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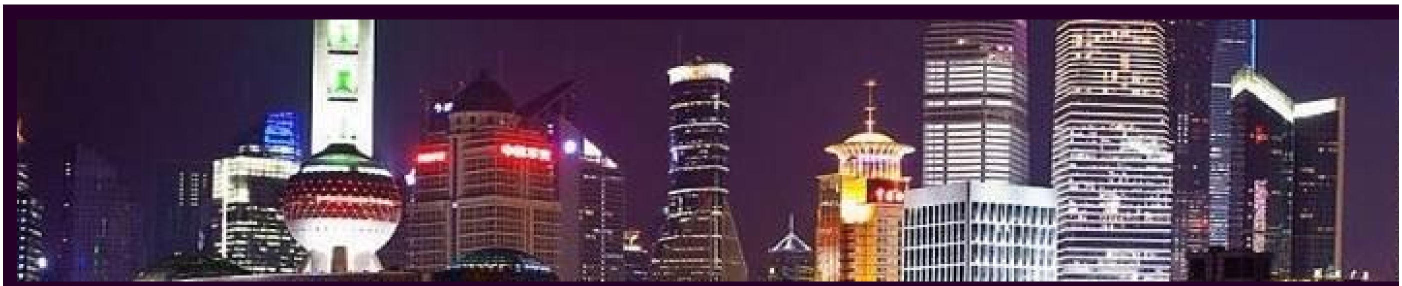
GRANDWAY LAW OFFICES



Newsletter

Update May 31, 2026

Update

State Council Publishes Revised Regulation on Procedures for the Formulation of Administrative Regulations

On May 19, 2026, the State Council published the revised *Regulation on Procedures for the Formulation of Administrative Regulations* (the "Regulation"), which shall come into force on July 1, 2026.

The Regulation consists of 8 chapters and 48 articles. The revisions include: improving the general requirements for the formulation of administrative regulations, and clarifying that legislation shall be expedited for matters that are urgently needed, limited in scope of adjustment, and relatively less controversial; strengthening overall legislative coordination by requiring relevant departments to submit mature applications for legislative projects, and providing that the State Council department for the rule of law shall formulate the annual legislative plan with emphasis on key, emerging, and foreign-related fields; improving the drafting and review mechanisms, implementing ex ante assessment, and strengthening orderly public participation, as well as assessment of legislative timing and expected implementation effects; stipulating that, to meet the needs of reform, a mechanism shall be established for assessment, amendment, or resumption of implementation after the temporary adjustment or suspension of the application of relevant provisions, and organizing the cleanup of administrative regulations.

State Council Promulgates the Regulation on the Implementation of the Mineral Resources Law

On May 20, 2026, the State Council promulgated the *Regulation on the Implementation of the Mineral Resources Law* (the "Regulation"), which will come into force on June 15, 2026.

The Regulation consists of 8 chapters and 79 articles, and sets out detailed provisions on the establishment, grant, renewal, transfer, and registration of mining rights; clarifies the application procedures and review time limits for exploration licenses and mining licenses; and improves the systems concerning land for mining, reserve reports, comprehensive utilization, and the coordination between exploration and mining. It provides that the mining right holder shall be the person responsible for ecological restoration in the mining area, and clarifies the contents of restoration plans, completion time limits, and acceptance procedures. It establishes systems for the reserve of strategic mineral resource products, production capacity reserves, and origin reserves; improves the rules on emergency response, assessment of the level of development and utilization, filing of exploration entities, classified and graded supervision, dispute resolution, and legal liability for violations; and specifies heavier punishment for violations involving strategic mineral resources.

Eight Authorities Issue Plan to Rectify Illegal Cross-Border Securities, Futures, and Fund Business Activities

On May 9, 2026, eight authorities including the China Securities Regulatory Commission (CSRC), the Ministry of Industry and Information Technology (MIIT), the Ministry of Public Security (MPS), the People's Bank of China (PBC), the State Administration for Market Regulation (SAMR), the National Financial Regulatory Administration (NFRA), the Cyberspace Administration of China (CAC), and the State Administration of Foreign Exchange (SAFE) released the *Notice on Issuing the Implementation Plan for the Comprehensive Rectification of Illegal Cross-Border Securities, Futures, and Fund Business Activities* (the "Plan"), which took effect upon issuance.

The Plan clarifies that, following a two-year intensive rectification campaign, the illegal cross-border business activities of offshore institutions will be comprehensively banned, thereby achieving the objective of "resolutely banning illegal activities and prudently clearing existing business". The targets of rectification include offshore institutions illegally conducting cross-border business, their onshore affiliated or cooperative entities, illegal intermediaries, and internet platforms and online self-media accounts that unlawfully disseminate information. Measures include prohibiting offshore institutions from providing within China such services as marketing and solicitation, account opening, processing trade instructions, and fund transfers, and prohibiting onshore entities from providing marketing, trading, technical, and customer service support; during the rectification period, existing business will only be permitted to conduct one-way selling and transfer out funds, and upon expiration of the period, onshore websites, trading software, and related supporting services will be fully shut down.

NFRA Deploys Financial Service Work for Micro and Small Enterprises in 2026

May 15, 2026, the National Financial Regulatory Administration (NFRA) released the *Notice of the General Office of the National Financial Regulatory Administration on Effectively Carrying Out Financial Service Work for Micro and Small Enterprises in 2026* (the "Notice"), which took effect upon issuance.

The Notice proposes advancing financial services for micro and small enterprises to achieve "stable lending, optimized structure, improved quality, and sustainability", strengthening credit supply to micro and small enterprises and private enterprises, and providing solid support for first-time loans, credit loans, and medium- to long-term loans, increasing the issuance of corporate loans to micro and small enterprises, and prioritizing support for sectors such as technology, consumption, and foreign trade; deepening the financing coordination mechanism supporting micro and small enterprises, improving regular online matchmaking channels and offline visitation mechanisms, and promoting "joint consultation and diagnosis"; and requiring banks to improve the supply system and strengthen resource support, insurance companies to refine management mechanisms and expand service areas, while also advancing the sharing of credit information, coordinated interdepartmental collaboration, and the implementation of policy transmission.

Shanghai Municipal Commission of Commerce Launches the 2026 Application for Special Funds for Outbound Investment and Cooperation

On May 18, 2026, the Shanghai Municipal Commission of Commerce issued the *Notice on Launching the 2026 Application for Special Funds for Shanghai Outbound Investment and Cooperation* (the "Notice"). The application deadline is June 26, 2026.

The Notice makes clear that the special funds support projects involving outbound investment, foreign contracted projects, professional services, service system development, foreign aid, foreign labor cooperation, non-profit promotional activities, service platforms for foreign labor cooperation, provincial-level overseas enterprise and outbound investment liaison service sub-platforms, as well as other outbound investment and cooperation projects that meet the requirements of this Municipality's key tasks. Projects in the professional services sector cover nine categories of institutions, including finance, legal services, accounting, consulting, human resources, security, logistics, inspection, testing and certification, and advertising and media, for the establishment of overseas offices, "going global" activities, and participation in international networks in designated fields. Applications shall be submitted through a combination of online application and acceptance of written materials.

State Council Information Office Press Conference Introduces Key Arrangements for

Comprehensively Advancing the Rule of Law During the 15th Five-Year Plan Period

On May 27, 2026, the State Council Information Office held a themed press conference in the "Embarking on the 15th Five-Year Plan" series to introduce relevant information on advancing the comprehensive law-based governance of the country.

The press conference stated that during the 15th Five-Year Plan period, efforts will focus on promoting the development of a law-based China through scientific legislation, strict law enforcement, impartial administration of justice, and law observance by all. The People's Courts will strengthen judicial protection of intellectual property rights, study and formulate normative documents on judicial protection involving artificial intelligence and data property rights, and improve adjudication rules on data ownership, data transactions, and AI-generated outputs; study and draft supporting judicial interpretations for the Environmental Code; and efficiently hear disputes involving technology contracts, patent licensing and assignment, investment and financing, mergers and acquisitions, and other matters. They will also implement the Private Sector Promotion Law, accelerate the issuance of judicial interpretations on the Company Law, rectify profit-driven law enforcement and irregular cross-jurisdictional judicial activities, improve credit-based disciplinary measures and credit restoration mechanisms, formulate judicial interpretations on civil compensation for insider trading and market manipulation, and advance bankruptcy adjudication and the refinement of rules for labor disputes in new forms of employment.

Supreme People's Court and Supreme People's Procuratorate Issue Provisions on Several Issues Concerning the Application of the Criminal Trial in Absentia Procedure

On May 21, 2026, the Supreme People's Court and the Supreme People's Procuratorate released the *Provisions on Several Issues Concerning the Application of the Criminal Trial in Absentia Procedure* (the "Provisions"), which shall come into force on May 22, 2026.

The Provisions clarify that the scope of application of trial in absentia includes cases involving corruption and bribery, as well as crimes seriously endangering national security and terrorist activities that, upon approval by the Supreme People's Procuratorate, require prompt trial, and further refine the applicable rules for cases involving multiple offenses and joint crimes. The Provisions set out the examination requirements for the People's Courts and the People's Procuratorates with respect to the scope of cases, jurisdiction, the defendant's circumstances outside the territory, information on close relatives, property involved in the case, translation materials, and other matters, and clarify the rules on acceptance, return, and supplementary submission of materials. They also improve the rules concerning service outside the territory, defense and legal aid, participation in litigation by close relatives, hearing announcements and trial procedures, the handling of cases after the defendant is brought to the court or raises an objection, and the coordination between trial in absentia and the procedure for confiscation of illegal gains.

SAMR and Others Issue Eight National Standardization Documents Including Artificial Intelligence Agent Interconnection

On May 22, 2026, the State Administration for Market Regulation (SAMR) and the National Standardization Administration issued the *Announcement on Approving the Release of Eight National Standardization Guiding Technical Documents Including Artificial Intelligence Agent Interconnection —*

Part 1: General Architecture, which took effect upon issuance.

A total of eight national standardization guiding technical documents were approved and released this time, all with a release date of May 22, 2026. Among them, in the field of Artificial Intelligence, seven documents in the Artificial Intelligence Agent Interconnection series were released, covering General Architecture, Identity Code, Identity Management, Agent Description, Agent Discovery, Agent Interaction, and Agent Tool Invocation, respectively; in addition, one document, Harmful Substance Testing for Musical Instruments—Sampling Parts, was also released, with the designation GB/Z 180—2026. The Artificial Intelligence series documents are designated GB/Z 185.1—2026 through GB/Z 185.7—2026.

Article(s)

Key Implications of the State Council's Provisions on Outbound Investment
by Jackson Liu

Issued on June 1, 2026 and effective on July 1, 2026, the *Provisions of the State Council on Foreign Investment* (State Council Decree No. 837) (the "Provisions") establishes China's first State Council-level administrative regulation providing a comprehensive framework for outbound investment activities. The Provisions consolidate and elevate existing regulatory principles governing outbound investment and provide a more systematic legal basis for the administration of overseas investment activities by domestic enterprises and individuals.

This article highlights the key practical implications of the Provisions for domestic enterprises and individual investors, with a focus on compliance obligations, regulatory expectations, and potential impacts on cross-border investment activities.

I. Key Implications for Domestic Enterprises' Outbound Investment

For all types of domestic enterprises, including multinational groups, small and medium-sized overseas trading enterprises, and project investment entities, the Provisions have standardized the whole investment process, bringing obvious changes in authorization boundaries, compliance obligations, risk control and liability consequences.

First, the regulation clarifies and protects enterprises' independent investment power while tightening pre-investment and post-investment compliance supervision. The rules explicitly confirm enterprises' market-oriented autonomy in outbound investment decision-making, profit and loss bearing and risk assumption, eliminating arbitrary administrative intervention in compliant investment activities. This benefits enterprises in flexible layout of overseas industrial investment, cross-border mergers and acquisitions, and overseas project cooperation. Meanwhile, it places greater emphasis on ongoing compliance obligations and post-investment supervision. Enterprises are no longer only required to complete project verification and filing procedures before investment; they must establish long-term overseas compliance management systems covering overseas operation, environmental protection, labor protection and fair competition. For large multinational enterprises, the core supervision focus has shifted from procedural filing pass rate to continuous compliance of global asset operation and overseas subsidiaries' daily management.

Second, clear negative investment red lines force enterprises to rectify irregular overseas investment behaviors. The Provisions explicitly prohibit corporate investment activities that damage national security and public interests, disrupt overseas market order, destroy ecological environment, and infringe local labor rights and interests. Practically, this means enterprises must terminate or rectify non-compliant overseas projects with vague purposes, irregular capital sources and incomplete compliance reviews. In particular, cross-border investment involving sensitive industries, core technology transfer and overseas equity transfer of key assets will face stricter security review. Any evasion of review procedures through offshore shell companies will trigger administrative penalties and investment rectification orders, bringing direct operational risks to corporate cross-border layout.

Third, standardized supervision clarifies corporate legal liability and reduces ambiguous operational risks. Previously, many enterprises faced uncertain liability risks due to unclear regulatory rules for overseas investment. The new regulation clearly stipulates that enterprises are fully responsible for their overseas investment behaviors and post-investment violations. Meanwhile, it optimizes the docking mechanism with cross-border capital registration, overseas project supervision and international investment treaties. Compliant enterprises can obtain more stable policy support, including targeted financing, overseas investment insurance and public service guidance, effectively reducing capital and operational risks in overseas expansion.

II. **Practical Impacts on Individual Residents' Outbound Investment**

A core practical breakthrough of the Provisions is the formal inclusion of domestic individual residents into the standardized outbound investment supervision system, ending the long-term gray regulatory state of individual cross-border investment, which brings both normative constraints and clear rights protection channels for individual investors.

On the restrictive side, individual cross-border investment behaviors are fully regulated with explicit compliance boundaries. In the past, individual residents' overseas equity investment, cross-border securities trading, overseas asset purchase and other behaviors lacked unified regulatory basis, with many operations in a gray area. The new regulation clarifies that all individual outbound investment activities must comply with Chinese laws and regulatory requirements, and prohibited investment scenarios applicable to enterprises also apply to individuals. Practically, individuals are prohibited from carrying out overseas investment activities that endanger national security, involve sensitive fields, or violate foreign exchange and cross-border investment regulations. Illegal overseas securities trading and unreported cross-border asset investment will be identified as non-compliant behaviors and face regulatory rectification.

On the protective side, individuals obtain clear legal basis for legitimate overseas investment and rights remedy. Before the introduction of the Provisions, the regulatory treatment of certain categories of individual outbound investment activities was less clearly articulated at the State Council regulation level, and individuals could not obtain official protection when encountering overseas discriminatory treatment, investment fraud and unfair market barriers. The Provisions grant legitimate legal status to individual compliant outbound investment. When individual overseas investment projects suffer discriminatory suppression, unreasonable sanctions or unfair treatment from foreign institutions, they can rely on national overseas investment risk early warning mechanisms, consular protection channels and statutory countermeasure mechanisms to safeguard legitimate rights and interests, filling the long-standing protection gap for individual cross-border investors.

III. Unified Compliance Requirements and Risk Warnings for Enterprises and Individuals

The Provisions set unified operational compliance standards for both corporate and individual investors, with three core practical requirements. First, full procedural compliance: all outbound investment subjects must truthfully complete filing, information reporting and change registration procedures, and no concealed investment or false declaration is allowed. Second, dual legal compliance: investors must comply with both Chinese regulatory rules and the laws, customs and business ethics of the host country, and take the initiative to fulfill social responsibilities to avoid legal disputes caused by non-compliant operation. Third, active risk prevention: investors shall take the initiative to refer to official overseas investment risk prompts, assess geopolitical, legal and policy risks of target countries and projects in advance, and establish risk response plans.

In terms of liability risks, both enterprises and individuals will face corresponding administrative penalties, investment rectification and asset restriction consequences for violations. Serious violations involving damage to national security and major public interests will also bear corresponding legal liabilities. Meanwhile, the regulation's defensive countermeasure mechanism brings practical benefits to both subjects: when facing universal overseas investment discriminatory barriers, compliant investors can obtain national institutional protection, which greatly improves the risk resistance of cross-border investment.

IV. Conclusion

In essence, the Provisions abandon extensive and vague macro supervision and form a refined, practical and operable supervision model for corporate and individual outbound investment. For enterprises, it standardizes overseas operational compliance, clarifies liability boundaries, and balances investment autonomy and risk control. For individual investors, i it provides greater regulatory clarity regarding outbound investment activities and reinforces the protection of lawful rights and interests. For all outbound investment subjects, abiding by the new regulation's compliance rules will be the basic premise of stable and sustainable cross-border investment layout in the future.

Contact Us

davidzou@grandwaylaw.com

www.grandwaylaw.com

23F, S2 Building, Bund Financial Center, 600 Zhongshan No. 2 Road (E), Shanghai, 200010, China