

# The State Council Promulgates the General Scheme for Comprehensively Aligning with International High-Standard Economic and Trade Rules and Promoting High-Level Institutional Opening-up in China (Shanghai) Pilot Free Trade Zone

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NEWSLETTER

## CONTACT



**Zhiyi Ren**  
Partner, Fangda Partners  
zhiyi.ren@fangdalaw.com



**Blake Wang**  
Partner, Fangda Partners  
blake.wang@fangdalaw.com



**Rena Liu**  
Counsel, Fangda Partners  
rena.liu@fangdalaw.com

On December 7, 2023, the State Council promulgated the “General Scheme for Comprehensively Aligning with International High-Standard Economic and Trade Rules and Promoting High-Level Institutional Opening-up in China (Shanghai) Pilot Free Trade Zone”

(《全面对接国际高标准经贸规则推进中国（上海）自由贸易试验区高水平制度型开放总体方案》), the “**General Scheme**” ).

### I. Background of Promulgating the General Scheme

Supporting the China (Shanghai) Pilot Free Trade Zone (including Lingang New Area, the “**Shanghai FTZ**” ) to align with international economic and trade rules and promoting high-level institutional opening-up are important measures for deepening China’s reforms and expanding the process of opening-up in the new era. The General Scheme is formulated in such a way as to improve the operation of pilot free trade zones, including setting the Shanghai FTZ as a model example of a pilot free trade zone, and establishing a national demonstration zone for institutional opening-up.

### II. Main Contents of the General Scheme

The General Scheme includes a total of 80 articles in eight (8) chapters, mainly covering (1) overall requirements; (2) accelerating the opening-up of trade in services; (3) enhancing the liberalization and facilitation of trade in goods; (4) taking the lead to implement “high-standard” digital trade rules; (5) strengthening the protection of intellectual property rights; (6) advancing reforms in government procurement; (7) promoting the reform of “behind-the-border” management; and (8) strengthening risk prevention and control systems.



## Key highlights are as follows:

First, accelerating the opening-up of trade in services:

### - Financial Services

Supporting the introduction of overseas electronic payment institutions. Regulatory authorities of electronic payment institutions shall publicize relevant laws and regulations in a timely manner. (Article 1)

Under the framework of national security management for cross-border data transfer, financial institutions are permitted to export data required for their daily operations. Where it comes to exporting financial data, the regulatory authorities may impose measures on the basis of national security and adopting the principle of prudence, while at the same time ensuring the security of important data and personal information. (Article 2)

Deepening international cooperation in financial technology, facilitating financial institutions to carry out cross-border asset management, and providing domestic investment management, valuation and accounting services for funds established overseas. Promoting the pilot of digital RMB in a well-planned way and exploring the application scenarios of digital RMB in the trade sector. Working on the basis of controllable risk, prudently exploring how restrictions on non-resident M&A loans and the expansion of the application scenarios of loans in the Lingang New Area can be eased, and supporting the local financial regulatory authority to formulate business guidelines following the experiences learned from the pilot experiment and fully taking into account risk management. (Article 3)

Conducting research on eligible asset management companies (excluding financial asset management companies, fund management companies and local asset management companies) on their carrying out of cross-border transfer of asset-backed securities, and exploring cross-border transfer of financial leasing assets and settlement via RMB on a trial basis. Supporting commercial factoring companies to handle commercial factoring while making sure that imports and exports exactly match foreign exchange receipts and payments. (Article 6)

Second, taking the lead to implement digital trade rules that meet high standards:

### - Cross-Border Data Transfer

Supporting the Shanghai FTZ to take the lead in formulating the important data catalogue in accordance with classification and grading-based data protection. Guiding data processors to carry out self-risk assessment when exporting data, and exploring the establishment of lawful, safe and convenient cross-border data transfer. (Article 25)

### - Data Disclosure, Sharing and Governance

Expanding the disclosure scope of government data, clarifying ways of accessing and using public data, and publishing a data disclosure set catalogue. Exploring the development and utilization of public data, and encouraging the development of data set-based products and services. (Article 34)



Third, promoting the reform of "behind-the-border" management:

- Environmental Protection

Encouraging the import and export of environmental products and services, enriching green financial products and services systems, researching and promoting green bonds as well as the environmental, social and governance (ESG) index, and promoting cooperation on environmental products and services. (Article 74)

Fourth, strengthening risk prevention and control systems:

- Strengthening Financial Risk Prevention and Control

Financial regulatory authorities shall take reasonable measures, with prudence uppermost in their approach, to protect the legitimate rights and interests of financial consumers and safeguarding the stability of the financial system. Financial regulatory information sharing, regulatory collaboration and cooperation in cross-border risk disposal shall all be conducted in accordance with laws and regulations. Strengthening the collection, monitoring and application of cross-border payments data. Ensuring effective risk segregation through innovative regulatory mechanisms such as "sandbox regulation". Adhering to the licensing requirements for financial business, strengthening the monitoring and prevention of relevant risks through risk alerts, calculation of risk control indicators and information reporting, etc. (Article 77)

- Strengthening Regulatory Mutual Recognition and Cooperation

Borrowing from prevailing international practices and rules, admit the reports of other countries' regulatory authorities as appropriate, research mutual regulatory recognition, and work on data exchange, mutual recognition of results, work collaboration and mutual assistance in law enforcement. Establishing a mechanism for cooperation with overseas cybersecurity agencies and promoting the formulation of global cooperative solutions to cybersecurity issues. (Article 78)

The General Scheme requires that the Shanghai Municipal People's Government shall be fully responsible for establishing and enhancing these institutional improvements, while facilitating their implementation. The relevant departments of the State Council shall provide support, and specific opinions, measures, rules and plans that are necessary to be formulated shall be completed within one year from the promulgation date of the General Scheme. The Ministry of Commerce shall carry out a performance evaluation, supporting Shanghai in summarizing its experiences, while replicating and promoting such experiences in a timely manner.

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For any queries, please contact: [imgquery@fangdalaw.com](mailto:imgquery@fangdalaw.com).