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# Cyberspace Administration of China Issues Finalised Measures on Security Review of Network Products and Services

## Introduction

On 2 May 2017, the Cyberspace Administration of China (“CAC”) issued the final version of the Measures on Security Review of Network Products and Services (the “Measures”), which took effect from 1 June 2017, which is the same day that the Cyber Security Law entered into force.

## Scope of Security Review

Article 2 of the Measures provides that all important network products and services which are procured for use in networks and information systems that concern national security have to be subject to a security review.

The security review will focus on the safety and controllability of network products and services, which mainly includes a review of:

1. Security risks arising from the network products and services themselves, and risks that such products and services may be illegally controlled, interfered with or interrupted;
2. Supply chain security risks which may arise in the process of manufacturing, testing, delivering and providing technical support of network products and key components of such products;
3. The risk that providers of network products or services may illegally collect, store, process or use the user-related information in the course of providing such products or services;
4. The risk that providers of network products or services may make use of users’ reliance on such products or services to undermine the cybersecurity and interests of such users; and
5. Any other risks which may compromise national security.

## How Are Security Reviews Conducted?

A Network Security Review Committee (“NSRC”), to be established by the CAC in conjunction with relevant State departments, will be in charge of reviewing important policies concerning the security reviews, organising the security reviews, and dealing with important issues relating to the security reviews.

The NSRC will engage relevant experts to conduct a holistic assessment of the security risks associated with network products and services, as well as the reliability of the providers of such products and services. In accordance with applicable rules and based on recommendations from national industry associations and feedback



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from users, the NSRC will determine the subject of the review, engage third party organisations and experts to conduct the review, as well as disclose the findings, or part of the findings, from such review.

In addition, regulators of key sectors, including the finance, telecommunications, energy and transportation sectors, will be responsible for organising the security review in their respective industries.

## Obligations on Critical Information Infrastructure Operators

The Measures adopt the same definition of critical information infrastructure (“CII”) as that under Article 31 of the Cyber Security Law, i.e. public communications and information services, energy, transport, water conservation, finance, public services and e-government sectors. However, it is important to note that the list is non-exhaustive. CII operators are obliged to undergo a security review when they procure network products and services that can potentially affect national security. The question of whether the network products and services in question affect national security will be determined by the State Council, in accordance with the Cyber Security Law.

## Observations

While the Measures provide some form of guidance as to the administrative procedures relating to security reviews of network products and services, it is still not clear, other than the listed industries, what would constitute a CII and what are the assessment criteria for such security reviews. This makes it hard for CII operators and providers of network products and services to prepare for such security reviews pending the entry into force of the Cyber Security Law and the Measures. It is hoped that the CAC will provide more guidance in this area once it begins to implement and enforce the new legislation.

For further queries, please feel free to contact our team below.

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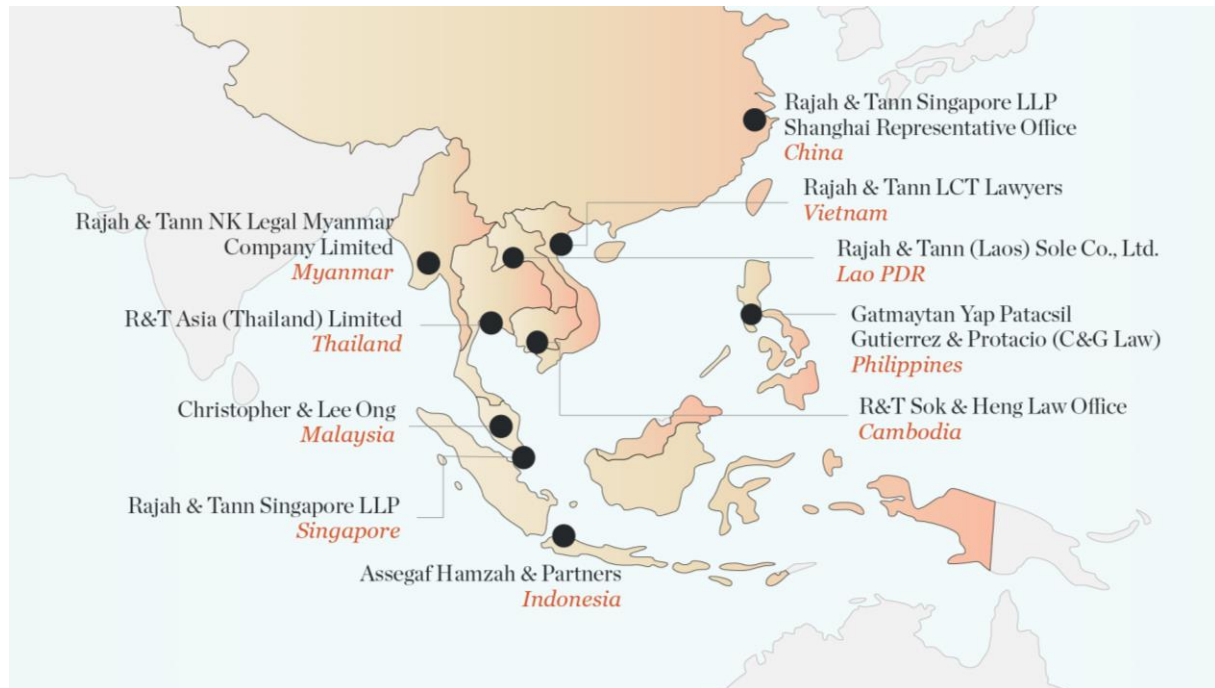
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