

A LOOK AT CHINA'S DRAFT OF PERSONAL INFORMATION PROTECTION LAW

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DATA PROTECTION LAWS IN CHINA

- □[DRATF] Personal Information Protection Law (PIPL) (2020)
- □[DRAFT] Data Security Law of the People's Republic of China (2020)
- Personal Financial Information Protection Technical Specification (2020)
- □China's Encryption Law (2020)
- [DRAFT]Personal Information Outbound Transfer Security Assessment Measures (2019)
- □ China's Personal Information Security Specification (2018)
- □ Cybersecurity Law of the People's Republic of China (2017)
- □Consumer Protection law and its Amendments (2014)
- Decision Concerning Strengthening Network Information Protection (2012)

ABOUT PIPL

- ❖ Draft released on Oct 21st 2020 for public comments
- A concise text 8000 characters, covering a wide array of topics in 8 chapters and 70 articles emphasizing the following principles:
 - Consent
 - Processing of Personal information
 - International data transfer / Cross border
 - Rights of individual
 - Personal data protection
 - Liabilities / Penalties

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A FEW HIGHLIGHTS

- i. Extraterritorial application
- ii. New legal bases for data processing
- iii. Data localization and cross-border data transfer
- iv. Fines up to RMB 50 million (US\$7.5 million) or 5% of annual turnover

WILL MY COMPANY BE REGULATED BY PIPL?

When the law comes into effect it will provide new compliance obligations for organizations operating in China.

Additionally, the law will provide protection of personal information of PRC residents processed outside of mainland China for the purposes of: sales and goods, analysis of residents' behavior, or in other circumstances as provided by Chinese laws and regulations.

Entities outside of China that collect and analyze data for these purposes will need to appoint a <u>data protection representative</u> or organization in China.

HOW TO ASSESS THE POTENTIAL IMPACT OF PIPL?

- √ Whether the personal information processed by your company can be transferred out of China
- √Whether any sensitive personal information is being processed.
- √Whether any data classification and retention techniques are deployed in your organization
- ✓ Examine whether the company is using any mobile app to communicate with people or deliver service to clients

WHAT MEASURES SHOULD I TAKE TO ENSURE COMPLIANCE?

Technical measures:

- General security control measures
- Encryption
- De-identification measures
- Data classification / date retention / data loss prevention (DLP) measures
- 'Privacy by design' and 'privacy by default'

Organization measures:

- Running a data protection impact assessment
- Staffing
- Training

SOME OBSERVATIONS AND SUGGESTIONS

- The gap between PRC regulation and the EU (with GDPR) is closing on Personal Information
- Businesses should:
 - Monitor developments and seek to submit comments to the consultation
 - Review policies and practices
 - Plan budget to implement compliance measures

