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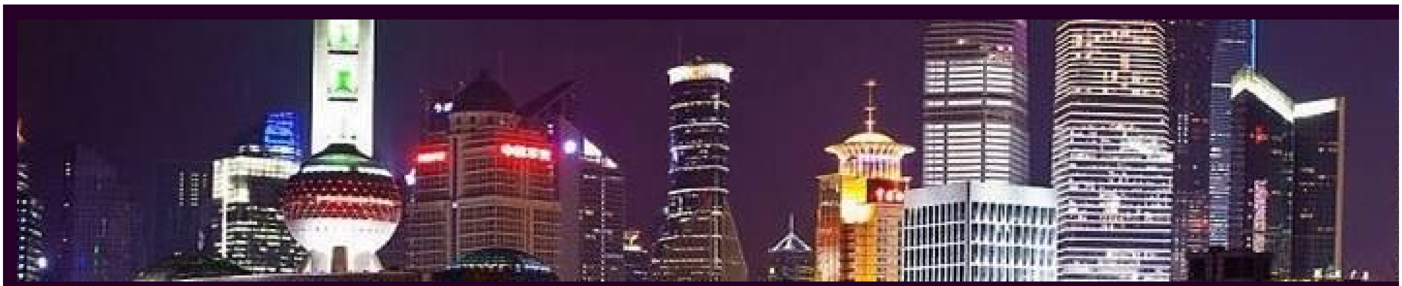

Newsletter

Update

August 31，2026

Update

State Council Issues Decision on Amending and Repealing Certain Administrative Regulations

On August 13, 2026, the State Council promulgated the *Decision of the State Council on Amending and Repealing Certain Administrative Regulations* (the "Decision"), which took effect on August 15, 2026.

The Decision amends certain provisions of 12 administrative regulations and repeals 3 administrative regulations. With respect to regulations such as the Regulations on the National Survey of Pollution Sources and the Regulations on Ecological and Environmental Monitoring, any references to laws that will be repealed upon the entry into force of the Ecological and Environmental Code on August 15 shall be uniformly replaced with references to the Ecological and Environmental Code; where specific matters, including legal liability, are inconsistent with the Ecological and Environmental Code, corresponding amendments shall be made in accordance with the Code. Regulations including the Regulations on the Administration of Prevention and Control of Pollution Damage to the Marine Environment by Land-Based Pollutants are repealed.

The Supreme People's Court Amends Nine Judicial Interpretations on Ecological and Environmental and Maritime Matters

On August 5, 2026, the Supreme People's Court promulgated the *Decision of the Supreme People's Court on Amending Nine Judicial Interpretations, Including the Provisions of the Supreme People's Court on Several Issues Concerning the Trial of Cases Involving Compensation for Vessel-Induced Oil Pollution Damage* (the "Decision"), which took effect on August 15, 2026.

All nine judicial interpretations are aligned with the Ecological and Environmental Code. The judicial interpretation on ecological and environmental civil public interest litigation adjusts the scope of cases accepted, the qualifications of social organizations, jurisdiction, burden of proof, remediation costs, settlement announcements, and the effect of effective judgments; the provisions on compensation for marine ecological and environmental damage clarify the jurisdiction of maritime courts, claimants, the scope of losses, and rules governing reductions in compensation payable by liable parties. The judicial interpretation on ecological and environmental tort liability includes within its scope disputes involving damage caused by violations of green and low-carbon obligations, and clarifies the joint and several liability of technical service institutions; the provisions on evidence shall also apply to such disputes. The provisions on injunctions adjust the conditions for application, the time limit for review, and liability for non-compliance.

Supreme People's Court Revises the Judicial Interpretation on Copyright Civil Disputes

On August 20, 2026, the Supreme People's Court promulgated the *Decision of the Supreme People's Court on Amending the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Copyright Civil Dispute Cases* (the "Decision"), which shall enter into force on September 1, 2026.

The Decision clarifies that "making available to the public" means disclosure to unspecified persons and does not require that the public have actual knowledge thereof. It removes the "outdoor" limitation on artistic works displayed in public places; the results of copying, drawing, photographing, or video recording may be further used reasonably, but may not, without permission, be set up, displayed, or publicly disseminated in the same manner. The republication by newspapers and periodicals is limited to print newspapers and periodicals approved for publication by the competent authorities and digital versions identical in content and layout; mutual republication of works between newspapers and periodicals and Internet information service providers, as well as between Internet information service providers, requires permission and remuneration. The rules on case acceptance, evidence, compensation, and the application of new and old laws are also adjusted.

China Revises the Agricultural Law, Effective in 2027

On August 28, 2026, the President of the People's Republic of China promulgated the *Agricultural Law*, which shall take effect on January 1, 2027.

The revised Law consists of fourteen chapters and 115 articles. It specifies that the production and business operations of agricultural means of production shall, in accordance with law, be subject to filing, registration, or licensing, and prohibits the production and sale of phased-out products. It improves standards for the quality and safety of agricultural products, inspection and testing, traceability, and supervision over e-commerce sales. It provides support for the integrated production, processing, and sale of agricultural products, cold-chain logistics, and the commercialization of agricultural scientific and technological achievements; protects land operation rights and the land rights and interests of state-owned farms; and regulates the participation of social capital in rural development. The departments in charge of agriculture and rural affairs may conduct on-site inspections and investigations and seal up or seize business premises, facilities, or property involving agricultural inputs suspected of being in violation of the law. For unlawful charges, apportionment of expenses, compulsory paid services, and the like, the relevant fees shall be refunded and corresponding liabilities shall be borne.

NPC Standing Committee Deliberates on Enterprise Bankruptcy Law and Other Drafts

On August 25, 2026, the Twenty-Fourth Session of the Standing Committee of the Fourteenth National People's Congress was held to deliberate on a number of draft laws, including the *Enterprise Bankruptcy Law* (Revised Draft).

The second-review draft of the revised Enterprise Bankruptcy Law further refines the bankruptcy regime for individual debtors bearing joint and several liability, provides that courts may decide to temporarily suspend enforcement against a debtor's property during the review of a bankruptcy application, and improves the scope of administrators, the reorganization system, and the order of priority for the distribution of bankruptcy estate assets. The second-review draft of the revised Banking Supervision Law adds provisions on categorized and tiered supervision, financial licenses, and risk disposal, and improves consumer rights protection and the management of regulatory personnel's professional practice. The draft amendment to the Lawyers Law improves provisions on foreign-related legal services and coordination with the Legal Aid Law. The meeting also deliberated on the draft revision to the Road Traffic Safety Law, the draft Anti-Cross-Border Corruption Law, and other bills.

CNCA Issues Plans for the Formulation and Revision of 18 Conformity Assessment Industry Standards

On August 6, 2026, the Certification and Accreditation Administration of the People's Republic of China (CNCA) issued the *Notice of the CNCA on Issuing Plans for Projects to Formulate and Revise 18 Conformity Assessment Industry Standards, Including the Data Specification for the Supervision and Administration of Inspection and Testing Institutions* (the "Notice"), which took effect upon issuance.

The plan includes 17 formulation projects and 1 revision project. The formulation projects cover data and report format specifications for inspection and testing institutions; competencies of personnel engaged in product carbon footprint labeling certification; digital evaluation of physical and chemical testing laboratories; capacity building for National Quality Inspection Centers; verification and evaluation of six categories of domestically manufactured testing instruments and equipment; and certification requirements for after-sales services and community-based elderly care services. The revision project concerns the data specification for profiling inspection and testing institutions. The Notice requires the entities responsible for the projects to organize participating entities to establish drafting groups, develop work plans and ensure the provision of resources, commence drafting as soon as possible, and complete the formulation and revision tasks on schedule.

People's Bank of China Issues the 15th Five-Year Reform and Development Plan and Sets Out Key Tasks

On August 10, 2026, the People's Bank of China officially released the *People's Bank of China 15th Five-Year Reform and Development Plan* (the "Plan").

The Plan is accompanied by nine action plans for specific sectors. It calls for improving the modern monetary policy framework, the base money injection mechanism, and interest rate and exchange rate mechanisms, as well as expanding macroprudential management and financial stability functions. It proposes establishing a science and technology finance system and a Technology Board in the bond market; improving green finance, inclusive finance, elderly care finance, and digital finance; enhancing the multi-tiered financial market system; advancing the internationalization of the renminbi, two-way opening-up of financial markets, and the development of cross-border payment systems; developing Shanghai into an international financial center and consolidating and enhancing Hong Kong's status as an international financial center; optimizing financial infrastructure; improving payment services; and developing the digital renminbi, credit reporting, and anti-money laundering regulation.

Shanghai's Seven Departments Issue Plan for Developing a Demonstration Zone for Innovative Trade in Services

On August 10, 2026, the Shanghai Municipal Commission of Commerce and six other departments released the *Plan for Developing the Shanghai National Demonstration Zone for Innovative Development of Trade in Services* (the "Plan").

The Plan proposes that Shanghai's trade in services reach USD 270 billion by 2027 and exceed USD 300 billion by 2030. It will focus on upgrading transportation, business, travel, digital and other services; develop trade in integrated circuits, biomedicine, artificial intelligence, aircraft, new energy vehicles, data, financial and insurance services, and cultural services; implement a negative list for cross-border data transfers acorss the city; and facilitate the cross-border flow of talent, capital and technology. In principle, banks may dispense with reviewing transaction documents for foreign exchange receipts and payments under trade in services of less than the equivalent of USD 50,000 per transaction; Shanghai will support streamlined settlement for high-quality enterprises and improve services for export credit insurance, guarantees for foreign exchange risk hedging, intellectual property transactions and foreign-related arbitration.

Article(s)

China's Revised Regulatory Framework for Outbound Investment--
An Analysis of the Draft Measures on the Administration of Outbound Investment (Revised Draft for Comments)
by Jackson Liu

I. Background

On 21 August 2026, the National Development and Reform Commission ("NDRC") released the Draft Measures on the Administration of Outbound Investment (Revised Draft for Comments) (the "Draft Measures") for public consultation, with the comment period closing on 20 September 2026. Once formally adopted, the Draft Measures will repeal and replace the Measures on the Administration of Enterprise Outbound Investment (NDRC Order No. 11 of 2017, "Order 11"), which has governed China's outbound direct investment ("ODI") at the NDRC level since 2018. The Draft Measures represent the first major implementing regulation issued following the entry into force of the State Council Provisions on Outbound Investment (State Council Order No. 837, "Order 837") on 1 July 2026 — China's first administrative regulation specifically governing outbound investment, which elevated the regulatory framework from departmental rules to a higher legislative tier and established an integrated system of "approval and filing + information reporting + security review + countermeasures". The Draft Measures translate these top-level principles into operational procedures, and while they preserve the fundamental two-track framework of sensitive-investment approval and non-sensitive-investment filing, they systematically expand the regulatory perimeter and reconstruct the information reporting regime.

II. Core Provisions

The Draft Measures introduce ten substantive changes that warrant close attention. First, the definition of "investor" is expanded to include enterprises, other organisations (public institutions, social organisations), and resident individuals — eliminating Order 11's explicit exclusion of direct outbound investment by natural persons; resident individuals' non-sensitive investments are filed with provincial-level DRCs regardless of amount, while sensitive investments require NDRC approval, adding an NDRC dimension to red-chip/VIE structures that previously relied primarily on SAFE Circular 37 registration. Second, and most impactfully for established multinational groups, the USD 300 million threshold for offshore re-investment reporting is eliminated entirely: all non-sensitive investments conducted through controlled offshore entities must now be reported 20 working days before implementation, and the obligation is extended to round-trip investments back into mainland China, with financial institutions prohibited from providing fund settlement or financing for unreported investments. Third, a new pre-investment work report — reminiscent of the abolished "small road strip" — requires investments of USD 100 million or above, or those affecting diplomatic relations, to report 10 working days before signing investment agreements or making commitments to foreign governments. Fourth, an annual outbound investment information report is introduced, due by 31 March each year, which serves both a compliance function (giving regulators continuous visibility into offshore assets) and a protective function (enabling investors to request state countermeasures against discriminatory treatment). Fifth, the major adverse situation report is accelerated from “within 5 working days” to “immediately”, and two new triggers are added: foreign demands for technology or data, and forced transfer or disposal of investment-related assets, where these threaten national security. Sixth, completion and termination reporting is tightened—the deadline is shortened from 20 to 10 working days, and termination (investment abandonment or loss of control) becomes an independent reporting trigger covering both direct investments and re-investments. Seventh, outbound investment national security review is codified as an independent dimension, covering not only the initial investment but also subsequent asset and equity disposals, though detailed thresholds and procedures remain to be specified. Eighth, legal liability is significantly strengthened: serious violations (prohibited investments, failure to complete approval/filing, false materials) incur confiscation of illegal gains, fines of 1‰ – 5‰ of the investment amount (5‰ – 10‰ for refusal to correct), personal fines of RMB 20,000 – 50,000 for responsible personnel, 1 – 3 year investment prohibitions, and credit sanctions; liability is also extended to financial institutions and professional service firms that knowingly or negligently serve non-compliant investments, while mere reporting violations attract only correction orders or warnings. Ninth, the principle of substance over form is codified for determining key concepts such as “investor”, “control”, and “Chinese investment amount”, expanding regulatory discretion over complex fund and nominee structures. Tenth, financial market investments through QDII, Stock Connect, and Cross-boundary Wealth Management Connect are generally exempt from ODI procedures, subject to three “safety valves” (obtaining control, holding 10% integer multiples of equity/voting rights, or other NDRC-specified circumstances), and the definition of Chinese investment amount is expanded to include “data”, while filing procedures now allow for evaluation periods excluded from statutory timelines and change procedures must be completed — not merely initiated—before the underlying change occurs.

III. Comparative Analysis, Regulatory Logic and Practical Compliance Recommendations

Compared with Order 11, the Draft Measures represent less a revolution in approval pathways than a decisive shift in regulatory philosophy — from project-based, one-time approval to classified, graded, full-lifecycle supervision. The regulatory touchpoint has moved forward from “before implementation” to “before signing” (via the pre-investment report), and the regulatory horizon has extended backward from completion to cover termination and exit, while the annual report creates an ongoing compliance obligation that did not previously exist at the NDRC level. The practical impact varies sharply by investor type: single-layer, simple offshore structures face relatively modest changes (chiefly the new annual and termination reports); groups with active offshore holding platforms and rolling re-investment programmes are most affected, as decisions previously made autonomously by offshore management must now be channelled back to the mainland investor with a mandatory 20-working-day lead time, requiring restructuring of internal delegation of authority and deal workflows; resident individuals and red-chip/VIE structures face a dual-track compliance burden of NDRC filing plus SAFE Circular 37 registration, with no transitional provisions for existing structures; and cross-border M&A practitioners must build longer regulatory lead times into transaction scheduling, including the 10-working-day pre-investment report and potential NDRC evaluation periods. Several observations follow. First, the information reporting regime, while technically informational rather than approvals-based, functions as a de facto precondition because financial institutions are barred from serving unreported investments—blurring the line between reporting and licensing. Second, the absence of transitional provisions is a notable gap: existing projects approved under Order 11 should not require re-approval under the non-retroactivity principle, but the new annual reporting obligation may well apply to the stock of existing offshore investments, and legacy red-chip structures built under Circular 37 alone may face remedial filing requirements. Third, the codification of substance-over-form and the expansion of "Chinese investment amount" to include data signal that regulators will increasingly look through formal structures and non-cash contributions, raising the stakes for structural planning in fund and M&A contexts. Fourth, the dual function of the annual report—as both compliance burden and the gateway to state protective measures—suggests that investors should treat reporting not merely as a cost but as a potential channel for diplomatic and policy support in an environment of rising extraterritorial risk. Accordingly, investors should: establish internal compliance calendars covering all reporting nodes; rebuild offshore platform governance to ensure mainland visibility and adequate lead times; incorporate regulatory lead times and security review risk into transaction documents and long-stop dates; upgrade the factual verification of filing materials given extended intermediary liability; and actively submit comments during the consultation period on unresolved issues, particularly the NDRC–SAFE interface, re-investment reporting scope, transitional arrangements, and security review criteria.

IV. Conclusion

In sum, the Draft Measures do not dismantle China's existing ODI approval architecture but rather deepen and extend it—bringing resident individuals within the regulatory perimeter, subjecting all offshore re-investments to prior reporting regardless of size, and imposing continuous reporting obligations across the full investment lifecycle from preliminary commitment through exit. The escalation of legal liability, the codification of substance-over-form, and the institutionalisation of national security review collectively signal a more assertive and granular regulatory posture, while the new protection mechanisms—annual-report-linked countermeasures and expanded triggers for state intervention—offer investors institutional support that did not previously exist. For Chinese enterprises and individuals pursuing outbound investment, the central takeaway is that compliance can no longer be confined to the pre-closing approval stage; it must be embedded in governance structures, transaction planning, and ongoing operations. The public comment window remains open until 20 September 2026, and the final text, together with supporting implementing rules, will determine the precise operational contours of this new regime—particularly the treatment of existing structures and the interface with parallel commercial and foreign-exchange regulations.

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