revises Regulations for China (Shanghai) Pilot Free Trade Zone

On September 25, the Standing Committee of the Shanghai Municipal People’s Congress adopted the revised *China (Shanghai) Pilot Free Trade Zone Regulations* (the “Regulations”), which will come into effect on September 29, 2025.

The Regulations specify that the Pilot Free Trade Zone implements pre-entry national treatment and negative-list management for foreign investment, and promotes trade facilitation, financial innovation and openness, and optimization of science, technology, and talent policies. The Regulations support outbound investment registration management, negative lists for cross-border service trade, international ship registration, offshore finance, the digital economy, cross-border data flows, intellectual property protection, green finance, and comprehensive industrial chain innovation and development. Enterprises within the Pilot Free Trade Zone are entitled to fair treatment, with improvements to the business environment, government services, regulatory mechanisms, and foreign-related legal services.

Shanghai Municipal People’s Congress Passes Regulations on Promotion of Private Economy

On September 25, the Standing Committee of the Shanghai Municipal People's Congress adopted the *Shanghai Regulations on Promotion of Private Economy* (the "Regulations"), which will take effect on October 20, 2025.

The Regulations specify that private economic organizations enjoy equal legal status and market opportunities with other economic organizations, prohibiting implicit restrictions in areas such as market access, government procurement, and public resource transactions. The Regulations support private enterprises' participation in major projects, scientific and technological innovation, financial services, foreign economic and trade cooperation, and industrial park construction. They improve financing guarantee, credit repair, and dispute resolution mechanisms; strengthen intellectual property protection, business norms, and rights safeguards; clarify the obligation of government agencies and state-owned enterprises to promptly pay accounts; and detail requirements for administrative penalties, legal liabilities, and fulfillment of policy commitments.

SAMR Issues Measures for the Implementation of the Compulsory Deregistration of Company Registration System

On September 5, the State Administration for Market Regulation (SAMR) announced the *Measures for the Implementation of the Compulsory Deregistration of Company Registration System* (the "Measures"), which will take effect on October 10, 2025.

The Measures consist of twenty articles, stipulating that if a company has had its business license revoked, been ordered to close, or been deregistered, and fails to apply for deregistration within three years, the company registration authority may proceed with compulsory deregistration. Compulsory deregistration requires a public announcement for ninety days, during which interested parties may raise objections. If no objections are raised during the announcement period or the objections are deemed unfounded, a deregistration decision shall be made and announced within ten days. A company that has been deregistered may apply for reinstatement of registration within three years, provided that circumstances involving litigation, administrative penalties, liquidation, and others justify reinstatement. Company registration authorities shall strengthen interconnection and coordination of information systems among departments to improve the facilitation of deregistration.

The Newly Revised Arbitration Law to Take Effect on March 1, 2026

On September 12, the 17th session of the Standing Committee of the 14th National People's Congress adopted the newly revised *Arbitration Law*, which will take effect on March 1, 2026.

The new law comprises eight chapters and ninety-six articles, with main provisions as follows: Arbitration proceedings may be conducted online via information networks, with online and offline arbitration having equal legal effect; arbitration institutions may establish business offices outside mainland China, and foreign arbitration institutions may set up business offices and conduct foreign-related arbitration in areas such as free trade zones and Hainan Free Trade Port; the law improves regimes for foreign-related arbitration, arbitration oversight, and court support for arbitration; arbitration institutions are independent of administrative authorities and arbitral awards are final; the law clarifies the qualifications of arbitrators

and the validity of arbitration agreements as well as the procedures for arbitration, enforcement, and setting aside of awards.

NFRA Revises and Issues the Administrative Measures for Trust Companies

On September 11, the National Financial Regulatory Administration (NFRA) issued the *Administrative Measures for Trust Companies* (the “Measures”), which will come into force on January 1, 2026. The original Administrative Measures for Trust Companies will be repealed simultaneously.

The Measures specify that the establishment of trust companies must be approved by the Administration, with a minimum registered capital of 500 million yuan, and the establishment of branch offices is prohibited. It is stipulated that shareholders of trust companies shall not pledge equity or interfere in management and operations, and major shareholders are required to assume risk rescue responsibilities. The business scope of trust companies includes asset service trusts, asset management trusts, charitable public welfare trusts, etc. Channel business, fund pool business, and illegal related-party transactions are prohibited. The Measures require trust companies to establish and improve mechanisms for corporate governance, risk management, information disclosure, and internal and external audit, and to strengthen management of net capital and risk reserves. Detailed provisions are also made regarding the procedures for termination, bankruptcy, liquidation of trust companies, and risk disposal measures.

Seven Departments Jointly Issue Implementation Opinions on “Artificial Intelligence + Transportation”

On September 22, the Ministry of Transport, National Development and Reform Commission, Ministry of Industry and Information Technology, National Data Administration, National Railway Administration, Civil Aviation Administration of China, and State Post Bureau jointly released the *Implementation Opinions on “Artificial Intelligence + Transportation”* (the “Opinions”), effective from the date of publication.

The Opinions plan for artificial intelligence to be widely applied in typical transportation scenarios by 2027 and the realization of an intelligent integrated three-dimensional transportation network by 2030. Key tasks include breakthroughs in dynamic scene perception, intelligent driving, unmanned aerial vehicles, smart trains, and intelligent ships; construction of comprehensive large models for transportation and high-quality datasets; promotion of innovation in scenarios such as intelligent assisted driving, smart railways, shipping, civil aviation, postal services, construction and maintenance, and logistics; strengthening of computing power supply, data sharing, and network infrastructure construction; and improvement of the industry ecosystem, standards system, talent cultivation, and safety compliance mechanisms.

Article(s)

Legality of Amendment of Capital Contribution Deadline and Grace Period Arrangements under the Revised PRC Company Law

by Jackson Liu

The revised *PRC Company Law*, effective July 1, 2024, introduces significant changes to the capital contribution system for limited liability companies. Under Article 47, all shareholders must fully pay their subscribed capital contributions within five years of the company's establishment, unless otherwise provided by law, administrative regulation, or State Council decision. This marks a clear departure from the previous flexible subscription system, under which contribution deadlines could extend indefinitely as agreed in the articles of association.

To ensure a smooth transition, the *Provisions on Implementing the Registration Management System of Registered Capital in the Company Law* (effective concurrently on July 1, 2024) establish a three-year grace period for companies incorporated before June 30, 2024. These existing companies are required to adjust their remaining capital contribution periods so that, by June 30, 2027, the contribution deadline does not exceed five years from that date. This adjustment must be reflected in the amended articles of association and completed through registration with the relevant market supervision authority.

Drawing on the relevant laws, administrative regulations, and guidance issued by market supervision authorities, this article provides an interpretation of how the new legal framework will be applied in practice.

I. Contribution Deadline under the Revised Company Law

According to Article 47 of the revised *PRC Company Law* (effective July 1, 2024), the registered capital of a limited liability company is the amount of subscribed capital contributions of all the shareholders of the company registered with the company registration authority. The amount of subscribed capital contributions of all the shareholders shall be fully paid in accordance with the company bylaws within five years of formation of the company. Where a law, an administrative regulation, or a decision of the State Council provides otherwise for the paid-in registered capital, the minimum amount of registered capital, and the time limits for shareholders to contribute capital of a limited liability company, such provision of the law, administrative regulation, or decision applies. Therefore, this means that for newly incorporated companies, the contribution period cannot exceed five years.

II. Grace Period Arrangements for Existing Companies

According to Article 2 of the *Provisions on Implementing the Registration Management System of Registered Capital in the Company Law* issued by the State Council (effective July 1, 2024), for a company registered before June 30, 2024, where the remaining subscription period of a limited liability company exceeds five years from July 1, 2027, its remaining subscription period shall be adjusted to five years before June 30, 2027 and recorded in the bylaws, and shareholder(s) shall pay the amount of capital contribution in full within the adjusted time limit for subscription.

For existing companies established before June 30, 2024, a grace period is provided. According to the regulations above, existing companies are granted a three-year grace period (i.e., until June 30, 2027) to

adjust the contribution deadlines and amounts to comply with the new requirements. Therefore, the “grace period” you mentioned is applicable.

Following consultation with the Company’s registration authority, they confirmed that for existing companies amending their contribution deadlines, the five-year period commences from the date the shareholder’s resolution approving the amendment is passed. In practice, the date of the resolution can be filled in on-site when submitting the filing at the AMR. Thus, the five-year period may be effectively calculated from the filing date.

III. Documentation and Procedural Steps for Amendment

If the Company proceeds with amending the capital contribution deadline in its Articles of Association, the following steps and documentation are generally required under PRC law and practice:

Shareholder(s)’ Resolution - Approving the amendment to the Articles of Association regarding the capital contribution deadline.

Revised Articles of Association - Preparation and execution of the amended Articles of Association reflecting the new contribution deadline.

Filing with the Company’s Registration Authority - Submission of the amendment with AMR, including: Application Form for amendment registration; Shareholder(s)’ Resolution; and Revised Articles of Association.

IV. Conclusion

In Summary, for newly incorporated companies, the contribution period cannot exceed five years. For existing companies established before June 30, 2024, it is necessary to amend the contribution deadline during the grace period (before June 30, 2027) to fall within five years, and the new five-year contribution period will begin on the date the resolution is passed/filed. These revisions reflect the PRC government’s ongoing effort to enhance corporate capital governance, improve the authenticity of registered capital, and align company operations with a more transparent and standardized regulatory framework.

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