



Newsletter

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November 30, 2024

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Update

GAC Optimizes Supervisory Measures for Cross-border E-commerce Exports

The General Administration of Customs (GAC) officially issued the *Announcement on Further Promoting the Development of Cross-border E-commerce Exports* (the "Announcement"), with effect from December 15, 2024.

The Announcement specifies four aspects to optimize the cross-border e-commerce export regulatory measures: Firstly, the abolition of cross-border e-commerce export overseas warehouse enterprise filing. Secondly, it simplifies the declaration procedures for export documents. Thirdly, to expand the export of Less than Container Load goods (LCL goods) "inspection before loading" pilot in Beijing, Tianjin, Dalian, Harbin, Shanghai, Nanjing, Hangzhou, Ningbo, Hefei, Fuzhou, Xiamen, Nanchang, Qingdao, Zhengzhou, Changsha, Guangzhou, Shenzhen, Huangpu, Chengdu, Urumqi Customs and other 20 directly under the Customs to carry out the supervision of cross-border e-commerce retail exports. The pilot project of

cross-customs zone return supervision mode. Fourthly, promoting the cross-border e-commerce retail export cross-customs return supervision mode.

Seven Departments Jointly Issue Action Plan to Promote High-Quality Development of Digital Finance

On November 27, the People's Bank of China (PBC) published the *Notice on Issuing the Action Plan to Promote High-Quality Development of Digital Finance* (the "Notice") on its website, which will come into effect on November 27, 2024.

The Notice consists of six areas and twenty-three specific measures, proposing a systematic advancement of the digital transformation of financial institutions. It emphasizes strengthening strategic planning and organizational management, enhancing digital technology support capabilities, solidifying the foundation for data governance and integrated application, building a digital financial service ecosystem, improving digital operation and management capabilities, and perfecting the digital finance governance system. Additionally, the Notice aims to strengthen the prevention of digital financial risks, enhance data and network security protection, improve the regulation of digital financial businesses, elevate the level of financial regulation digitalization, and establish a sound mechanism for the protection of financial consumers.

Beijing Issues 27 Measures in Eight Areas to Promote High-Quality Development of Specialized and New Enterprises

On November 25, the Beijing Municipal Government website published the *Notice on Issuing Several Measures of Beijing for Promoting the High-Quality Development of Specialized and New Enterprises* (the "Notice"), which came into effect on November 16, 2024.

The Notice consists of 27 items across eight areas, proposing to effectively utilize central financial funds to support the high-quality development of specialized and new small and medium-sized enterprises (SMEs). The Notice aims to implement structural tax reduction and fee reduction policies, carries out the "Spring Rain Nourishes Seedlings" special action, provide "one policy per enterprise" tax administration services to specialized and new enterprises, and regularly deliver precise tax reduction and fee reduction benefit statements to help enterprises quickly enjoy these benefits. The Notice also supports specialized and new enterprises in participating in government procurement projects, encourages districts to offer financial rewards to enterprises recognized as specialized and new for the first time, and supports eligible foreign trade enterprises in purchasing short-term export credit insurance. Furthermore, the Notice supports insurance institutions in developing insurance products for specialized and new enterprises, covering areas such as R&D expenses loss, intellectual property, digital assets, export credit, and commercial space, and encourages districts with the means to establish premium subsidy mechanisms.

CSRC Issues 8 Financial Industry Standards

The China Securities Regulatory Commission (CSRC) issued *eight financial industry standards*, including Statistical Classification and Codes for Listed Companies, all of which will come into effect from November 20, 2024 onwards.

Other financial industry standards include: the Regional Equity Market Cross-chain Technical Specification, the Regional Equity Market Cross-chain Data Specification, the Regional Equity Market Cross-chain Authentication Security Specification, the Regional Equity Market Blockchain General Infrastructure Communication Guidelines, the Securities and Futures Industry Information Technology Architecture Management Guidelines, the Securities and Futures Industry Data Standard Attribute Framework, the Securities and Funds Operators Operation and Maintenance Automation Capability Maturity Specification’.

Among them, the Statistical Classification and Codes of Listed Companies by Industry benchmarks the latest version of the Industrial Classification of the National Economy (ICNE), stipulates the industry classification levels and principles of industry division for listed companies, clarifies the coding rules for industry classification, and formulates the structure of the industry classification of listed companies and the code list.

China to Promote Stable Growth of Foreign Trade

On November 21, 2024, the Ministry of Commerce (MOFCOM) released the *Notice of MOFCOM on the Issuance of Several Policy Measures to Promote the Stable Growth of Foreign Trade* (the “Notice”) on its website, which came into effect on November 19, 2024.

The Notice proposes to expand the scale and coverage of export credit insurance; increase financing support for foreign trade enterprises and strengthen credit investment in foreign trade; promote the development of cross-border e-commerce, support conditional localities to explore the construction of cross-border e-commerce service platforms, and provide enterprises with docking services, such as overseas legal and tax resources; promote the innovative development of green trade, border trade and bonded maintenance; enhance the capacity to guarantee foreign trade shipping and increase support for foreign trade enterprises; and increase the support for foreign trade enterprises to provide legal and taxation resources. Enhance foreign trade maritime transport protection capacity, increase support for foreign trade enterprises to reduce burdens and stabilise jobs, implement policies such as unemployment insurance job stabilisation refunds, guaranteed loans for business start-ups and interest rate subsidies in accordance with the regulations, and vigorously promote the ‘direct subsidy and fast handling’ mode of operation to reduce the operating costs of enterprises.

Shanghai Lingang Revises and Issues Measures to Support Headquarter Economy Development

On November 17, the Shanghai Lingang Administrative Committee published the Notice on Revising the Measures to Support the Development of Headquarter Economy in the Lingang New Area of China (Shanghai) Pilot Free Trade Zone on its website.

The Measures specify that for qualifying and recognized headquarters institutions, the Administrative Committee will conduct a comprehensive evaluation based on the enterprise's development, driving effect, and aggregation capacity, and provide corresponding rewards, up to a maximum of 30 million yuan. For headquarters institutions that achieve an upgrade in their level of operations, a certain reward may be granted upon recognition, with a maximum of RMB 6 million.

CSRC Issues Guidelines on Supervision of Listed Companies' Market Value Management

The China Securities Regulatory Commission (CSRC) released the *Regulatory Guidelines No. 10 for Listed Companies — Market Value Management* (the "Guidelines"), which came into effect on November 6, 2024.

The Guidelines require listed companies to enhance their operational efficiency and profitability, and to use mergers and acquisitions, equity incentives, employee stock ownership plans, cash dividends and other means in accordance with the law, so as to promote the investment value of listed companies to reasonably reflect the quality of listed companies. The Guidelines clarify the responsibilities of the board of directors, directors and senior management of listed companies and other relevant parties, and make special requirements for major index constituent companies to formulate market value management systems, and listed companies with traded price lower than its net asset value per share for consecutive 12 months, to disclose valuation enhancement plans. At the same time, the Guidelines explicitly prohibit listed companies from committing illegal acts in the name of market value management.

Shanghai to Make Significant Deployments in Medical AI, M&A and Restructuring of Listed Companies, "Silver" Economy

On November 12, 2024, Shanghai Mayor Gong Zheng hosted an executive meeting of the municipal government, promoting medical artificial intelligence, supporting mergers and acquisitions and restructuring of listed companies, and promoting the high-quality development of the "silver" economy.

The meeting agreed in principle to the Shanghai Development of Medical Artificial Intelligence Work Programme (2025-2027), and pointed out that it is necessary to accelerate artificial intelligence-enabled medical innovation, in-depth implementation of the AI + Action, and promote the deep integration of artificial intelligence and medicine.

The meeting agreed in principle to the Action Plan for Supporting Mergers and Acquisitions and Restructuring of Listed Companies in Shanghai (2025-2027), and pointed out that it is necessary to tilt towards projects that contribute to the development of new productive forces and the strengthening of key industries' complementary chains and strengthen the supply of policies. At the same time, relevant risks should be effectively prevented, and financial fraud and other violations should be resolutely investigated and dealt with.

The meeting agreed in principle to the Shanghai Municipality to Promote the High-Quality Development of the Silver-Haired Economy Several Policies and Measures and pointed out that it is necessary to

promote the synergistic development of business and industry, and that the government should improve the basic public services for the elderly, and support the elderly organisations and related enterprises to expand their business.

Article(s)

Legal Regulation and Practical Exploration of Deepfake Technology in China

by Rachel Chen

I. Current Legal Regulation of Deepfake Technology in China

With the rapid development of deep learning and artificial intelligence (AI) technologies, deepfake technology has become widely applied in various fields, such as entertainment and advertising. However, the dual-edged nature of this technology is increasingly evident. It not only poses risks to personal privacy, portrait rights, and other personality rights but can also be used for spreading false information and conducting online fraud. China has established a relatively comprehensive legal framework to address the challenges posed by deepfake technology.

1. Protection of Personality Rights

Article 1019 of the Civil Code stipulates that without the consent of others, no one may use technical means to produce, use, or publicly disclose another person's portrait. Additionally, a natural person's voice is considered to have personality attributes and is protected by law. For example, in April 2024, the Beijing Internet Court heard China's first case of AI-generated voice infringement, confirming the legal protection of AI-generated voices and setting a precedent for voice recognition rights. In this case, the plaintiff, a voice actor named Yin, discovered that his recordings were used for AI training to generate similar text-to-speech products, which were widely distributed on multiple platforms. The plaintiff filed a lawsuit for infringement of his voice rights, demanding cessation of the infringement, an apology, and compensation. The court ultimately ruled that the defendant company should apologize and pay 250,000 yuan in compensation.

2. Information Security and Personal Information Protection

The Personal Information Protection Law includes biometric information in sensitive personal information and imposes strict regulations on the handling of such information. Article 29 requires separate consent from the information subject for the processing of facial recognition information. These provisions aim to protect personal privacy and information security, preventing the misuse of deepfake technology. For instance, in June 2024, the Beijing Internet Court heard a case involving the infringement of personal information rights through AI face-swapping technology. The plaintiff, Ms. Liao, found that her facial image was used to generate videos through face-swapping technology and was commercially exploited. She claimed that this behavior violated her portrait rights and personal information rights, seeking compensation. The court ruled that the defendant's actions did not constitute an infringement of the plaintiff's portrait rights because the swapped video did not identify the plaintiff. However, the court determined that the defendant illegally processed the plaintiff's facial information, infringing on her personal information rights. The court ordered the defendant to apologize and compensate for economic

and mental losses.

3. Criminal Liability

Illegal activities using deepfake technology can violate several criminal offenses under the Criminal Law, such as disseminating obscene materials and intentionally spreading false information. These provisions aim to severely punish illegal activities using technological means. For example, in 2023, a large number of pornographic videos generated using AI face-swapping technology appeared on an online platform. The police quickly intervened, arrested several suspects, and effectively curbed the spread of such illegal activities.

4. Internet Information Service Management

The “Provisions on the Management of Internet Information Services Using Deep Synthesis” and the “Interim Measures for the Administration of Generative Artificial Intelligence Services” require providers and users of generative AI services to refrain from infringing on others’ personality rights and personal information security. These regulations clarify the responsibilities of platforms in content review and technical monitoring, helping to prevent the dissemination of deepfake content. For example, the “Provisions on the Management of Internet Information Services Using Deep Synthesis,” effective January 10, 2023, mandate that providers and users of deep synthesis services must not generate obscene or false harmful information and must not infringe on others’ portrait rights, reputation rights, honor rights, privacy rights, and personal information rights. The “Interim Measures for the Administration of Generative Artificial Intelligence Services,” effective August 15, 2023, further clarifies the content safety responsibilities of service providers and requires relevant departments to strengthen management according to their respective duties.

II. Existing Problems and Challenges

Despite the progress made in regulating deepfake technology, China still faces several problems and challenges:

1. Uncertainty in Legal Application

Although relevant laws and regulations exist, accurately defining infringements in specific cases remains challenging, especially when deepfake content cannot be directly linked to a specific individual. For example, in the case involving AI face-swapping technology and personal information rights, the court ruled that the defendant’s actions did not infringe on the plaintiff’s portrait rights but did infringe on her personal information rights, highlighting the complexity in legal application. Moreover, different courts may apply inconsistent standards in similar cases, leading to inconsistent legal outcomes.

2. Technical Detection Difficulties

As deepfake technology continues to advance, existing detection methods struggle to meet actual needs, allowing some illegal content to evade regulation. The lag in technical detection undermines the effectiveness of legal regulation. For instance, highly realistic deepfake content can often go undetected even with professional tools, posing significant challenges for law enforcement. Therefore, it is essential to continuously develop and update detection technologies to improve accuracy and efficiency.

3. Unclear Platform Responsibilities

While laws and regulations require internet platforms to fulfill certain regulatory obligations, the specific scope and execution standards of these responsibilities remain unclear. This ambiguity affects the effective implementation of the law. For example, some platforms often rely on post-incident removals rather than proactive prevention and monitoring mechanisms, allowing illegal content to spread widely in a short time and causing adverse effects. Therefore, it is necessary to clarify platform responsibilities and promote the establishment of robust self-regulatory systems.

4. Insufficient International Cooperation

Given the cross-border nature of deepfake content, international cooperation is crucial. However, such cooperation is currently in its early stages, lacking unified standards and mechanisms. For example, some deepfake content may be generated abroad and spread through cross-border online platforms, making domestic regulation difficult. Therefore, it is essential to enhance international exchanges and cooperation, jointly develop international standards, and form a global governance framework.

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