

# China Corporate Bulletin

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## In This Issue....

- MOC Issues First Ministry-Level Regulation on Online Games



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**Welcome to White & Case's monthly China Corporate Bulletin. This bulletin covers recent corporate regulatory developments and news in the PRC and Hong Kong, ensuring you stay up to date on the latest market issues.**

## MOC Issues First Ministry-Level Regulation on Online Games

On June 3, 2010 Ministry of Culture ("MOC") issued the *Tentative Measures on the Administration of Online Games* (the "**Tentative Measures**"), which will come into effect on August 1, 2010. As the first ministry-level rules specifically governing the regulation of China's lucrative online games market, the Tentative Measures cover online games' operation, research and development, as well as the issuance and trade of virtual currency. Highlights of the Tentative Measures are as follows:

### Tentative Measures Raise the Threshold for Online Culture Operating License

Enterprises engaging in the operation of online games must apply for an Online Culture Operating License (the "**License**") issued by MOC. A License applicant must provide, at a minimum, its name, domicile, organization structure, articles of incorporation and business scope, as well as show that its employees comply with national rules and its registered capital is not less than RMB 10 million. The registered capital amount is a significant increase from the previous threshold of RMB 1 million.

### Imported Online Games Are Subject to MOC's Content Review whereas Domestic Online Games Are Subject Only to a Record Filing with MOC

After obtaining the License, online games enterprises must also obtain MOC's approval for the content of imported online games when (i) they become the exclusive licensee of the game (the "**Domestic Licensee**") or (ii) when they have materially changed the content of an approved game. An applicant of MOC's content approval must be an exclusive licensee of the imported online game. If an online game's Domestic Licensee changes, the proposed new Domestic Licensee must re-apply for MOC's content approval of the same game. "Material changes" include but are not limited to significant changes of a game's storyline, language, characters' images, task design, economic system, systems of production and construction, and sound effects.

In contrast, no content approval is required for domestic online games. Online games enterprises only need to file a notification with MOC (i) within 30 days of the operation of a domestic online game or (ii) within 30 days of materially changing the game's content.

In light of one of our previous updates regarding the battle between the two online games approval authorities' (i.e., General Administration of Press and Publication ("**GAPP**") and MOC) over who regulates online gaming, the Tentative Measures appear to clarify MOC's role as the "main authority regulating the online games" responsible for approving the content of imported online games. However, online games enterprises must still obtain GAPP approval for the publication of online games. For imported online games, GAPP's approval entails the certification of the intellectual property owner and the licensing agreement.

Please refer to the full Chinese text of the Tentative Rules via the following link:

[http://www.ccnt.gov.cn/xxfb/zwxx/ggtz/201006/t20100622\\_80225.html](http://www.ccnt.gov.cn/xxfb/zwxx/ggtz/201006/t20100622_80225.html)

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