



September 21, 2022

1. E-Commerce: New Law Released in China to Crack Down Telecom and Online Fraud

The Anti-Telecom and Online Fraud Law of the People's Republic of China (the "Law") has been promulgated and shall become effective from December 1, 2022. The Law sends a signal of China's strict control over the telecom and online fraud,¹ imposing heavier punishment on scammers who cheat people to remit money by means of phones, text messages, or the internet. In addition to the heavier punishment on scammers, we would like to draw your attention of the following highlights in the Law.

(1) Overseas organizations/individuals are within the scope of the Law

Telecom and online fraud refers to the behavior of fraudulently obtaining any public or private property in a **remote** or **non-contact** manner by means of telecom and network technologies for the purpose of illegal possession.²

The Law shall apply to telecom and online fraud activities carried out **within the territory of China** or those **carried out by citizens of China overseas**. The Law also apply to **overseas organizations and individuals** who provide others with product, service, or other assistances for carrying out telecom and online fraud activities within the territory of China.³

(2) Strict Control on Bank Accounts

Control measures	Sanctions
Bank is entitled to refuse open bank accounts if any abnormal situations found ⁴	For bank: ⁵ - warning, ordering to make rectification
The number of bank accounts opened shall not exceed a limitation ⁶	- if serious, a fine up to RMB 5 million - if necessary, suspending relevant bank business or revoking bank license - bank officer shall be sanctioned up to RMB 200,000
No individual/entity shall illegally trade, rent or lend bank accounts ⁷	For individual/entity: ⁸ - added in national credit system - a fine up to RMB 200,000 - if serious, a detention of not more than 15 days

(3) Strict Control on Phone Card

Control measures	Sanctions
Phone cards cannot be purchased if any abnormal situations found ⁹	For telecom business operator: ¹⁰ - warning, ordering to make rectification
The number of phone cards opened shall not exceed a limitation ¹¹	- if serious, a fine up to RMB 5 million - if necessary, suspending relevant telecom business or revoking telecom license - officer in charge shall be sanctioned up to RMB 200,000
No individual/entity shall illegally trade, rent or lend phone cards ¹²	For individual/entity: ¹³ - added in national credit system - a fine up to RMB 200,000 - if serious, a detention of not more than 15 days

(<http://www.npc.gov.cn/npc/c30834/202209/599ff6e51f8341c79d3908ca35258043.shtml>)

2. E-health Law: Measures for the Supervision and Administration of Online Drug Sales Clarified

The State Administration for Market Regulation has issued the Measures for the Supervision and Administration of Online Drug Sales (the "Measures"), with effect on December 1, 2022. The special obligations for online drug sellers and the corresponding legal liability are as follows:

Obligation	Legal liability
For Prescription drugs: - ensuring the sources are authentic and reliable - implementing the real-name system, meaning the patient shall register his name, ID card number etc. in the system to obtain the electronic prescription. ¹⁴	- order to make corrections - a fine up to RMB 100,000 ¹⁵
- displaying prescription drugs and non-prescription drugs separately - for prescription drugs, clearly displaying a sentence "prescription drugs must be purchased and used with a prescription under the direction of pharmacists" - not displaying packaging and labels of prescription drugs ¹⁶	- order to make corrections - a fine up to RMB 100,000 ¹⁷
- selecting appropriate means of transportation and be responsible for the quality and safety of delivered drugs - keeping records of suppliers' qualifications certificates, online trading data, etc. ¹⁸	- order to make corrections/warning if serious: - a fine up to RMB 2 million - confiscating income, suspending production, or invoking license - responsible person be subject to a fine, and prohibited from working in drug industry for ten years or even for life ¹⁹

(https://gkml.samr.gov.cn/nsjg/fgs/202209/t20220901_349742.html)

Should you need to know more details, please reach us at asiallians@asiallians.com.

1 Article 2 of the Law

2 Article 2 of the Law

3 Article 3 of the Law

4 Article 15 of the Law

5 Article 40 of the Law

6 Article 16 of the Law. However, detailed legislation will be released soon to define how many bank accounts a company/an individual can open.

7 Article 31 of the Law

8 Article 31 and 44 of the Law

9 Article 15 of the Law

10 Article 40 of the Law

11 Article 10 of the Law. However, detailed legislation will be released soon to define how many phone cards a company/an individual can open.

12 Article 31 of the Law

13 Article 31 and 44 of the Law

14 Article 9 of the Measures

15 Article 34 of the Measures

16 Article 13 of the Measures

17 Article 36 of the Measures

18 Article 14 and 15 of the Measures

19 Article 37 of the Measures and Article 126 of the Drug Administration Law

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