China draft
Personal Information Protection Law (PIPL)
General introduction and impact analysis

May 2021
Introduction of the draft Personal Information Protection Law (PIPL)

Background of Draft PIPL
As data privacy is getting prioritized worldwide, many countries have started to frame relevant laws and regulations in recent years on personal information protection. PIPL is the new data privacy law in China, targeted at personal information protection and addressing the problems with personal data leakage. The PIPL is applicable to organizations and individuals who process personally identifiable information (PII) in China. This includes organizations and individuals that are located outside of China but processing, analyzing or accessing PII of individuals in China. The first draft was submitted to the National People’s Congress of the People’s Republic of China for review in early October 2020. Below is the enactment timeline of the law anticipated before the end of 2021:

- First PIPL draft submitted to National People’s Congress of China: 13 OCT 2020
- PIPL draft opened for public commenting: 21 OCT 2020
- Public commented closed and pending internal review: 29 Days (21 OCT + 8 Days)
- Possible enactment date*: Year 2021
- Timeline of the law
- **8 Days**
- **29 Days**
- **1 Year**

*There is currently no official announcement about the official enactment date of this law. However, by taking reference to the panel discussion of the IAPP’s Global Privacy Summit Online 2021, the finalization of the laws is likely to happen before the end of 2021. (Source: https://iapp.org/news/a/china-india-could-finalize-privacy-legislation-by-years-end/?mkt_tok=MTM4LUVaT5owNDIADAAF8mTRQJo2HuPvZcHNtQ5ER7qemVXXS_nLOjy_IInmqbK8m7mtVqF7eT1H5YnWpJvVfyh_3lwzq085JeW2Z2VpWjy)
Key highlights and our interpretation of the draft PIPL

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| Obtain Consent of Individuals for Data Handling | Article 24: Notifications to, and explicit consent from the data subjects when third parties are involved in the PII processing. | All matters related to PII processing activities, including the identity and contact details of data recipients must be provided to data subjects. Consent must be obtained prior any PII processing. | When PII rights and interests are infringed, PII handlers need to compensate the individuals for:  
  • the loss the individuals suffered  
  • the benefit obtained by the PII handler(s)  

Lawsuit filed to a People's if the infringement involves many individuals. |
| Organizational Governance | Article 50: PII processors to adopt security measures to prevent unauthorized access and protect the PII from data leakage, theft, distortion of deletion. | PII processors should adopt security measures to protect the PII collected (e.g. applying data encryption, providing security training and education to employees). | Below impacts and penalties will be resulted if PII processors fail to comply to the requirements stipulated in this law:  
  • Confiscate unlawful income  
  • Issue warning  
  • A fine of up to 50,000,000 RMB or 5% annual revenue  
  • Suspension of related business activities  
  • Cessation of business for rectification  
  • Cancellation of professional licenses or business permits.  
  • Additional fine of max. 1,000,000 RMB if correction is refused |
| Rights of Individuals | Article 44, 45, 46 & 48: Data subjects’ rights access or correct the PII, and to know, decide or request for the explanation of the processing of their PII. | Individuals can decide whether organizations can process their PII and to what extent, or to make changes, or delete the PII collected. |  |
| Cross Border Data Transfer (CBDT) | Article 39: Notifications to, and explicit consent from the data subjects when their PII needs to be transferred outside of People’s Republic of China. | Notify the individual on the CBDT arrangement, ways to exercise their rights, and obtain consent. |  |
| Data Localization | Article 40: When CIIOs and PII processors process PII exceeding the amount set by CAC, they should pass a security assessment if they need to provide PII to any party outside the People’s Republic of China. | CIIOs and PII Processors who meet data volume threshold (to be determined) set by CAC shall pass the security assessment before cross-border data transfer can take place. |  |

*Note: Data volume threshold is not yet determined, but following the Measures for the Assessment of Personal Information and Important Data Exit Security (draft for comment) released in 2017 April, the data volume threshold was set to be 500,000 data subjects or 1,000 GB.*
How Deloitte can help

Our Success Stories
Our Deloitte Cyber professional team has the experience and knowledge to get you prepared for the major transition in handling data privacy related issues. Below are some recent successful stories of PIPL-specific and other data privacy law challenges, which may also apply to you:

Conduct digital and privacy assessments under business resilience, covering the obligations and readiness for the enactment of PIPL

Find the ideal method and implement the strategy for you to access global client data in a secure compliant protocol under all these increasingly stringent data privacy laws (e.g. Cyber Security Law (CSL), PIPL)

Help you understand and realize your top technology risks to ensure business continuity and resilience of operations in China

Provide recommendations and support remediation of any related data privacy law gaps across business operations

Establish data privacy awareness and training program to raise staff awareness and ensure ongoing alignment to regulatory and policy requirements

Are you facing similar challenges?

Our Extended Service Offerings

Governance & Compliance
- Impact analysis of PIPL requirements and advisory on local / global security standards to meet regulatory requirements.
- Define the suitable and practical PIPL compliance management framework.

Gap Assessment
- Perform gap analysis and benchmarking against peers.
- Governance setup & tool implementation, including data & process discovery, process automation / enhancement.

Data Privacy & Protection
- Perform security & privacy risk analysis of your organization’s and your desired (Cloud) IT architecture.
- Develop appropriate data privacy & security solutions to protect PII

Technology & Digital
- Data discovery, mapping, and inventories; privacy-by-design advice and application; online and e-Privacy; digital asset risk assessment and management

DPO as a Service
- DPO as a service to support clients in becoming and staying compliant with data privacy laws and related regulations.
- Perform real-time security analytics with our global cyber threat intelligence insight to provide 24x7 Managed Security Services (MSS).

Cloud and Infrastructure Security
Wide range of innovative, end-to-end Cyber + Cloud capabilities tailored to your environments while enabling significant and secure digital transformation:
- Cloud governance and compliance
- Cloud infrastructure security
- Cloud security management
- Cloud security strategy and planning

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