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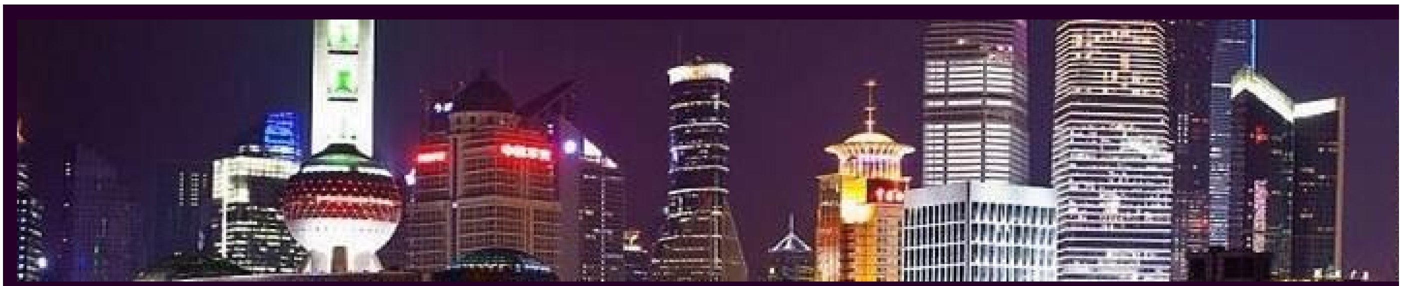

Newsletter

Update

July 31, 2026

Update

CNIPA Issues Revised Provisions on the Administrative Measures for Priority Examination of Patents

On July 30, 2026, the China National Intellectual Property Administration (CNIPA) published the *Administrative Measures for Priority Examination of Patents* (the "Measures"), which shall come into force on September 1, 2026.

The Measures clarify that priority examination applies to certain invention, utility model, and design patent applications, as well as to reexamination and invalidation declaration cases. They further specify the applicable circumstances, including emerging industries, breakthroughs in key core technologies, industrialization and implementation, corresponding applications on the same subject filed abroad, and major public interests, and also provide for circumstances under which priority examination will generally not be granted. The Measures require, in principle, a recommendation from the relevant competent department under the State Council or a provincial-level Intellectual Property Administration, and clarify the rules on electronic filing, submission of materials, good-faith administration, and termination of priority examination procedures. At the same time, the Measures provide that invention patent applications shall receive their first action within 45 days and be concluded within one year; utility model and design patent applications shall be concluded within two months; reexamination cases shall be concluded within seven months; and invalidation declaration cases shall be concluded within four to five months.

SPP Issues Provisions on Hearings for People's Procuratorates in Case Review

On July 31, 2026, the Supreme People's Procuratorate (SPP) issued the *Provisions on Hearings for People's Procuratorates in Case Review* (the "Provisions"), which took effect upon issuance.

The Provisions make clear that People's Procuratorates may convene hearings for criminal, civil, administrative, and public interest litigation procuratorial cases in which there are relatively major disputes over fact-finding, application of law, or case disposition, or that have significant social impact; where a decision of non-prosecution is proposed, and in civil or administrative cases where it is proposed not to support an application for supervision, a hearing shall be conducted when deemed necessary. The Provisions set out the conditions for applying simplified hearings, clarify that hearings shall generally be held publicly, except in cases involving minors, State secrets, personal privacy, commercial secrets, and other such circumstances, which shall not be public; and permit online hearings to be conducted upon approval. The Provisions also further detail the establishment of hearing officer rosters, the qualifications for selection and appointment, random selection, term management, recusal and withdrawal rules, clarify hearing procedures, synchronized audio and video recording, and funding guarantees, and provide that it shall enter into force as of the date of promulgation, while the relevant previous provisions shall be repealed simultaneously.

NDRC Decides to Amend and Repeal 69 Rules and Normative Documents

On July 23, 2026, the National Development and Reform Commission (NDRC) issued the *Decision of the NDRC on Amending and Repealing a Batch of Rules and Administrative Normative Documents* (the "Decision"), which shall come into force on October 1, 2026.

The Decision amends or repeals 69 rules and administrative normative documents. Among them, it amends 2 rules: it adjusts the relevant wording, the names of funds, and the applicable beneficiaries under the Measures for the Administration of National Work-Relief, clarifies that labor remuneration may cover both project construction and engineering management and maintenance, and updates the referenced documents; and it revises the Implementing Measures of NDRC for Administrative Reconsideration by adding provisions on mediation in administrative reconsideration, incidental review matters, and certain circumstances under which applications will not be accepted, and by adjusting the rules on jurisdiction, representation by agents, selection of representatives, handling of repeated applications, consolidated hearing, and directly making decisions by reference to existing reconsideration decisions. In addition, 2 rules and 65 administrative normative documents are repealed.

Four Departments Issue Implementation Opinions to Improve the Governance Mechanisms of Financial Institutions

On July 31, 2026, the National Financial Regulatory Administration (NFRA), the People's Bank of China (PBOC), the China Securities Regulatory Commission (CSRC), and the Ministry of Finance (MOF) released the *Implementation Opinions on Improving the Governance of Financial Institutions* (the "Implementation Opinions"), which took effect upon issuance.

The Implementation Opinions set forth 22 measures in 9 parts, making clear that by 2029 a governance mechanism featuring clearly defined powers and responsibilities, compatible incentives and constraints, stringent risk management, and standardized and efficient operation will be basically established. The Implementation Opinions make provisions regarding shareholder access and codes of conduct, the performance of duties by boards of directors and independent directors, reporting and accountability of the management, deferred payment and clawback of performance-based compensation, internal control compliance and internal audit, related-party transaction management, comprehensive risk management, information disclosure, classified regulation and look-through regulation, among other matters, and require strict control over the admission of directors and senior executives and stronger early intervention for institutions with major governance deficiencies.

Shanghai Issues Measures for the Administration of Municipal-Level Government Investment to Clarify Approval and Implementation Rules

On July 13, 2026, the Shanghai Municipal People's Government promulgated the *Measures for the Administration of Municipal-Level Government Investment of Shanghai* (the "Measures"), which shall come into force on August 1, 2026, and shall remain in effect through July 31, 2031.

The Measures clarify the scope of municipal-level government investment, the direction of fund allocation, and such methods as direct investment, capital injection, investment subsidies, and loan interest subsidies. They implement a project reserve system and approval procedures for project proposals, feasibility studies, preliminary designs, and budget estimates. They also provide that approval procedures for specific projects may be simplified, while major changes to a project's preliminary total investment, construction content, and other material matters require adjustment approval. Annual plans shall be aligned with the budget, project commencement must satisfy statutory conditions, and funds shall be earmarked for designated purposes and used exclusively therefor, with bidding, tendering, and procurement conducted in accordance with the law. At the same time, the Measures require that approvals be handled and construction information be submitted through an online platform, and that supervision and inspection, completion acceptance, final financial accounts, post-project evaluation, and the collection and consolidation of credit information be carried out.

General Office of the State Council Issues Provisions on the Procedures for Handling Administrative Reconsideration Cases of the State Council

On July 22, 2026, the General Office of the State Council released the *Circular of the General Office of the State Council on Issuing the Several Provisions on the Procedures for Handling Administrative Reconsideration Cases of the State Council* (the “Provisions”), which took effect upon issuance.

The Provisions contain 10 articles and shall enter into force as of the date of issuance; at the same time, Document No. 38 [2001] of the General Office of the State Council is repealed. The Provisions make clear that applications for administrative reconsideration and applications for supervision of administrative reconsideration submitted to the State Council are authorized to be handled in accordance with law by the State Council department responsible for the rule of law; the Provisions distinguish between the handling procedures applicable to decisions on whether to uphold, revoke, or modify administrative reconsideration decisions made by provincial- or ministerial-level administrative organs, as well as to incidentally review normative documents and the legal bases therefor, and clarify the rules for submission for approval of ordinary matters and major sensitive matters; the Provisions require the relevant provincial- or ministerial-level administrative organs to make replies within the prescribed time limit, submit evidence and legal bases, and perform the relevant legal instruments, and to use the Special Seal of the State Council for Administrative Reconsideration in handling documents.

MOF and the State Administration of Taxation Clarify Individual Income Tax Matters Concerning Offshore Trusts

On July 24, 2026, the Ministry Of Finance (MOF) and the State Administration of Taxation issued the *Announcement on Matters Concerning Individual Income Tax Related to Offshore Trusts* (the “Announcement”), which took effect upon issuance.

The Announcement clarifies that where an individual contributes property into an offshore trust established under foreign law and obtains proceeds through such trust, such proceeds constitute income subject to Individual Income Tax. Where a resident individual contributes property into the trust, the individual shall declare under the category of “income from transfer of property” based on the market price after deducting the original value and reasonable expenses; as for income accrued during the existence of the trust, regardless of whether it is distributed, such resident individual shall make annual declarations under the category of “income from transfer of property” or “interest, dividends and bonuses income”. The Announcement also provides for matters such as trust termination, a resident becoming a non-resident, succession upon death, contributions by non-residents and mixed contributions, foreign tax credit, deemed distribution, determination of control and overseas entities, declaration deadlines, circumstances for supplementary tax payment, and transitional arrangements.

Seven Departments Issue the Interim Measures for On-site Management of Public Resource Trading Center Bidding and Tendering

On July 15, 2026, the National Development and Reform Commission (NDRC) and six other departments issued the *Interim Measures for On-site Management of Public Resource Trading Center Bidding and Tendering* (the “Measures”), which shall come into force on January 1, 2027.

The Measures consist of 7 chapters and 47 articles. They clarify that trading centers are responsible for service support and assurance, whole-process recordkeeping, reminders regarding abnormal conduct, and reporting leads on illegal activities, and must not engage in activities such as administrative licensing, filing, inspection, or penalties. They mainly provide for zoned management of trading venues and closed management of bid evaluation areas, as well as remote bid evaluation across different locations, blind bid evaluation, and the application of artificial intelligence; require the recording of offline written materials, online electronic data, and audio and video materials; provide that project files shall be compiled within 30 days after the execution of the contract for the winning bid or the termination of the activity and preserved for at least 15 years; list reminders for 22 types of abnormal conduct in 4 categories and reports on 26 types of leads on illegal activities in 4 categories, with leads on illegal activities to be reported within 10 working days from the date of discovery.

Article(s)

China's New Foreign Investment Action Plan: From Market Access to Business Operations (II)

by Esther Lin

Part II: Practical Implications and Compliance Considerations for Foreign Investors

The Action Plan for Stabilizing and Enhancing Foreign Investment issued by China's Ministry of Commerce, the National Development and Reform Commission, and the Ministry of Finance marks a new phase in China's foreign investment policy. While previous reforms primarily focused on expanding market access, the latest measures place greater emphasis on improving the operating environment for foreign-invested enterprises.

For international companies operating in China or considering future investment, several practical implications deserve attention.

I. Monitor New Opportunities in Emerging Service Industries

The continued expansion of opening-up measures in education, healthcare, biotechnology, telecommunications, and financial services may create new investment opportunities for foreign companies.

Companies operating in these sectors should closely monitor the implementation of relevant pilot programs and supporting regulations. Detailed rules issued by regulatory authorities will be important in determining the scope of permitted activities and applicable compliance requirements.

II. Review Potential M&A and Reinvestment Strategies

The Action Plan indicates that China intends to further improve the regulatory framework for foreign investment transactions.

Foreign investors considering acquisitions of Chinese companies should pay attention to future revisions of the regulations governing foreign acquisitions, particularly changes relating to transaction procedures and payment arrangements.

Existing foreign-invested enterprises should also evaluate whether they may benefit from reinvestment policies, including preferential tax treatment for direct reinvestment of distributed profits.

For multinational groups with established operations in China, reinvestment may become an increasingly attractive option for expanding local business presence.

III. Prepare for Further Developments in Cross-Border Data Compliance

Data compliance remains a critical issue for multinational companies operating in China.

The Action Plan proposes exploring more detailed and industry-specific approaches to cross-border data transfers, including scenario-based and field-specific negative lists and national standards for identifying important data.

Companies in data-intensive industries, including manufacturing, automotive, telecommunications, healthcare, and technology, should continue reviewing their data governance structures and cross-border data transfer arrangements.

Early preparation will help businesses respond efficiently once additional industry-specific rules are introduced.

IV. Prepare for Further Developments in Cross-Border Data Compliance

The Action Plan emphasizes equal treatment of foreign-invested enterprises in areas such as government procurement and policy support.

For foreign companies participating in government procurement, bidding processes, or government-supported business initiatives, continued attention should be paid to the practical implementation of these principles.

Where foreign-invested enterprises encounter unequal treatment, companies may consider utilizing available legal and administrative channels to protect their rights.

V. Recommended Next Steps for Foreign Investors

In light of these developments, foreign investors should consider:

- reviewing potential investment and expansion opportunities arising from further market opening;
- assessing whether existing operations may benefit from reinvestment incentives;
- monitoring upcoming regulations affecting M&A transactions and sector-specific access requirements;
- strengthening data compliance programs; and
- evaluating opportunities arising from improved equal treatment policies.

The Action Plan demonstrates China's continued effort to stabilize and improve the foreign investment environment. Although many measures will require further implementation rules, the overall direction is clear: China is moving from facilitating foreign investors' entry toward supporting their long-term operations and growth in the Chinese market.

We will continue to monitor relevant developments and provide updates on regulatory changes affecting foreign investors in China.

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