

# **MODEL LAW ON ARTIFICIAL INTELLIGENCE**

*(EXPERT DRAFT PROPOSAL)*

**v.1.1**

Research Group on China's Artificial Intelligence Ethical  
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# CHAPTER I

# GENERAL

# PROVISIONS

## **ARTICLE 1 – LEGISLATIVE BASIS**

To promote artificial intelligence (AI) development and innovation, regulate the research and development (R&D), provision, and use of AI, safeguard national sovereignty, developmental and security interests, and protect the legitimate rights and interests of individuals and organizations, this law is enacted in accordance with the Constitution (of the People's Republic of China).

## **ARTICLE 2 – SCOPE OF APPLICATION**

This law applies to activities related to the R&D, provision, and use of artificial intelligence, as well as the regulation of AI, within the territory of the People's Republic of China.

This law also applies to activities related to the R&D, provision, and use of artificial intelligence conducted outside the territory of the People's Republic of China, if such activities affect or may affect the national security, public interests, or legitimate rights and interests of individuals and organizations of the People's Republic of China.

### **ARTICLE 3 – GOVERNANCE PRINCIPLE**

The State shall coordinate development and security, adhere to the combination of promoting innovation and governance in accordance with the law, and implement inclusive and prudent regulation.

### **ARTICLE 4 – HUMAN-CENTRIC PRINCIPLE**

Activities related to the R&D, provision, and use of artificial intelligence should be human-centric and oriented towards intelligence for the greater good. It should ensure that humans can always supervise and control artificial intelligence, with the ultimate aim of promoting human well-being.

### **ARTICLE 5 – SAFETY/SECURITY PRINCIPLE**

Those engaged in the R&D, provision, and use of artificial intelligence shall take necessary measures to ensure the safety and security of the artificial intelligence developed, provided, and used, as well as the related network data.

### **ARTICLE 6 – PRINCIPLE OF OPENNESS, TRANSPARENCY, AND EXPLAINABILITY**

Those engaged in the provision of artificial intelligence should adhere to the principle of openness and appropriately label the provided artificial intelligence.

Those engaged in the R&D and provision of artificial intelligence should adhere to the principles of transparency and explainability, taking necessary measures to clarify the purpose, principles, and effects of the artificial intelligence being developed and provided.

### **ARTICLE 7 – PRINCIPLE OF ACCOUNTABILITY**

Those engaged in the R&D, provision, and use of artificial intelligence shall be responsible for their respective activities in R&D, provision, and use.

### **ARTICLE 8 – PRINCIPLE OF FAIRNESS AND EQUALITY**

Those engaged in the R&D, provision, and use of artificial intelligence should adhere to the principle of fairness. Effective measures should be taken to prevent unreasonable differential treatment of individuals and organizations.

The needs of special groups such as minors, the elderly, and persons with disabilities should be fully considered in activities related to the R&D, provision, and use of artificial intelligence.

### **ARTICLE 9 – GREEN PRINCIPLE (OF SUSTAINABILITY)**

The State encourages the application of energy-saving technologies in the R&D, provision, and use of artificial intelligence, efficient utilization of resources, and protection of the ecological environment.

### **ARTICLE 10 – PRINCIPLE OF PROMOTING DEVELOPMENT AND INNOVATION**

The State supports the construction of infrastructure for artificial intelligence, promotes the open sharing of public computing power, public data, and other related public resources, and encourages individuals and organizations to legally share computing power, data, models, and other related resources.

The State encourages R&D and application in the field of artificial intelligence, legally protects intellectual property rights in this field, and innovatively explores intellectual property systems that adapt to the AI development and innovation.

### **ARTICLE 11 – INTERNATIONAL COOPERATION**

The State actively engages in international exchanges and cooperation in the field of artificial intelligence. It participates in the formulation and implementation of international rules and standards related to artificial intelligence and promotes the development of an international governance framework and standardization norms for artificial intelligence that have broad consensus.

The State encourages the recruitment of talent in the field of artificial intelligence, the introduction of technology, and transnational technological cooperation.

### **ARTICLE 12 – COMPETENT AUTHORITIES**

The China Administration of Artificial Intelligence (CAAI) is the competent agency responsible for developing and administrating artificial intelligence. Other relevant government departments and military departments shall closely cooperate, strengthen coordination, and carry out their respective duties in accordance with the law.



Provincial, autonomous region, and directly administered municipal AI Administrative Authorities as well as those in the cities where the people's governments of provinces and autonomous regions are located, cities in special economic zones, and larger cities approved by the State Council, are responsible for the development and administration of artificial intelligence within their respective jurisdictions, in accordance with national regulations.

### **ARTICLE 13 – COLLABORATIVE GOVERNANCE**

The State shall establish and improve a governance mechanism for artificial intelligence that involves government oversight, corporate responsibility, industry self-regulation, social supervision, and user self-discipline, promoting collaborative governance by multiple stakeholders.

### **ARTICLE 14 – LEGALITY AND LEGITIMACY**

Activities related to the R&D, provision, and use of artificial intelligence must comply with laws and administrative regulations, respect social ethics and moral norms, and adhere to the following provisions:

- a. Uphold the core values of socialism and refrain from generating content that incites subversion of state power, overthrow of the socialist system, endangers national security and interests, damages the national image, incites separatism, disrupts national unity and social stability, promotes terrorism, extremism, ethnic hatred, discrimination, violence, obscenity, pornography, and other false or harmful information prohibited by laws and administrative regulations;*
- b. Respect intellectual property rights and business ethics, maintain trade secrets, and refrain from using advantages in algorithms, data, platforms, etc., to engage in monopolistic and unfair competitive practices;*
- c. Legally protect the rights and interests of consumers and workers, respect the legitimate rights and interests of others, and refrain from harming the physical and mental health of others or infringing upon their rights/interests to likeness, reputation, honor, privacy, and personal information.*

# **CHAPTER II**

# **SUPPORT AND PROMOTION OF ARTIFICIAL INTELLIGENCE**

## **ARTICLE 15 – DEVELOPMENT PLAN FOR ARTIFICIAL INTELLIGENCE**

The State shall implement the New-Generation Artificial Intelligence Development Plan, adhering to the simultaneous promotion of R&D, product application, and industry cultivation, to comprehensively support scientific progression, economic growth, and social development as well as national security.

People's governments at the provincial level or above should incorporate the development of artificial intelligence into their national economic and social development plans and formulate artificial intelligence development plans as needed.

## **ARTICLE 16 – COMPUTING INFRASTRUCTURE CONSTRUCTION**

The State shall establish a public computing power resource supply system for artificial intelligence, promote the construction and utilization of public computing power resource platforms, strengthen the scientific scheduling of computing power, and provide public computing power support for the development of artificial intelligence technology and industry.

The State encourages and supports higher education institutions, research institutions, enterprises, and other organizations in constructing AI computing infrastructure. It promotes the market-based transaction of computing power resources, guides various industries in the rational and orderly use of computing power resources, and enhances the efficiency of computing infrastructure utilization.

## **ARTICLE 17 – INNOVATION IN ALGORITHMS AND FOUNDATION MODELS**

The State supports innovation in AI algorithms and endorses relevant entities in the establishment and operation of open-source development platforms, open-source communities, and open-source projects. It advances the compliant use of open-source software projects, fortifies the legal protection of foundation models, and fosters the innovative development and widespread application of these foundation models.

## **ARTICLE 18 – DATA ELEMENT SUPPLY**

The State supports the construction of foundational and specialized databases in the field of artificial intelligence. It promotes the efficient aggregation and shared utilization of data resources, expands the scope of public data supply for artificial intelligence applications, comprehensively implements the construction of a national integrated big data center system, optimizes the layout of data center infrastructure, cultivates and strengthens data center clusters, and ensures the supply of data elements in the field of artificial intelligence.

The State encourages and guides relevant entities to engage in collaborative R&D of big data and AI technologies. It supports these entities in deeply integrating data with industrial knowledge to develop data products that serve the needs of algorithmic design, model training, product validation, and contextual/scenario application.

## **ARTICLE 19 – INDUSTRIAL DEVELOPMENT AND APPLICATION INNOVATION**

The State shall accelerate the transfer and application of key artificial intelligence technologies, promote the integration of technology and innovation in business models, drive the innovation of intelligent products in key areas, actively cultivate emerging artificial intelligence industries, and establish internationally competitive artificial intelligence industrial clusters.

The State shall also promote the integrated innovation of artificial intelligence with various industries, carry out pilot demonstrations of artificial intelligence applications in key industries and fields, encourage the scaled application of artificial intelligence, and support the application and promotion of new technologies, new products, new services, and new models in artificial intelligence.

## **ARTICLE 20 – PROFESSIONAL TALENT CULTIVATION**

The State shall support higher education institutions in optimizing the disciplinary structure in the field of artificial intelligence, establishing specialized courses in artificial intelligence, and promoting the construction of first-level disciplines in the field of artificial intelligence.

The State encourages higher education institutions, research institutions, and enterprises to conduct fundamental and theoretical research aimed at addressing major scientific frontiers in the field of artificial intelligence, as well as R&D of key generic technologies, and to undertake major technological and industrial innovation projects.

The State shall also support the establishment of innovative project management mechanisms, talent evaluation mechanisms, and incentive mechanisms for the knowledge exchange and technology transfer of scientific and technological achievements, aimed at promoting the development of artificial intelligence.

## **ARTICLE 21 – FISCAL SUPPORT FOR FUNDING**

The State shall encourage various local governments and administrative departments to utilize investment guidance funds to offer specialized support, specifically targeting core sectors and critical stages within the field of artificial intelligence.

The State shall encourage the involvement of private/social capital in the development of the artificial intelligence industry.

## **ARTICLE 22 – PILOT INITIATIVES BY STATE AGENCIES**

The State encourages government agencies, public institutions, state-owned enterprises, and other organizations with lawful authority to manage public affairs to take the lead in piloting the application of artificial intelligence technologies in areas such as governmental services and public administration. These entities should give priority to the procurement and use of secure and reliable artificial intelligence products and services.

# CHAPTER III

# ARTIFICIAL INTELLIGENCE OVERSIGHT SYSTEM

## **ARTICLE 23 – CATEGORIZED OVERSIGHT SYSTEM**

The State establishes a Negative List System for Artificial Intelligence, subjecting products and services within the negative list to a licensing oversight system, and those outside the negative list to a registry oversight system.

The National AI Administrative Authority, considering the significance of AI in economic and social development, as well as the level of harm to national security, public interest, or the legitimate rights and interests of individuals and organizations, and the economic order that could be caused by attacks, alterations, destruction, or illegal acquisition and utilization, shall take the lead in formulating and periodically updating the Negative List for AI products and services.

## **ARTICLE 24 – NEGATIVE-LIST OVERSIGHT SYSTEM**

Prior to conducting R&D or providing services and products that are within the scope of the Artificial Intelligence Negative List, entities must obtain administrative licenses from the National AI Administrative Authority.

Unlicensed activities, or activities that exceed the scope of the granted license for R&D or provision of products and services within the Artificial Intelligence Negative List, are prohibited.

## **ARTICLE 25 – LICENSING CONDITIONS FOR THE NEGATIVE LIST**

Entities applying for a license to conduct R&D, or to provide services and products within the scope of the Artificial Intelligence Negative List, must meet the following conditions:

- 1. Be a legal entity established in accordance with the laws of the People's Republic of China;*
- 2. The principal person in charge must be a Chinese citizen;*
- 3. Employ full-time personnel with specialized knowledge in quality assurance, safety measures, human oversight, and compliance management that is commensurate with the associated risks;*
- 4. Possess a comprehensive Artificial Intelligence Quality Management System, Network Data Security Management System, and Scientific Ethics Review System;*
- 5. Implement secure and controllable measures to safeguard Artificial Intelligence technology;*
- 6. Have an emergency response mechanism for Artificial Intelligence that is proportionate to the associated risks;*
- 7. Possess suitable premises, facilities, and funding that are commensurate with the scale of Artificial Intelligence R&D, and service provision;*
- 8. Comply with other provisions as stipulated by laws and administrative regulations.*

## **ARTICLE 26 – APPLICATION FOR LICENSING UNDER THE NEGATIVE LIST**

Developers and providers of Artificial Intelligence applying for a license to engage in R&D or provision of AI products and services within the scope of the Negative List must submit the following documentation:

- 1. Application form;*
- 2. Proof of legal entity status, premises, and funding;*
- 3. Verification that the principal person in charge is a Chinese citizen;*
- 4. Credentials of full-time personnel specializing in quality assurance, safety measures, human oversight, and compliance management;*
- 5. Information on the Artificial Intelligence Quality Management System, Network Data Security Management System, Scientific Ethics Review System, and Risk Management System, as well as their implementation status;*
- 6. Artificial Intelligence Security Assessment Report;*
- 7. Any other documentation as required by applicable laws and administrative regulations.*

## **ARTICLE 27 – APPROVAL OF LICENSING UNDER THE NEGATIVE LIST**

Upon receiving an application for a license for R&D or provision of Artificial Intelligence products and services within the scope of the Negative List, the National AI Administrative Authority must conduct a preliminary review within 10 working days.

If, upon preliminary review, it is found that the submitted application materials from the AI developers and providers do not meet the required criteria, the National AI Administrative Authority may request that they supplement or correct the application. If the AI developers and providers do not provide the required supplementary materials or corrections without legitimate reason, the application will be deemed withdrawn.

If the preliminary review establishes that all submitted materials are complete, the National AI Administrative Authority must finalize its review within 45 days from the date of accepting the application, and render a decision either to grant or deny the license. If approved, a license for R&D or provision of Artificial Intelligence will be issued to the applicant; if denied, the applicant must be notified in writing with reasons for the denial provided.



Should the National AI Administrative Authority be unable to make a decision within 45 days, an extension of up to 10 days may be granted upon approval by the Head of the National AI Administrative Authority. The reason for such extension must be communicated to the applicant.

## **ARTICLE 28 – REVOCATION OF LICENSING UNDER THE NEGATIVE LIST**

If AI developers and providers violate the provisions of this law during their R&D or provision activities and experience significant safety incidents, multiple safety incidents, or are subject to administrative penalties on multiple occasions, the National AI Administrative Authority may suspend the license and order rectification within a prescribed period. If corrections are not made within this period, or if further safety incidents occur or administrative penalties are incurred after the suspension of the license, the National AI Administrative Authority may revoke the license.

## **ARTICLE 29 – REAPPLICATION FOR LICENSING UNDER THE NEGATIVE LIST**

The license for R&D or provision of Artificial Intelligence within the scope of the Negative List should specify the duration and scope of the license's validity.

If activities exceed the scope of the license or if changes in technology, use case scenarios, or target user groups lead to a change in associated risks, developers and providers of Artificial Intelligence within the scope of the Negative List must reapply for a license for R&D or provision.

Six months prior to the expiration of the license, developers and providers within the scope of the Negative List may apply for a renewal of their license for R&D or provision.

Should developers and providers of Artificial Intelligence within the scope of the Negative List cease their licensed R&D or provision activities, they are required to apply for cancellation of the license with the National AI Administrative Authority within three months from the date of cessation.

## **ARTICLE 30 – PUBLIC DISCLOSURE OF LICENSE**

Developers and providers of Artificial Intelligence within the scope of the Negative List must prominently display the license number in the Artificial Intelligence products or services they provide.

## **ARTICLE 31 – COMPLAINT, REPORTING, AND CLARIFICATION MECHANISMS**

Individuals and organizations that discover unlawful activities in the R&D or provision of Artificial Intelligence within the scope of the Negative List have the right to file complaints or reports with the National AI Administrative Authority. The said Authority must promptly verify and address such complaints or reports.

Individuals and organizations that have questions or concerns regarding the activities of R&D or provision of Artificial Intelligence within the scope of the Negative List have the right to request clarification from the National AI Administrative Authority. The said Authority must provide timely responses and address the matters raised.

# **CHAPTER IV**

# **OBLIGATIONS OF AI DEVELOPERS AND PROVIDERS**

## **SECTION 1: GENERAL PROVISIONS**

### **ARTICLE 32 – SAFETY OBLIGATIONS**

AI developers and providers must conduct safety tests before deploying AI into use or releasing it to the market in order to mitigate safety risks and ensure secure, stable operation throughout the AI's lifecycle.

AI developers and providers should promptly release best practices for safety to guide users on the secure and correct use of AI.

In compliance with the requirements of this law pertaining to record-keeping and technical documentation, AI developers and providers must ensure traceability. This

allows for the timely and accurate tracing and pinpointing of issues in the event of an incident, thereby ensuring the safety of AI.

Organizations and individuals are encouraged to report security vulnerabilities in AI products and services to AI developers and providers.

AI developers and providers must fulfill their obligations concerning the management of security vulnerabilities in accordance with relevant regulations. This includes ensuring that such vulnerabilities are promptly patched and responsibly disclosed, and providing guidance to users on adopting preventive measures.

No organizations or individuals shall engage in illegal activities such as circumventing, intruding upon, interfering with, or sabotaging the normal operation of others' AI.

### **ARTICLE 33 – OBLIGATION TO REMEDY AND NOTIFY**

AI developers and providers must enhance risk monitoring. Upon discovering security defects, vulnerabilities, or other risks, immediate remedial actions should be taken.

When an AI developer detects a safety incident related to the AI they have developed, they must immediately take remedial actions and notify the AI provider, who shall then fulfill their notification obligations as per the third provision of this article. The AI provider should also immediately take remedial actions, inform the users promptly as per national regulations, and report the following to the relevant authorities:

- a. The occurrence and impact scope of the safety incident;*
- b. The remedial actions already taken by the AI provider, as well as potential actions that users can take to mitigate harm;*
- c. The contact information of the AI provider.*

If the measures taken by the AI provider can effectively prevent substantial harm to users, notifying the users may be deemed unnecessary. However, if the National AI Administrative Authority believes the situation could be harmful, it reserves the right to require the provider to notify affected users.

Upon discovering a safety incident or receiving notification of such from the provider, AI developers should immediately perform an assessment. If the assessment reveals risks that originated during the development stage, the developer must immediately notify other AI providers and temporarily suspend or remove the affected AI products or services until the risks are resolved. Upon receiving such notification, other AI providers

must immediately take remedial actions to manage the risks associated with their products and services.

## **ARTICLE 34 – OBLIGATION FOR OPENNESS AND TRANSPARENCY**

AI providers offering AI services that interact with individuals should inform these individuals in a simple, clear, and easily understandable manner that they are interacting with an AI service before they begin using it. Exceptions are made when the usage scenario itself makes it evident that individuals are interacting with AI.

Providers of Deep Synthesis services should also, in accordance with national regulations, provide reasonable labeling for the synthesized content to inform the public that it has been deep-synthesized.

Before users start using an AI service, AI providers should appropriately inform users of the following:

- a. The basic principles, intended purpose, and main operating mechanisms of the product or service;*
- b. Public information on the licensing or record-keeping of the product or service;*
- c. The rights and remedies available to the user;*
- d. Any other information required by laws or administrative regulations.*

AI providers should comprehensively consider factors such as the usage scenario, nature of the product or service, target audience, and industry technological development levels to ensure that special groups like minors, seniors, and individuals with disabilities can understand the aforementioned information.

AI developers should cooperate with providers to fulfill these obligations.

No organization or individual may use technical means to delete, tamper with, or hide AI labeling.

## **ARTICLE 35 – OBLIGATION FOR EXPLAINABILITY**

For AI products and services that have a significant impact on individual rights and interests, users of the AI have the right to request explanations from the providers about the decision-making process and methods of the products and services. Users have the

right to complain about unreasonable explanations. Providers should take into account factors such as risk, usage scenarios, and industry technological development levels to provide timely feedback on the users' requests. Developers should cooperate with providers to fulfill the obligations outlined in this article.

### **ARTICLE 36 – OBLIGATION FOR FAIRNESS**

AI developers should take necessary measures during the processes of data handling and labeling, algorithmic model design, development, and validation testing to effectively prevent harmful biases and discrimination.

AI providers should enhance the stewardship of input and output data during the provision of products and services, effectively preventing harmful biases and discrimination.

### **ARTICLE 37 – RISK MANAGEMENT**

AI providers should consider various factors such as the scenario, nature, audience, and level of industry technological development of the products and services, and establish and implement a comprehensive lifecycle risk management system. Before and during the use of the products and services, AI providers should identify and assess the risks associated with the AI and take reasonable and necessary measures to control these risks. AI providers must retain records of risk identification, assessment, and management, and the retention period should not be less than two years.

AI developers should establish and operate a risk management system for the development processes including design, data collection and training, model selection, and validation testing. They should identify the risks associated with AI and take reasonable and necessary measures to reduce these risks. While ensuring the protection of trade secrets, AI developers should cooperate in providing risk assessment and management records to support AI providers in fulfilling their risk management obligations for AI services. AI providers should retain records of risk assessment and management, with a retention period of not less than three years.

### **ARTICLE 38 – SECURITY ASSESSMENT**

AI developers and providers should carry out security assessments in accordance with national regulations.

## **ARTICLE 39 – ETHICAL REVIEW OF TECHNOLOGY**

AI developers and providers should conduct technology ethics reviews in accordance with national regulations.

## **ARTICLE 40 – AUTHORIZED REPRESENTATIVES**

As per the second provision of Article 2, AI developers and providers from outside the People's Republic of China should establish specialized institutions or designate representatives within the territory of the People's Republic of China. These entities or individuals will be responsible for handling AI-related affairs. Information such as the name of the institution or the representative, along with their contact details, should be submitted to the National AI Administrative Authority.

## **SECTION 2: OBLIGATIONS OF ARTIFICIAL INTELLIGENCE DEVELOPERS**

### **ARTICLE 41 – ENHANCED OBLIGATIONS FOR AI DEVELOPERS ON THE NEGATIVE LIST**

AI developers falling under the Negative List are obligated to comply with the following requirements:

- a. Develop and maintain technical documentation that meets the requirements of this law, and cooperate with providers in fulfilling relevant duties;*
- b. During the development process, establish and operate a quality management system that conforms to the requirements of this law, and cooperate with providers in fulfilling relevant duties;*
- c. Conduct security assessments during the development process, and cooperate with providers in fulfilling relevant duties;*
- d. Comply with other obligations as stipulated by laws and administrative regulations.*

### **ARTICLE 42 – SPECIAL OBLIGATIONS FOR DEVELOPERS OF FOUNDATION MODELS**

Developers of foundation models should abide by the following requirements:

1. **Administrative Licensure for Negative List Activities:** For development activities falling within the Negative List, they should legally obtain administrative licenses from the National AI Administrative Authority. For activities outside the Negative List, they should conduct or have a third-party conduct a risk assessment to ensure no risk or controllable risk.
2. **Security and Risk Management:** Establish a robust security and risk management system in accordance with national regulations, for timely and effective prevention, monitoring, and handling of risks to national security, public interest, economic order or the legitimate rights/interests of individuals and organizations.
3. **Model and Data Stewardship:** Establish a comprehensive model and data stewardship system in accordance with national regulations.
4. **Openness, Fairness, and Justice Principles:** Formulate the usage rules for foundation models adhering to principles of openness, fairness, and justice. Specify the obligations that developers and providers using the foundation models must fulfill and prohibit the abuse of market dominance.
5. **Assistance:** Provide necessary assistance to other developers and providers to fulfill obligations stipulated in this law.
6. **Sanctions for Violations:** For developers and providers who seriously violate the provisions of this law, take necessary measures such as discontinuing services.
7. **Independent Oversight Body:** Establish an independent institution mainly composed of external members to oversee the development of foundation models.
8. **Social Responsibility Reports:** Publish annual social responsibility reports and subject themselves to social supervision.

### **SECTION 3: OBLIGATIONS OF ARTIFICIAL INTELLIGENCE PROVIDERS**



## **ARTICLE 43 – REGISTRY OBLIGATIONS**

AI providers that are not on the Negative List must register the following information with the State's National AI Administrative Authority within ten working days from the day they start providing products or services:

- a. **Contact Information:** *Name or business name and contact details of the AI provider.*
- b. **Details of AI Product/Service:** *Trademarks or names, the form of provision, application areas, algorithm types, and a self-assessment report on security.*
- c. **Content to be Publicized in the Record:** *Information that is intended to be made public as part of the registration.*
- d. **Other Information:** *Any other information required by laws or administrative regulations.*

If there are any changes in the registered information, these must be updated within ten working days from the day the changes occurred.

AI service providers who have completed the registry process should prominently display their filing number on their external service websites, applications, and other such platforms.

## **ARTICLE 44 – REGISTRY PROCESS**

Upon receiving the filing materials, the National AI Administrative Authority should confirm whether the materials are complete. If the Authority deems the materials to be complete, it should complete the filing process within five working days, issue a registry number, and make it public. If the materials are found to be incomplete, the Authority should notify the individual or entity who submitted the filing to supplement the materials within three working days.

## **ARTICLE 45 – EXEMPTION FROM REGISTRY OBLIGATIONS**

AI providers who meet all the following conditions may be exempted from the registry obligations:

- a. *The product or service provided does not affect personal safety of citizens;*
- b. *The product or service provided does not have attributes that can influence public opinion or mobilize society;*

- c. The product or service provided does not have the functionality to process sensitive personal information;*
- d. The situation does not fall under the circumstances where registry is mandated by laws or administrative regulations.*

Laws, administrative regulations, or the National AI Administrative Authority may specify other situations where registry obligations may be exempted.

## **ARTICLE 46 – AUDIT OBLIGATIONS**

AI providers should conduct an audit at least once every two years to verify the compliance of input data, algorithmic models, and output data, and to review and assess whether the AI products and services comply with laws and administrative regulations.

## **ARTICLE 47 – INTERNAL MANAGEMENT SYSTEMS**

AI providers should take the following measures to ensure that AI complies with laws and administrative regulations:

- a. Establish internal systems and corresponding operational procedures for data security, risk control, and quality management;*
- b. Keep logs automatically generated by the provision of AI products and services;*
- c. Regularly conduct education and training for employees;*
- d. Adopt compliant technical measures to ensure robustness and resistance to attacks;*
- e. Other measures as stipulated by laws and administrative regulations.*

## **ARTICLE 48 – TERMINATION MECHANISM**

When an AI provider terminates the provision of products or services, the following appropriate arrangements should be made:

- a. Publicize the termination plan and user rights at least 30 working days in advance;*
- b. Delete users' personal information within 30 working days from the date of termination. According to relevant national regulations, necessary handling of data generated during the provision of AI products and services, training data, and algorithmic models should be carried out;*

*c. Other measures as stipulated by laws and administrative regulations.*

## **ARTICLE 49 – LICENSE REVOCATION**

AI providers within the Negative List should notify the competent authority at least 30 working days in advance, providing relevant details, and return the license to the original licensing authority after terminating the service.

AI providers not on the Negative List should complete the procedures for revoking the record within 20 working days from the date of terminating the service.

## **ARTICLE 50 – ENHANCED OBLIGATIONS FOR NEGATIVE LIST AI PROVIDERS**

AI providers within the scope of the Negative List shall also fulfill the following obligations:

- a. Conduct security assessments in accordance with the requirements of this law to ensure that operations are secure and robust;*
- b. Develop and retain technical documentation that complies with the requirements of this law, to demonstrate that the provided AI systems meet the law’s stipulations for AI systems on the Negative List;*
- c. Establish and operate a full-lifecycle quality management system that conforms to the requirements of this law;*
- d. Ensure that during the autonomous operation of AI products and services, humans have the ability to intervene or take control at any time;*
- e. Any other obligations prescribed by laws or administrative regulations.*

# CHAPTER V

# COMPREHENSIVE AI GOVERNANCE MECHANISM

## **ARTICLE 51 – RESPONSIBILITIES OF THE NATIONAL AI ADMINISTRATIVE AUTHORITY**

The National AI Administrative Authority shall exercise the following administrative responsibilities for AI in accordance with the law:

- 1. Conduct ethics and safety education and promotion for AI, and provide guidance and supervision for the development, provision, and usage of AI;*
- 2. Formulate AI regulatory rules and guidelines, and organize the development of standards concerning AI ethics, safety, and management;*
- 3. Organize the monitoring, evaluation, and auditing of AI technologies, and guide professional organizations in conducting activities in accordance with the law;*

4. *Establish an AI risk monitoring and early warning system, and organize the acquisition, analysis, assessment, and early warning of risk information in the field of AI;*
5. *Establish an emergency response mechanism for AI safety incidents;*
6. *Receive and handle complaints and reports related to the development, provision, and usage of AI technologies and products;*
7. *Investigate and address unlawful activities in the development, provision, and usage of AI;*
8. *Any other responsibilities prescribed by laws or administrative regulations.*

## **ARTICLE 52 – SECURITY REVIEW SYSTEM**

Those engaged in the R&D or provision of artificial intelligence that impacts or may impact national security shall undergo a security review in accordance with relevant national regulations.

Decisions made in accordance with the security review process specified in laws shall be considered final.

## **ARTICLE 53 – TIMEFRAME FOR PRELIMINARY PROCEDURES**

AI developers, providers, and users who, in accordance with this law and relevant national regulations, submit applications for security reviews, registries, or administrative licenses for new AI technologies and applications, shall be provided with a clear working timeframe by the National AI Administrative Authority. The Authority shall process and respond to the applications promptly within the specified timeframe.

## **ARTICLE 54 – INTERVIEWING**

If the National AI Administrative Authority and local AI administrative authorities at all levels, in the course of fulfilling their responsibilities, discover that activities related to the R&D or provision of AI pose significant risks or have resulted in safety/security incidents, they may, in accordance with specified authorities and procedures, interview the relevant AI developers or providers and require them to take the following measures:

- a. *Implement corrective actions as specified to eliminate potential risks;*
- b. *Provide an appropriate explanation of their R&D, and provisioning activities, clarify responsibilities related to the development, management, and operation of*

- AI services, discuss measures taken to ensure fairness, safety, and stability, and assess the impact on stakeholders;*
- c. Commission a professional organization to conduct a compliance audit of their AI R&D and provisioning activities.*

If AI developers and providers commit to timely corrective actions to achieve compliance, and can effectively avoid causing harm through their AI R&D, provision, or usage activities, they may not be required to suspend relevant activities. However, if the National AI Administrative Authority deems that potential harm may occur, it may order the suspension of such activities.

## **ARTICLE 55 – INNOVATIVE REGULATION**

In cases where minor violations occur in the activities related to the R&D, provision, and use of AI, and the National AI Administrative Authority decides not to administer administrative penalties according to the law, the Authority should adopt measures such as criticism and education, guidance interviews, and organizing consultative meetings to encourage the parties involved to conduct their activities in the AI industrialization in a lawful and compliant manner.

## **ARTICLE 56 – REGULATORY SANDBOX**

The National AI Administrative Authority shall establish an AI regulatory experimentation mechanism and issue specific regulations and guidelines concerning the following matters:

- a. Conditions for participating in the regulatory experimentation;*
- b. Operational mechanisms of the regulatory experimentation;*
- c. Risk monitoring and prevention measures in the regulatory experimentation;*
- d. Obligations and liability reduction mechanisms for AI developers and providers participating in the regulatory experimentation.*

## **ARTICLE 57 – LAW ENFORCEMENT**

The National AI Administrative Authority should strengthen the development of specialized teams and specialized technology to improve the efficiency of AI regulatory and enforcement activities.

The National AI Administrative Authority should legally establish administrative enforcement procedures within its system and set up an administrative enforcement supervision mechanism.

## **ARTICLE 58 – GOVERNANCE THROUGH TECHNOLOGY**

The State shall support enterprises, research institutions, and other organizations in researching and developing technologies related to AI monitoring and early warning, security assessment, and emergency response. It encourages the application of regulatory technology (RegTech) and compliance technology (ComplianceTech) in the field of artificial intelligence.

## **ARTICLE 59 – COUNTERMEASURES AGAINST FOREIGN ENTITIES**

If overseas organizations or individuals engage in AI R&D, provision, or usage activities that infringe upon the legitimate rights and interests of citizens of the People's Republic of China, or endanger the national security or public interests of the People's Republic of China, the National AI Administrative Authority may legally adopt measures to restrict or prohibit their AI R&D, provision, or usage activities within the territory of the People's Republic of China and shall make a public announcement thereof.

## **ARTICLE 60 – RECIPROCAL MEASURES**

If any country or region adopts discriminatory prohibitions, restrictions, or similar measures against the People's Republic of China in aspects related to AI R&D, investment, trade, etc., the People's Republic of China may take reciprocal measures against that country or region based on the actual circumstances.

# CHAPTER VI

# LIABILITIES

## ARTICLE 61 – GENERAL LIABILITIES

For violations of the provisions of this law in conducting R&D and provision activities, the National AI Administrative Authority shall order corrections, issue warnings, confiscate unlawful gains, and order the suspension or termination of relevant operations. Those who refuse to correct the violations shall be fined up to one million yuan; the directly responsible supervisors and other personnel directly liable shall be fined between ten thousand and one hundred thousand yuan.

For violations as specified in the preceding paragraph that are severe, the National AI Administrative Authority shall order corrections, confiscate unlawful gains, and impose a fine of up to ten million yuan or up to four percent of the previous year's turnover. The Authority may also order the suspension of relevant operations, or issue orders for business rectification, or notify relevant supervisory authorities to revoke the relevant business license or business operation permit. Fines of between one hundred thousand and one million yuan shall be imposed on the directly responsible supervisors and other personnel directly liable.



## **ARTICLE 62 – DISCRETIONARY METHODS FOR ADMINISTRATIVE FINES**

Fines stipulated in this law may serve as a supplement to or substitute for corrective measures. When the National AI Administrative Authority determines the amount of an administrative fine, it shall adhere to the principles of legality, proportionality, fairness and justice, integration of punishment and education, and comprehensive discretion. The following factors should be fully considered:

- 1. The nature, severity, duration, and impact of the violation, as well as the extent and degree of damage caused;*
- 2. Whether the violation was intentional or negligent;*
- 3. Whether remedial measures have been taken to mitigate the potential loss caused by the violation;*
- 4. Whether the National AI Administrative Authority was notified in accordance with the provisions of this law;*
- 5. Whether reasonable and effective organizational and technical measures have been taken to manage the risks of AI in accordance with this law;*
- 6. Whether compliance with AI and safety-related standards has been achieved or relevant certifications have been obtained;*
- 7. Prior violations;*
- 8. Other factors stipulated by laws and regulations that may aggravate or mitigate the penalty.*

## **ARTICLE 63 – LIABILITY FOR REGISTRY VIOLATIONS**

If an AI provider is required to file a registry but fails to do so, the National AI Administrative Authority shall issue a warning. In severe cases, a fine between ten thousand and one hundred thousand yuan may be imposed.

If an AI provider obtains registry through improper means, such as concealing relevant information or providing false materials, the National AI Administrative Authority shall revoke the registry, issue a warning, and make a public criticism. In severe cases, a fine between one hundred thousand and one million yuan may be imposed.

If an AI provider terminates its service without going through the procedures to cancel the registry, or if it is subjected to administrative penalties such as being ordered to shut down the website, having its relevant business permit revoked, or having its operation

license revoked due to serious legal violations, the National AI Administrative Authority shall cancel the registry.

## **ARTICLE 64 – CREDIT SANCTIONS**

For those who have committed illegal acts as stipulated in this law, a record shall be made in the credit files in accordance with relevant laws and administrative regulations, and it shall be made public.

## **ARTICLE 65 – CIVIL TORT LIABILITY**

If the R&D or provision of AI infringes on individual rights and causes damage, the developer or provider shall bear tort liability such as compensation for damages, except where the developer and provider can prove that they are not at fault.

The compensation liability mentioned in the preceding paragraph is determined based on the loss suffered by the user or the affected individual or organization, or the benefits obtained by the developer or provider as a result of this. If the loss suffered by the user or the affected individual or organization and the benefit gained by the provider are difficult to determine, the amount of compensation will be determined based on the actual case.

## **ARTICLE 66 – ADMINISTRATIVE REDRESS**

Citizens, legal persons, or other organizations that disagree with the administrative actions taken by the competent authorities for artificial intelligence may apply for administrative reconsideration or file an administrative lawsuit in a People's Court in accordance with the law.

## **ARTICLE 67 – PUBLIC INTEREST LITIGATION**

If the provision of artificial intelligence violates the provisions of this law and infringes the rights of a large number of individuals, the People's Procuratorate, consumer organizations stipulated by law, and organizations determined by the National AI Administrative Authority can file a lawsuit in the People's Court in accordance with the law.

## **ARTICLE 68 – ADMINISTRATIVE PENALTIES AND CRIMINAL LIABILITIES**

Violations of the provisions of this law that constitute violations of public security administration shall be punished in accordance with the law. If a crime is constituted, criminal liability shall be pursued in accordance with the law.

## **ARTICLE 69 – POST-COMPLIANCE NON-PROSECUTION**

If the developer or provider of artificial intelligence violates the provisions of this law and assumes administrative liabilities, and their compliance history is assessed to meet effectiveness standards, they will be exempted from punishment for minor violations in accordance with the law.

If the violation constitutes a crime and the involved enterprise's compliance history meets effectiveness standards upon assessment, the People's Procuratorate may decide not to approve arrest, change coercive measures, or not prosecute based on the assessment results. It can also propose lenient sentencing suggestions or provide prosecution opinions on lenient punishment or disciplinary action to the relevant competent authority.

## **ARTICLE 70 – LIABILITY FOR FAILURE TO PERFORM OBLIGATIONS BY STATE ORGANS**

State organs engaged in the R&D, provision, and use of artificial intelligence shall strictly comply with the obligations defined by this law. Failure to perform the obligations stipulated by this law shall be corrected by its higher-level organ or the National AI Administrative Authority; legal disciplinary action shall be taken against those directly in charge and other directly responsible personnel.

State employees who neglect their duties, abuse their powers, or engage in corruption without constituting a crime shall be disciplined in accordance with the law.

In cases that do not constitute by-law faults of administrative enforcement, the administrative enforcement liability of relevant personnel will not be pursued.

# CHAPTER VII

# SUPPLEMENTARY

# PROVISIONS

## ARTICLE 71 – DEFINITIONS

The following terms in this law have the definitions as described below:

- a. ***Artificial Intelligence** refers to automated systems that operate with a certain level of autonomy, serving specific or general objectives and capable of affecting physical or virtual environments through prediction, recommendation, or decision-making. This includes data, features, models, service provision interfaces, and embedded terminal devices.*
- b. ***Artificial Intelligence Developers** refer to individuals or organizations solely engaged in activities such as algorithm design, training data labeling, feature extraction, model training and optimization, testing deployment, and the free and open-source provision of artificial intelligence research and development.*
- c. ***Artificial Intelligence Providers** refer to individuals or organizations that provide AI or related technical support for commercial purposes, or regardless of commercial intent, offer AI or related technical support to the public. This does*

- not include individuals or organizations that provide AI for free and as open-source.*
- d. **Artificial Intelligence Users** refer to individuals or organizations that utilize AI according to its capabilities and purposes.*
  - e. **Foundation Models** refer to artificial intelligence models trained on large datasets and serving general purposes, capable of providing technical support for a wide range of downstream services.*

## **ARTICLE 72 – IMPLEMENTATION DATE**

This law shall come into effect on [Day] [Month] [Year].

## **ARTICLE 73 – NEGATIVE-LIST DISCLOSURE SYSTEM**

The National AI Administrative Authority shall publish the Artificial Intelligence Negative List no later than six months before the implementation of this law, and promptly make it public after periodic updates.

Should there be any suggestions, comments, or questions,  
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