



## Newsletter

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February 28, 2026

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## Update

### **PBOC Supports the Launch of RMB Cross-Border Interbank Financing Business**

On February 24, 2026, the People's Bank of China issued the *Notice on Matters Concerning RMB Cross-Border Interbank Financing Business of Banking Financial Institutions* (the "Notice"), supporting domestic banking financial institutions in conducting RMB cross-border interbank financing business with overseas institutions in a regulated manner, which took effect upon issuance.

The Notice covers various types of RMB cross-border interbank financing business. It links the net outstanding amount of RMB cross-border interbank lending by banking financial institutions to their

capital levels and funding strength, so as to promote the prudent and appropriate development of such business. It also establishes macro-prudential management parameters and provides for countercyclical adjustments in light of market conditions. The setting of relevant parameters fully takes into account market demand and the operating conditions of banking financial institutions, which will help provide stable liquidity to the offshore RMB market and promote the cross-border use of the RMB.

### **Ministry of Justice and State Administration for Market Regulation Issue Document to Enhance Notarization Facilitation for Hong Kong Investors**

On February 12, 2026, the Ministry of Justice and the State Administration for Market Regulation issued the *Notice of Ministry of Justice and State Administration for Market Regulation on Further Improving the Level of Notarization Facilitation for Hong Kong Investors* (Si Fa Tong [2026] No. 5) (the “Notice”).

The Notice specifies that, starting from February 1, 2026, a simplified electronic circulation of notarization documents proving the qualification of Hong Kong investors will be implemented within 14 provinces (municipalities), including Beijing, Tianjin, Hebei, Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Shandong, Hubei, Guangdong, Chongqing, Sichuan, and Hainan. The Notice outlines three key measures: further expanding the scope of electronic circulation of simplified notarization documents, continuously improving the convenience of registration for Hong Kong-funded enterprises, and strengthening overall coordination to ensure orderly implementation of the tasks. Local market regulation departments are required to continuously improve their business entity registration systems, optimize online registration functions and processes specifically for Hong Kong-funded enterprises, accelerate the realization of fully electronic registration for Hong Kong-funded enterprises, and further facilitate Hong Kong investors in establishing and operating businesses in Mainland China.

### **CSRC Issues Regulatory Guidelines on Overseas Issuance of ABS Tokens Based on Domestic Assets**

On February 6, 2026, China Securities Regulatory Commission (CSRC) issued *Regulatory Guidelines on Overseas Issuance of Asset-Backed Securities Tokens Based on Domestic Assets* (CSRC Announcement [2026] No. 1) (the “Guidelines”), effective as of the date of promulgation.

The Guidelines define relevant activities as the overseas issuance of tokenized equity certificates backed by domestic assets or related rights cash flows, utilizing cryptographic technology and distributed ledgers, and require strict compliance with regulations on cross-border investment, foreign exchange management, network and data security, and the fulfillment of approval, filing, or security review procedures. The Guidelines specify that related business activities must not be carried out under certain prohibited circumstances, and stipulate that domestic entities actually controlling underlying assets must file with the CSRC, submitting a filing report and the complete set of overseas issuance documents to ensure materials are authentic, accurate, and complete. After filing, any completion of overseas issuance or occurrence of major risks must be reported in a timely manner. The CSRC will conduct supervision in accordance with laws and regulations, and advance cross-border regulatory cooperation and information sharing.

## **PBOC and Seven Other Departments Issue Document to Prevent and Handle Risks Related to Virtual Currencies and RWA Tokenization**

On February 6, 2026, the People's Bank of China, together with the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Public Security, the State Administration for Market Regulation, the National Financial Regulatory Administration, China Securities Regulatory Commission, and the State Administration of Foreign Exchange, issued the *Notice on Further Preventing and Addressing Risks Related to Virtual Currencies* (the "Notice"), which is effective as of the date of issuance.

The Notice makes it clear that virtual currencies do not have the same legal status as legal tender, and business activities such as the exchange of virtual currencies within China constitute illegal financial activities, which are strictly prohibited and will be banned according to law. Without authorization, neither domestic nor foreign organizations and individuals may issue stablecoins pegged to the Renminbi abroad, and foreign organizations and individuals may not illegally provide relevant services to domestic entities. The Notice further defines real-world asset tokenization as activities involving the issuance and trading of tokens derived from asset rights using cryptographic technology. Related activities within China and unauthorized provision of intermediary or information technology services must be prohibited. It also requires that financial institutions and internet enterprises may not provide support such as accounts, clearing and settlement, custody, or marketing guidance for relevant businesses, and mandates strict regulation of domestic entities issuing virtual currencies abroad and conducting overseas RWA tokenization business based on domestic asset rights.

## **Eight Departments Issue Opinions to Accelerate the Promotion and Application of Artificial Intelligence In the Bidding and Tendering Sector**

On February 6, 2026, the National Development and Reform Commission, together with the Ministry of Industry and Information Technology, Ministry of Housing and Urban-Rural Development, and six other departments, issued the *Implementation Opinions on Accelerating the Promotion and Application of Artificial Intelligence in the Bidding and Tendering Sector* (Fa Gai Fa Gui [2026] No. 195) (the "Opinions"), effective as of the date of issuance, clarifying the goal of advancing the application of artificial intelligence throughout the entire bidding and tendering transaction process and in key regulatory segments.

The Opinions set phased targets for the end of 2026 and the end of 2027, aiming to achieve full coverage of key scenarios such as bidding document inspection, intelligent assisted bid evaluation, and collusion identification in selected provinces and cities, as well as to promote the application of more scenarios nationwide. Covering processes such as bidding, tendering, bid evaluation and opening, contract awarding, on-site management, and supervision, the Opinions deploy applications including compliance and sensitive word detection in bidding documents, self-inspection for bidding compliance and risk warning of bids below cost, verification of bid evaluation reports and risk warning for contract clauses, on-chain data retention and exception alerts, collaborative supervision and complaint handling. The Opinions emphasizes that technological assistance does not substitute for statutory responsibilities and

also introduces requirements for model filing and safety review, data governance, and system integration.

### **CSRC Issues Measures for Supervision and Administration of Information Disclosure by Private Investment Funds**

On February 27, 2026, the China Securities Regulatory Commission (CSRC) issued the *Measures for Supervision and Administration of Information Disclosure by Private Investment Funds* (CSRC Order No. 233) (the “Measures”), to take effect on September 1, 2026.

Comprising seven chapters and forty-four articles, the Measures apply to information disclosure to investors by private fund managers and custodians, as well as disclosure by sales institutions acting as agents. Disclosure must be true, accurate, complete, timely, use non-public channels, and be consistent across all channels. When managers entrust sales institutions with disclosures, this does not relieve the manager of their obligations; sales institutions may not alter disclosed information.

The Measures establish look-through (penetrating) disclosure rules: when investing in other private funds, asset management products (excluding public funds), or via SPVs, invested entities must cooperate. The Measures prohibit false records, performance forecasting, guarantees of principal or yield, public or disguised public offerings, etc.

On regular reports:

- Private securities funds must disclose net asset value, with open-ended funds reporting at least as often as open period frequency, closed-end funds at least quarterly; quarterly reports within one month from quarter-end, annual reports within four months from year-end; annual financial reports in specified cases must be audited by an accountancy firm meeting Securities Law requirements.

- Private equity funds’ semi-annual reports are due within two months of semi-annual close; annual reports within six months of year-end, with annual financial reports requiring audit.

Material events must be disclosed via ad hoc reports within five working days. Requirements are also set for liquidation announcements and reporting, information disclosure systems and management of non-public information, retention of materials for twenty years, and regulatory and penalty provisions.

### **Three Ministries Issue Import Tax Incentive Policy to Support Scientific and Technological Innovation During the 15th Five-Year Plan Period**

On February 13, 2026, to further implement the strategy of invigorating China through science and education and the innovation-driven development strategy, and to support scientific and technological innovation, the Ministry of Finance, the General Administration of Customs, and the State Taxation Administration recently issued the *Circular on Import Tax Incentives to Support Scientific and Technological Innovation During the 15<sup>th</sup> Five-Year Plan Period* (the “Circular”).

The Circular specifies that, from January 1, 2026 to December 31, 2030, eligible scientific research

institutions, technology development institutions, schools, Party schools (academies of governance), and libraries shall be exempt from import duties, import value-added tax, and consumption tax on scientific research, technological development, and teaching supplies that cannot be produced domestically or whose performance cannot meet operational needs.

In addition, eligible publication import entities importing books and materials for scientific research and teaching purposes for the above-mentioned institutions and entities shall be exempt from import value-added tax.

At the same time, the State Taxation Administration and eleven other ministries and commissions jointly issued a supporting document, the *Circular on the Administrative Measures for Import Tax Incentives to Support Scientific and Technological Innovation During the 15<sup>th</sup> Five-Year Plan Period*, to further clarify the scope of eligible beneficiaries.

### **Three Ministries Clarify Transition of Import VAT Preferential Policies After Implementation of the VAT Law**

On February 10, 2026, the Ministry of Finance, the General Administration of Customs, and the State Taxation Administration issued the *Announcement on the Transition of Import Value-Added Tax (VAT) Preferential Policies After the Implementation of the VAT Law* (Announcement No. 17 of 2026 of the Ministry of Finance, the General Administration of Customs and the State Taxation Administration) (the “Announcement”).

The Announcement states that the import VAT preferential policies specified in the *Notice on VAT Policies for Anti-Cancer Drugs* and the *Notice on VAT Policies for Rare Disease Drugs issued by the Ministry of Finance, the General Administration of Customs, the State Taxation Administration and the National Medical Products Administration* shall continue to apply from January 1, 2026 to December 31, 2027. Other existing import VAT preferential policies and relevant supporting documents that were effective before the implementation of the *VAT Law* with an expiration date after January 1, 2026 shall continue to be implemented in accordance with the original provisions.

## Article(s)

### **Revision of the Arbitration Law of the People’s Republic of China--Multi-dimensional Impacts and Practical Implications (II)**

*by Jackson Liu*

The revision of the Arbitration Law is a key legislative measure adapting to China’s economic and social development and high-level opening-up. It not only addresses the prominent problems accumulated in China’s arbitration practice, but also realizes the organic combination of Chinese characteristics and international integration, exerting far-reaching impacts on various stakeholders. It also puts forward new practical requirements for all parties involved.

### III. Core Multi-dimensional Impacts of the Revision

For business entities: Broaden dispute resolution channels and reduce cross-border transaction risks Domestic enterprises can resolve disputes efficiently through online arbitration, and the pre-arbitration preservation system effectively prevents property transfer and evidence destruction; cross-border transaction entities benefit from clear rules on the seat of arbitration and ad hoc arbitration, as well as improved market access for foreign arbitration institutions and cross-border enforcement mechanisms, which reduce dispute resolution costs and boost transaction confidence; enterprises in Free Trade Zones and the Hainan Free Trade Port can enjoy the institutional dividend of ad hoc arbitration with more flexible dispute resolution methods.

For arbitration institutions: Drive professional and international development and intensify industry competition The clarified legal attribute and governance rules force arbitration institutions to standardize operations and improve service quality, eliminating poorly governed ones; state support for “going global” and participating in international rule-making creates opportunities for leading institutions to build world-class international arbitration institutions, further highlighting the advantages of institutions in Beijing, Shanghai, Shenzhen and other major cities; the entry of foreign arbitration institutions introduces international competition, pushing domestic institutions to enhance professional capabilities and develop refined services in segmented fields such as maritime affairs and intellectual property arbitration.

For judicial organs: Clarify the boundary between arbitration and judicial proceedings and balance support and supervision functions Refined rules on preservation applications and evidence collection assistance make judicial support for arbitration more operable and reduce improper judicial intervention; the adjustment of the seat of arbitration system and the time limit for setting aside awards unifies judicial review standards, focusing on procedural legality and avoiding excessive intervention in substantive content; the recognition and enforcement of cross-border arbitration awards and the supervision of foreign arbitration institutions require judicial organs to strengthen the training of foreign-related judicial talents and improve service capacity.

For foreign-related economic and trade and national strategies: Build a preferred destination for international commercial arbitration and boost high-level opening-up Improved rules on international investment and maritime arbitration provide a stable dispute resolution mechanism for cross-border investment and trade under the Belt and Road Initiative, enhancing China’s voice in regional economic and trade governance; the revision forms institutional synergy with the Foreign Investment Law and the Civil Procedure Law, improving the foreign-related legal guarantee system and attracting more foreign capital; full alignment with international rules makes China a more attractive destination for international commercial arbitration, driving China’s transformation from a “major arbitration country” to a “strong arbitration country”.

For legal practitioners: Expand business areas and raise professional capacity requirements The revision brings a surge in demand for legal services such as arbitration agreement drafting, pre-arbitration preservation application, ad hoc arbitration agency and cross-border award recognition and enforcement;

it also raises higher requirements for practitioners, who need to master international commercial arbitration rules, foreign-related law application and judicial review standards in different countries, and be familiar with special arbitration systems in Free Trade Zones and the Hainan Free Trade Port; the “going global” of Chinese arbitration institutions and the “bringing in” of foreign ones create opportunities for cross-border arbitration agency and the alignment of Chinese and foreign arbitration rules.

For arbitration industry supervision: Build a full-chain supervision mechanism and enhance industry credibility A full-chain supervision system of “internal governance + external supervision” is constructed, with the self-regulatory role of arbitration associations further highlighted; more stringent supervision is imposed on arbitrators’ information disclosure and performance; the complaint handling and filing systems of arbitration institutions are improved, which enhances the overall credibility of the arbitration industry at the institutional level and promotes its healthy development.

#### IV. Practical Implications and Conclusion

This revision is a concrete embodiment of China’s efforts to build a world-class market-oriented, law-based and international business environment. It not only addresses the practical pain points in the development of China’s arbitration industry, but also further highlights the core role of arbitration in the diversified dispute resolution mechanism, providing more efficient, flexible and stable dispute resolution channels for business entities and laying a solid legal foundation for China to cultivate world-class international arbitration institutions.

In practice, legal practitioners need to timely master the new rules of the Arbitration Law, dig deep into foreign-related arbitration and segmented fields, and provide arbitration legal services adapted to the new system for clients. Business entities should adjust arbitration clauses in contracts in a timely manner, reasonably agree on the seat of arbitration, arbitration methods and other contents, and make full use of the arbitration system to prevent transaction risks.

In the long run, with the implementation of the revised Arbitration Law, China’s arbitration industry will enter a new stage of high-quality development. It will not only provide stronger legal support for China’s high-level opening-up, but also further promote the improvement of China’s foreign-related legal system and boost the construction of a modern economic system.

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