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Corporate Compliance & Legal Alert

February 2026



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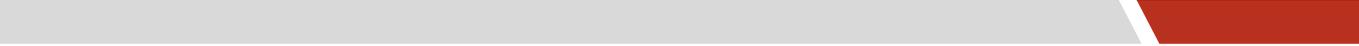
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Spotlight on News

1. **NHSA interviewed mental health medical institutions to take action against unlawful acts, including fabrication and forging documents.**

On February 4, 2026, the General Office of the National Healthcare Security Administration issued the *Notice on Conducting Collective Interviews with Designated Medical Institutions for Mental Illnesses* (hereinafter referred to as “**the Notice**”). The Notice aims to strengthen supervision over such institutions and crack down on illegal and irregular use of medical insurance funds.

The Notice requires provincial medical security authorities to organize collective interviews with the principals of all designated mental health institutions in their jurisdictions, publicize medical insurance laws, regulations and supervision policies, and conduct warning education based on media exposures and unannounced inspections. Institutions are required to conduct comprehensive self-inspection and rectification, focusing on illegal acts such as induced hospitalization, false hospitalization, fabricated conditions and treatments, forged documents, and irregular charges, so as to press the responsibilities of institutions and their principals. In addition, the National Healthcare Security Administration will carry out special unannounced inspections on such institutions, impose heavier penalties on violators and those failing to conduct proper self-inspection in accordance with laws and regulations, and refer serious cases to public security organs.

In recent years, with the rapid growth of demand for mental health services and the continuous improvement of medical security for mental health, the use of medical insurance funds by mental health institutions has expanded significantly. However, supervision practices have found that some institutions take advantage of the high subjectivity of mental illness diagnosis, long treatment cycles and complex efficacy evaluation to fraudulently obtain medical insurance funds by fabricating symptoms, extending hospital stays and inflating treatment items, which seriously undermines the fairness and sustainability of the medical insurance system. The issuance of the Notice targets the above regulatory difficulties with precise regulation, further strengthens the primary responsibility of medical institutions, and helps protect patients’ rights to medical treatment.

2. **Seven departments jointly provided administrative guidance on platform-based and courier companies, aiming to protect workers in new employment forms.**

According to a report by People’s Daily on February 9, 2026, the Ministry of Human Resources and Social Security, together with the Ministry of Social Work of the CPC Central Committee, the Cyberspace Administration of China, the Ministry of Transport, the State Administration for Market Regulation, the State Post Bureau and the All-China Federation of Trade Unions, recently conducted employment-related administrative guidance on several



leading platform and express delivery enterprises to protect the rights and interests of workers in new forms of employment.

The targets of this administrative guidance include, but are not limited to Meituan, Taobao Flash Sale, SF Intra-City Delivery, Freshippo, Didi, Lalamove, YTO Express and other companies, covering 16 leading enterprises in sectors such as food delivery, on-demand retail, online car-hailing, freight platforms and express logistics.

The meeting required relevant enterprises to: 1) Fully assume the primary responsibility for employment, and clarify their obligations to protect workers' basic rights and interests including remuneration, rest and leave, and workplace safety. 2) Continuously improve labor management and internal rules, optimize employment methods, and especially listen to the opinions of trade unions or workers on algorithm rules and performance appraisal, so as to effectively safeguard the rights and interests of workers in new forms of employment.

This administrative guidance represents the latest measure in a series of government actions to regulate the platform economy and protect workers in new forms of employment. It marks a shift of regulatory focus from general policy formulation to supervision and inspection of implementation by specific enterprises, aiming to encourage leading enterprises to set examples and promote overall improvement of the employment environment across the industry.

3. Shanghai Administration for Market Regulation published 10 typical cases of anti-unfair competition, involving false advertising, commercial bribery and infringement of trade secrets.

On February 5, 2026, the Shanghai Municipal Administration for Market Regulation released 10 typical cases of unfair competition to urge market entities to abide by laws and foster a fair competition environment. These cases involve illegal acts including commercial confusion, fake transactions and false publicity, commercial bribery, and infringement of trade secrets.

Among the typical cases, false promotion accounts for the largest proportion, covering many livelihood-related sectors such as online games, real estate, food and healthcare. For example, a real estate development company illegally added unplanned courtyards, water features and other facilities in the show flats for false promotion; a biotechnology company fabricated therapeutic effects such as "tumor prevention" for its products and conducted misleading promotion targeting elderly consumers; an information technology company developed and provided software tools to inflate live broadcast popularity, likes, comments and sales volumes, assisting multiple merchants in false promotion. The above illegal acts are characterized by diverse means, strong concealment and wide-ranging harm, and have all been severely investigated and punished by the regulatory authorities.



According to statistics from the Shanghai Municipal Administration for Market Regulation, market supervision departments in Shanghai investigated and dealt with more than 690 cases throughout the year. They vigorously enforced the newly revised *Anti-Unfair Competition Law*, carrying out special law enforcement actions in key areas including online transactions, medical and healthcare, e-commerce, and trade secret protection, and guided business entities to operate in compliance with laws and regulations. These typical cases are representative and warning examples from law enforcement practice, which demonstrate the firm stance of market supervision authorities in severely cracking down on all types of unfair competition acts, also drawing clear behavioral boundaries for business entities.

Legislation Updates

1. SAMR released Anti-Monopoly Guidelines for online platforms, emphasizing compliance responsibilities of platform operators.

On February 13, 2026, the State Administration for Market Regulation issued the *Guidelines for Anti-Monopoly Compliance on Internet Platforms* (hereinafter referred to as “**the Guidelines**”). The Guidelines put forward general requirements for anti-monopoly compliance management of internet platforms, requiring platform operators to assume primary responsibility for anti-monopoly compliance, and prohibiting them from committing monopolistic acts banned by the *Anti-Monopoly Law of the People’s Republic of China* by leveraging data, algorithms, technology, capital advantages, and platform rules.

Based on the characteristics, business models and competition rules of the platform economy, the Guidelines define three regulated subjects: internet platforms, platform operators, and merchants on platforms. The Guidelines also identify new types of monopolistic risks in eight scenarios, including algorithmic collusion between platforms; organizing or assisting merchants on platforms to reach monopoly agreements; unfair high pricing by platforms; sales below cost by platforms; blocking or shielding services; “choose one between two” practices; “lowest price across the entire network” requirements and discriminatory treatment by platforms. The Guidelines focus on four categories of monopolistic risks: monopoly agreements, abuse of dominant market position, concentrations of undertakings, and abuse of administrative power to eliminate or restrict competition, drawing clear legal red lines for platform operators.

The issuance of the Guidelines translates core provisions of anti-monopoly laws and regulations into identifiable behavioral boundaries, providing effective guidance for platform operators to strengthen anti-monopoly compliance management. It should be noted that the Guidelines provide general guidance for anti-monopoly compliance and are not mandatory. Platform operators and relevant industry associations may refer to the Guidelines to establish and improve anti-monopoly compliance systems and optimize compliance mechanisms based on their own conditions.

2. Eight authorities issued a document to prevent and address risks of virtual currencies and RWA tokenization.

On February 6, 2026, the People’s Bank of China, together with seven other departments including the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Public Security, the State Administration for Market Regulation, the National Financial Regulatory Administration, the China Securities Regulatory Commission, and the State Administration of Foreign Exchange, issued the *Notice on Further Preventing and Addressing Risks Related to Virtual Currency and Real World Asset*



Tokenization (hereinafter referred to as “**the Notice**”), to further prevent and address risks associated with virtual currency and the tokenization of real-world assets.

The Notice clarifies that virtual currencies do not hold the same legal status as fiat currency, and domestic virtual currency exchange activities are illegal financial activities that are strictly prohibited and will be banned accordingly. Without approval, domestic and foreign entities are prohibited from issuing stable coins pegged to the renminbi overseas, and foreign entities are prohibited from illegally providing related services to domestic entities. Meanwhile, the Notice defines the tokenization of Real World Assets (RWA), including real estate, stocks, bonds, gold, artworks, and intellectual property, as “activities that convert asset rights into tokens using encryption technology for issuance and trading”. Related domestic activities, as well as unauthorized intermediary or IT services, are prohibited. Financial institutions and internet companies are barred from providing support such as accounts, clearing and settlement, custody, marketing, or traffic redirection for such businesses. Strict supervision will be imposed on domestic entities issuing virtual currencies overseas or conducting overseas RWA tokenization based on domestic assets.

Case Study

1. Beijing Municipal Human Resources and Social Security Bureau Releases Typical Labor Arbitration Cases: Unilateral termination at original retirement age under deferred retirement policy is forbidden.

- **Facts**

Yan, born on January 17, 1965, worked as a boiler operator at a hotel. On January 8, 2025, without consulting Yan to determine his retirement date, and despite Yan not having voluntarily chosen early flexible retirement, the hotel unilaterally notified him to go through the procedures for terminating the labor contract on January 17, 2025. The reason given was that "Yan will turn 60 on January 17, 2025, having reached the statutory retirement age stipulated by the state." Yan objected to this, arguing that under the delayed retirement policy, his statutory retirement age should be correspondingly postponed to February 17, 2025. On January 17, 2025, the hotel revoked Yan 's access to his key card, meal card, etc. Subsequently, Yan believed the hotel's actions were illegal and applied to the arbitration committee for arbitration, requesting that the hotel pay compensation for the unlawful termination of the labor contract.

- **Judge's Viewpoint**

The arbitration committee held that, in accordance with the *State Council's Measures for Progressively Delaying the Statutory Retirement Age* and its supporting regulations, China has implemented a policy of progressively delaying the statutory retirement age since January 1, 2025. This policy safeguards employees' right to independently choose their retirement age in a flexible and orderly manner. The flexible retirement mechanism established under the delayed retirement policy explicitly requires that when an employee reaches the statutory retirement age, the employer shall negotiate with the employee to determine the retirement date and must not force or covertly force the employee into early retirement against their will. Furthermore, Article 2 of the *Interim Measures for Implementing the Flexible Retirement System* stipulates that if an employee voluntarily chooses flexible early retirement, they must fulfill the obligation to provide a three-month written notice.

The focus of the dispute in this case is whether an employer's act of terminating the labor contract is lawful when the employee has reached the original statutory retirement age but has not yet reached the new statutory retirement age under the implemented delayed retirement policy. In this case, Yan was born on January 17, 1965. According to the law, Yan's statutory retirement age should be delayed to February 17, 2025, rather than January 17, 2025, which corresponded to the original retirement policy. Therefore, the



hotel's reliance on the old retirement age standard as the basis for terminating the labor contract lacked support from current laws and policies. Additionally, Yan did not actively choose flexible early retirement, nor did the two parties negotiate and reach an agreement on the retirement date. Under these circumstances, the hotel's unilateral issuance of the termination notices directly deprived Yan of his right, granted under the new policy, to negotiate and determine his retirement date. This constituted an unlawful termination, and the hotel shall bear the liability for paying compensation in accordance with the law.

2. Shanghai No.2 Intermediate People's Court: Employer's subsequent dismissal for serious misconduct after imposing a lenient penalty constitutes unlawful termination.

- **Facts**

Wang has had an employment relationship with Company A since 2005, and the last labor contract signed by both parties was for the period from July 1, 2024, to June 30, 2026. Company A and Company B have entered into a service outsourcing agreement, under which Wang was assigned to work for Company B in the form of labor outsourcing. The labor contract between Wang and Company A stipulates that if Wang seriously violates the company's labor discipline, rules and regulations, or the terms of the labor contract, or commits an act such as receiving two written warnings for violating the company's labor discipline and then committing another error warranting a written warning, the company may immediately terminate the labor contract without paying any economic compensation.

In 2024, Wang received four disciplinary violation processing forms from Company B, which included one oral reprimand on March 25, one written warning on July 20, and two oral warnings on August 23 and October 14. On October 17, 2024, Wang received a notice of termination of the labor contract issued by Company A, stating that on October 16, 2024, Company B had sent a notification to Company A regarding Wang's four disciplinary violations during the year and had returned Wang to Company A. Based on the labor contract and the provisions of the Labor Contract Law, and with the consent of the trade union, Company A decided to terminate the labor relationship with Wang effective October 17, 2024.

Wang believed that his disciplinary violations were relatively minor and did not accept Company A's decision to terminate the contract. Therefore, he applied to the arbitration committee for arbitration, claiming economic compensation for the termination of the labor contract. After reviewing the case, the arbitration committee held that the circumstances under which the labor contract between Wang and Company A were terminated did not meet the statutory conditions for economic compensation and thus rejected Wang's arbitration claim. Dissatisfied with the arbitration ruling, Wang filed a lawsuit with the



court of first instance and amended his claim to seek compensation from Company A for illegal termination of the labor contract. After trial, the court of first instance held that Company A's termination was lawful and dismissed Wang's claim. Wang refused to accept the judgment and appealed to the Shanghai No. 2 Intermediate People's Court.

- **Judge's Viewpoint**

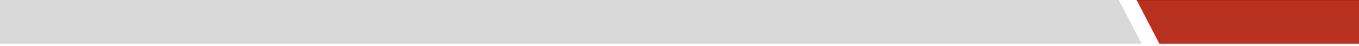
Shanghai No. 2 Intermediate People's Court held that an employer has the right to manage its employees and the authority to impose disciplinary actions for violations of labor discipline. However, terminating the labor relationship is the most severe disciplinary measure against an employee, and employers should exercise this right with caution. When formulating internal rules and regulations, employers have already exercised their autonomous management rights by clearly stipulating the penalties applicable to various types of disciplinary violations. Under such circumstances, if an employer voluntarily imposes a lighter penalty on an employee for a violation, rather than cumulatively applying a more severe penalty that could have been imposed, the employer should reasonably anticipate and bear the consequences of such a decision. Therefore, if the employer subsequently disregards the provisions of its own rules and regulations and terminates the labor contract on the grounds of a serious violation of those rules after having imposed a lighter penalty, such action not only violates the principle of good faith but also contradicts the employee's reasonable expectations and lacks legitimacy.

After deliberation, the collegial panel held that the company's reward and punishment regulations, based on which Company B imposed disciplinary actions on Wang, further stipulate that if an employee commits a second act warranting a reprimand and counseling within six months, an oral warning shall be issued; if an employee commits a second act warranting an oral warning within six months, a written disciplinary action shall be taken; and if an employee commits a second act warranting a written disciplinary action within twelve months, the labor contract may be terminated. Wang's disciplinary violations could have serious consequences and losses for the enterprise's production safety and should thus receive a negative evaluation. Given that Wang had already received a written warning on July 20, if Company B had imposed a written disciplinary action for Wang's violation on October 14, it would have constituted a second act warranting a written disciplinary action within twelve months. According to the company's reward and punishment regulations, Company B would have been entitled to terminate the labor contract under such circumstances.

However, in this case, Company B voluntarily imposed an oral warning for Wang's violation on October 14. As a result, Wang did not meet the condition of having received two written warnings. Therefore, Wang's



situation neither fell within the circumstances permitting termination of the labor contract under the company's reward and punishment regulations nor met the contractual condition that termination is allowed if, after receiving two written warnings, the employee commits another error warranting a written warning. Consequently, Company A's termination of the labor contract with Wang should be deemed unlawful. Ultimately, the court of second instance upheld Wang's claim.



Introduction of Llinks Corporate Compliance Practice

Llinks provides clients with efficient solutions and pragmatic corporate compliance advice based on clients' business needs. Our services include: providing daily corporate compliance advice and training; designing strategies and plans for mass layoffs and participating in on-site negotiations; assisting in solving personnel replacement in mergers and acquisitions, and providing on-site support and crisis management for strikes and other collective action; representing clients in labor arbitrations and litigations involving terminations of employment contracts, bonus payments, etc.; advising on issues of white-collar crime, anti-corruption and anti-bribery, anti-discrimination, personal information protection, protection of trade secrets and non-competition obligation, equity incentives, and senior-level employee dismissals, etc.

Awards and Honors:

- In 2024, 2025 and 2026, Patrick Gu was recommended as a Ranked Lawyer in the Greater China Region Guide by Chambers and Partners.
- In 2023, 2025 and 2026, Patrick Gu was recommended for Regulatory and Compliance, Labor and Employment by The Legal 500 Greater China Ranking.
- In 2024, Patrick Gu was recommended for Labor and Employment by The Legal 500 Greater China Ranking.
- In 2023, Patrick Gu was recommended as a Leading Lawyer by The Legal 500.
- In 2023, Llinks Law Offices received the Labor & Employment PRC Firms of the Year award from The Legal 500.
- In 2021, 2020 and 2019, Patrick Gu was consecutively recommended as a Leading Labor Lawyer by China Law & Practice.
- In 2023, 2022, 2021, 2020 and 2019, Patrick Gu was consecutively recommended as a Top-Tier Labor Lawyer by LEGALBAND.
- In 2020, Llinks Law Offices received the Best Law Firm for Client Service (China Awards) from Chambers and Partners.

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