

**People's Republic of China Legal Update:
The Notice on the Prevention of Online Gaming Addiction in Juveniles
(published 25 October 2019, effective 1 November 2019)**

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1. Introduction

The General Administration of Press and Publication of the People's Republic of China published *the Notice on the Prevention of Online Gaming Addiction in Juveniles*¹ (the 'Notice') on 25 October 2019. The Notice imposes new legal obligations on online gaming service providers in order to ensure the protection of juveniles from online gaming addiction. 'Juveniles' are defined by Section 7 of the Notice as citizens of the People's Republic of China under the age of 18. The Notice has been effective since 1 November 2019.

The legal burdens imposed can be summarised as follows: (i), an obligation to verify the identity of all users using their unique national identity number (only this obligation is uniquely imposed also in relation to adult users, as the verification process is necessary to determine whether the user is an adult or a juvenile for the purposes of the other obligations imposed); (ii), a shutdown law imposed as an obligation to stop providing online gaming services to juveniles between 22:00 and 8:00 the next morning; (iii), maximum gameplay time limits imposed as an obligation to stop providing online gaming services to juveniles after 3 hours on public holidays (including weekends) and 1.5 on other days; (iv), maximum in-game spending limits imposed as an obligation not to provide paid services beyond a certain monetary limit (or not at all) depending on the age range of the juvenile user in question.

¹ 关于防止未成年人沉迷网络游戏的通知 [NOTICE ON THE PREVENTION OF ONLINE GAMING ADDICTION IN JUVENILES], www.sapprft.gov.cn/sapprft/contents/6588/407807.shtml (last visited Nov 20, 2019).

2. Obligation to Verify User Identity

Section 1 of the Notice establishes the legal obligation of online video gaming providers to verify the identity of all users before being allowed to provide the users with video gaming services:

1. After the effective date of the Notice, services must not be provided to any new users whose identity has not been verified.
2. Within two months of the effective date, *i.e.*, before 1 January 2020, the identity of all existing users must be verified.
3. If any existing users remain unverified after 1 January 2020, services must not be provided to them.
4. Any user verification data must be stored and preserved using appropriate measures, and must not be used for any other purposes.
5. A demo version of the game services lasting less than an hour in length is allowed to be provided to users without verifying their identity. However, the users cannot be allowed to spend money in the demo version. In addition, game companies are only allowed to provide one demo every 15 days to users of each hardware system.

2.1. Commentary on the Obligation to Verify User Identity

The verification of user identity is possible in the People's Republic of China because of the State's national identity card system which provides each person with a unique identity number.² This preliminary legal obligation ensures that further legal requirements imposed by the Notice in relation to the 22:00 – 8:00 shutdown law, maximum gameplay time and maximum spending limits on in-game monetisation can be effectively enforced. Nonetheless, it must be noted that juvenile users can bypass the verification process. For example, juvenile users may still bypass the verification process by using the unique identity number of an adult, either with or without the adult's permission.

3. Service Shutdown Law between 22:00 – 8:00

Section 2 of the Notice sets out the blanket ban that gaming services cannot be provided to juveniles between 22:00 and 8:00 next morning.

3.1. Commentary on Mandatory Service Shutdown

The shutdown period is designed to last between 10PM and 8AM the next morning in order to ensure that juveniles would sleep rather than play online games. The intervention could have gone a step further and also imposed the mandatory shutdown between regular school hours, for example, between 8AM and 5PM on weekdays, to ensure that juveniles would attend school diligently.

Since 2011, a mandatory service shutdown law has been imposed in South Korea on juveniles under the age of 16 by Article 26(1) of the Juvenile Protection

² Other countries, such as the UK, which do not have a universal personal identification system would face more practical difficulties when attempting to impose similar legal obligations, see Leon Y. Xiao, *A Critique of the Current UK Regulatory Position on Loot Boxes: Towards the Imposition of an Equitable Maximum Spending Limit and Incentivised Ethical Game Design*, (PREPRINT AVAILABLE), 15–16 (2019), doi.org/10.31228/osf.io/5a7np (last visited Oct 13, 2019).

Act.³ This legal intervention in South Korea has been argued to infringe fundamental human rights and has caused economic harm to the local video game industry.⁴ Notably, psychology research has concluded that the South Korean shutdown policy was ineffective because it did not reduce adolescent internet usage and did not positively impact adolescent sleeping hours.⁵

4. Maximum Gameplay Time Limits

Section 2 of the Notice further dictates that online gaming service providers are allowed to provide juvenile users with a maximum of 3 hours of gameplay on public holidays (including weekends) and a maximum of only 1.5 hours of gameplay on other days.

5. Maximum In-Game Spending Limits

Section 3 of the Notice differentiates between, and established varying legal obligations in relation to: juvenile users under the age of 8; those between 8 and 16; and those between 16 and 18:

1. For juvenile users aged 8 and under, online gaming service providers are not allowed to provide any paid services.

³ 청소년보호법 [JUVENILE PROTECTION ACT] (ENACTED BY LAW NO. 5297 OF 7 MARCH 1997, AMENDED BY LAW NO. 10659 OF 19 MAY 2011, AMENDED BY LAW NO. 15353 OF 16 JANUARY 2018) (S KOREA)

⁴ 김병관 [Kim Byung-gwan], *4 차 산업혁명 시대의 강제적 셧다운제의 의미* [Implications of Forced Shutdown in the Fourth Industrial Revolution], 33 KISO JOURNAL (2018), journal.kiso.or.kr/?p=9248 (last visited Aug 21, 2019). See also Leon Y. Xiao & Laura L Henderson, *Towards an Ethical Game Design Solution to Loot Boxes: A Commentary on King and Delfabbro*, FORTHCOMING IN THE INTERNATIONAL JOURNAL OF MENTAL HEALTH AND ADDICTION (2019), doi.org/10.31228/osf.io/r6z5a (last visited Sep 9, 2019).

⁵ Jiyun Choi et al., *Effect of the Online Game Shutdown Policy on Internet Use, Internet Addiction, and Sleeping Hours in Korean Adolescents*, 62 JOURNAL OF ADOLESCENT HEALTH 548–555, 551 (2018).

2. For juvenile users aged between 8 and 16, each individual transaction for in-game monetisation must not exceed ¥50 Renminbi (US\$7.11; £5.5), whilst total monthly spending must not exceed ¥200 Renminbi (US\$28.43; £22.02).
3. For juvenile users aged between 16 and 18, each individual transaction for in-game monetisation must not exceed ¥100 Renminbi (US\$14.21; £11.01), whilst total monthly spending must not exceed ¥400 Renminbi (US\$56.85; £44.03).

5.1. Commentary on Maximum In-Game Spending Limits

The literature has called for the imposition of maximum in-game spending limits to combat predatory monetisation in loot boxes and protect player-consumers.⁶ The new legal obligations imposed in the People's Republic of China are welcomed. Regrettably, the maximum spending limits imposed in the People's Republic of China cover and protect only juveniles, but not adults. Paternalistic measures which seek to protect children are easier to justify; however, adult player-consumers remain at risk of abuse. A maximum spending limit should also be imposed on adults to ensure their consumer protection. Drummond, Sauer and Hall had proposed a limit of US\$50 per month on adults,⁷ this limit is very close to the limit that the People's Republic of China has decided to impose on juveniles nearing adulthood (those aged between 16 and 18). A future extension of the highest maximum spending limit to include adults would also ensure their protection and is well-advised. However, it should also be recognised that the maximum in-game

⁶ For example, see Xiao at 15–17; and Aaron Drummond et al., *Loot Box Limit-setting: a Potential Policy to Protect Video Game Users With Gambling Problems?*, 114 *ADDICTION* 935–936 (2019) cf. The argument against, see Daniel L. King & Paul H. Delfabbro, *Loot Box Limit-setting is Not Sufficient on Its Own to Prevent Players From Overspending: a Reply to Drummond, Sauer & Hall*, 114 *ADDICTION* 1324–1325 (2019)

⁷ Drummond et al. at 935.

spending limits previously imposed on both juveniles and adults in South Korea has since been repealed citing unfair economic discrimination against the video game industry as compared to other industries.⁸

6. Conclusion

All legal burdens imposed by the Notice are on the online gaming service providers. The users themselves do not have any compliance obligations. Therefore, the regulatory position of the Notice must be lauded because it correctly recognises the imbalance of bargaining powers between online gaming service providers and their users. All online gaming service providers operating in the People's Republic of China should take heed of these new legal obligations.

Recommended Reading

Daniel L. King & Paul H. Delfabbro, *Video Game Monetization (e.g., 'Loot Boxes'): a Blueprint for Practical Social Responsibility Measures*, 17 INTERNATIONAL JOURNAL OF MENTAL HEALTH AND ADDICTION 166–179 (2019)

⁸ 문화체육관광부 [MINISTRY OF CULTURE, SPORTS AND TOURISM (S KOREA)], 보도자료 - 피시(PC)·온라인게임 성인 결제한도 폐지 [PRESS RELEASE - REPEAL OF MAXIMUM SPENDING LIMIT FOR PC AND ONLINE GAMES IMPOSED ON ADULTS] (in Korean) (2019), www.mcst.go.kr/kor/s_notice/press/pressView.jsp?pSeq=17352 (last visited Sep 2, 2019). See also Xiao & Henderson