

# China Limits Minor Online Game Time to Three Hours Per Week

[CHINA REGULATION WATCH](#)<sup>1</sup>

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## 1. Backgrounds

On August 30, 2021, the National Press and Publication Administration (国家新闻出版署) (“[NPPA](#)”) issued the Notice on Further Strengthening Regulation to Effectively Prevent Online Gaming Addictions Among Minors (进一步严格管理 切实防止未成年人沉迷网络游戏的通知) (the “[2021 Anti-Addiction Notice](#)”), pursuant to which the authorities reduced the permitted online game time for minors under 18 years of age from 13.5 hours per week to 3 hours per week.

Following the June 1, 2021, effective date of the Minor Protection Law (未成年人保护法), various government authorities have taken a series of implementation actions to protect minors, including restrictions imposed on the private tutoring industry,<sup>2</sup> restrictions on celebrity rankings in an effort to protect young fans,<sup>3</sup> and also the new 2021 Anti-Addiction Notice that implements stricter limits on minor’s game time. Additionally, following the halt of Ant Group’s initial public offering,<sup>4</sup> the cybersecurity review on Didi,<sup>5</sup> the antitrust investigation on Meituan,<sup>6</sup> China’s tech companies are facing increased regulatory pressures from the government. China’s recent regulatory actions give the impression the country intends to curb the rise of rich entrepreneurs, especially in the fast-developing tech industry, and achieve the common prosperity policy proposed by the Communist Party of China (the “[Party](#)” or the “[CPC](#)”).

This article will first provide an overview on the development of China’s anti-addiction rules and real-name verification system, and will subsequently highlight the key changes in the new 2021 Anti-Addiction Notice. Finally, the article explores the potential impacts this notice may have on the China game industry.

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<sup>2</sup> See “[China's new private tutoring rules put billions of dollars at stake](#)” posted by Reuters on July 26, 2021.

<sup>3</sup> See “[China bans celebrity rankings in bid to 'rectify chaos in the fan community'](#)” posted by the Guardian on August 27, 2021.

<sup>4</sup> See “[In Halting Ant's I.P.O., China Sends a Warning to Business](#)” posted by the New York Times on December 24, 2020.

<sup>5</sup> See “[Didi Tried Balancing Pressure from China and Investors. It Satisfied Neither.](#)” posted by the Wall Street Journal on July 9, 2021

<sup>6</sup> See “[China tech crackdown turns to food delivery giant Meituan as \\$38.96 billion is wiped off value](#)” posted by CNBC on May 12, 2021

## 2. History of Anti-Addiction Rules and Real-Name Verification System

Government authorities in China have long had a conflicted relationship with the nation's video game industry. On the one hand, video games were and remain a leading monetization source for China's tech industry, sustaining astronomical growth of national tech champions like Tencent and NetEase. On the other hand, the CPC worries about the negative impact video games can have on youth education, a concern shared by many parents both inside and outside of China. As a result, government policy toward China's video game industry has often vacillated between tacit support and occasional crackdowns, with those crackdowns often taking the form of rules to protect against youth video game addiction.

In 2000, for example, the government halted the approval of new video arcade rooms, prohibited existing video arcade rooms from admitting minors during weekdays, restricted existing video arcade rooms from purchasing new video game equipment, and banned the sale of game consoles in China, all in an effort to protect minors from excessive exposure to video games.<sup>7</sup> In 2002, the government prohibited internet cafés from admitting minors and banned the operation of internet cafés near schools and residential areas.<sup>8</sup> In March 2018, due to a government reorganization, game approvals — required to be obtained through a government censorship review process before commercial launch in China — were completely suspended for a period of nearly nine months, severely restricting the publication of new games.<sup>9</sup> When game approvals restarted in late December 2018, NPPA greatly reduced the number of game approvals granted, approving an average of 102 domestic games and 10 foreign games per month from December 2018 through December 2020, compared with an average of 779 domestic games and 39 foreign games approved per month in 2017.

In April 2007, the State Administration of Press, Publication, Radio, Film and Television (国家新闻出版广电总局) (“SAPPRFT”) issued the first notice requiring online game operators to implement an anti-addiction system and real-name verification system.<sup>10</sup> Under this 2007 Anti-Addiction Notice, three hours or less of continuous play by minors per day is considered to be healthy, three to five hours per day to be fatiguing, and five hours per day or more to be unhealthy. Online game operators were required to reduce the value of in-game benefits such as experience points to a minor game player by half if the game player has reached the fatiguing stage of play, and to zero during the unhealthy stage of play. In May 2016, SAPPRFT extended the anti-addiction system requirement to mobile games, and made the

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<sup>7</sup> See the Notice on Launching a Special Campaign against Illegal Operation of Video Game Rooms (国务院办公厅转发文化部等部门关于开展电子游戏经营场所专项治理意见的通知), issued by the General Office of the State Council on June 15, 2000.

<sup>8</sup> See Article 9 and Article 22 of the Regulations on the Administration of Business Sites of Internet Access Services (互联网上网服务营业场所管理条例), issued by the State Council on September 29, 2002.

<sup>9</sup> See “[Unofficial Notice about No Game ISBN Approvals Due to Government Reorganization \(网传受国家机构改革影响, 非七大类游戏将暂时无法办理版号\)](#)” (Chinese), posted by Sohu.com on March 30, 2018. See also “[Domestic Game Approval in December 2018 \(2018年12月份国产网络游戏审批信息\)](#)” (Chinese), posted by former NPPA official website on December 29, 2018.

<sup>10</sup> See the Notice on Protecting the Health of Minors by Adopting an Anti-fatigue System in Online Games (关于保护未成年人身心健康实施网络游戏防沉迷系统的通知), issued by SAPPRFT, the Ministry of Information Industry and six other government offices on April 15, 2007 (the “[2007 Anti-Addiction Notice](#)”).

incorporation of anti-addiction system a condition of SAPPRFT’s approval for the game.<sup>11</sup> In October 2019, NPPA issued the Notice on Preventing Minors from Indulging in Online Games (关于防止未成年人沉迷网络游戏的通知) (the “2019 Anti-Addiction Notice”), which required online game companies to implement new more restrictive anti-addiction rules before January 1, 2020. The restrictions imposed by the 2019 Anti-Addiction notice are summarized in the compare table in Section 3 below.

The effective enforcement of anti-addiction rules has been constrained by challenges associated with verification of real-name registration information provided by users. One of the key challenges to implement the real-name verification system in the past was poor coordination with the Ministry of Public Security (“MPS”). MPS outsourced real-name verification services to a state-owned enterprise under its control — the National Citizen Identity Information Center (全国公民身份证号码查询服务中心) (“NCIIC”), which charged additional fees for identity verification. Because large online game companies often have many millions of registered accounts, full compliance with the real-name registration system would have resulted in many millions of Renminbi in additional expenses for the online game operators. Later in 2017, the state owned telecommunication companies successfully implemented a comprehensive real-name registration system for mobile phones, connecting each SIM card with a verified user, which made it much easier for game companies to verify user identity through by verifying their mobile phone numbers. Many online game operators in China require their players to provide their mobile phone numbers and to authenticate that number by text message in order to complete the identity verification process (“Mobile Phone Verification”). Although a sophisticated minor can evade the anti-addiction system by using an adult’s mobile phone number to register their account, the implementation of real-name verification system has largely been achieved and has facilitated more comprehensive compliance with the evolving anti-addiction rules.

Pillar Legal conducted compliance checks with respect to the real-name verification system in 2012, 2014, 2017 and again in 2020. In 2012 and 2014, when personal computer (“PC”) games dominated China’s game market, Pillar Legal checked the real-name verification systems of several leading game operators in China, including Tencent, NetEase, Shanda Games, Perfect World, Changyou, Giant, and Kong Zhong. Although the system required players to provide their name and national identity number to finish the registration process, Pillar Legal’s review indicated that none of them actually verified the name and the identity number with NCIIC’s database. Players could successfully register and log into their games by submitting a random name with a fake identity number that conforms to the 18-digit form of a real personal identity number. The actual compliance rate in 2012 and 2014 was nearly zero percent (0%). In 2017 and 2020, following the full implementation of real-name registration for mobile phones, Pillar Legal reviewed the Mobile Phone Verification function of the top fifty PC online games and the top fifty mobile games.<sup>12</sup> Pillar Legal found that real-name registration compliance rates dramatically increased. In 2020, Pillar Legal’s inspection indicated that most online games require players to provide their mobile phone numbers and to authenticate such mobile phone numbers by text message in order to complete the verification process. Compliance rates for PC online games increased from forty percent (40%) in 2017 to

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<sup>11</sup> See Article 4 and Article 5 of the Notice Regarding the Administration of Mobile Game Publication Services (关于移动游戏出版服务管理的规定) issued by SAPPRFT on May 24, 2017.

<sup>12</sup> In both 2017 and 2020, Pillar Legal tested compliance for the top fifty PC client-based games and the top fifty mobile games, relying upon the top game rankings from 17173.com, which are based on user votes. See “[17173 Game Ranking List](#)” (17173 游戏排行榜) (Chinese).

one hundred percent (100%) in 2020.<sup>13</sup> Apple iOS mobile game compliance rates increased from zero percent (0%) in 2017 to ninety-three percent (93%) in 2020.<sup>14</sup> Similarly, Android game compliance rates increased from twenty-eight percent (28%) in 2017 to one hundred percent (100%) in 2020.<sup>15</sup>

Game Type	April 2017	October 2020
PC Online Games	40%	100%
Mobile iOS Games	0%	93%
Mobile Android Games	28%	100%

In February 2021, NPPA held a training session with China game operators to introduce a new system named Anti-Addiction and Real Name Verification System for Network Games (网络游戏防沉迷实名认证系统) (the “NPPA Verification System”), and subsequently required all game operators to integrate their games with this NPPA Verification System by the end of May 31, 2021. Beginning June 1, 2021, all games not integrated with the NPPA Verification System were required to cease operating in China. The key point of implementing this NPPA Verification System is to allow NPPA to collect players’ playtime information and purchase records, in order to supervise compliance with the anti-addiction rules.

On August 30, 2021, NPPA issued the new 2021 Anti-Addiction Notice, which further restrict the playing time of online games for minors.

### 3. What Is New Under the 2021 Anti-Addiction Notice?

Below please find a compare table of the rules summarized from both the 2019 Anti-Addiction Notice and the 2021 Anti-Addiction Notice.

Rules	2019 Anti-Addiction Notice	2021 Anti-Addiction Notice
Real Name Verification System	Online game companies shall establish and implement a <b>real-name verification system</b> .	Online game companies shall integrate <b>NPPA Verification System</b> into the games. <sup>16</sup>
Prohibition on	Online game companies shall not	Online game companies shall

<sup>13</sup> We regard a PC game to be compliant with real-name registration rules when, in connection with registration, such game requires its players to provide their (i) mobile phone numbers, and such mobile phone numbers are verified by text message; or (ii) names and national identification numbers. If a game’s registration process can be completed by providing a fake identification number with a random name, then we regard this game as not complying with the real-name registration rules.

<sup>14</sup> We downloaded each iOS version of a mobile game that we tested through China’s Apple App Store. We regard a mobile game as compliant with real-name registration rules if: (i) there isn’t a “tourist mode” that allows players to play the mobile game without submitting any player identification information or mobile phone number, and (ii) the game requires players either to provide their mobile phone numbers and to verify such mobile phone numbers by text message, or to provide their names and national identification numbers, in each case to finish the registration process. If a game’s registration process can be completed by providing a fake identification number with a random name, then we regard this game as not complying with the real-name registration rules.

<sup>15</sup> We downloaded each Android version of the mobile game that we tested through such mobile game’s official website. The standards that we used to determine real-name registration compliance for Android game compliance is the same as the standard described above that we used for iOS versions of mobile games.

<sup>16</sup> Please note that this requirement was first announced by Feng Shixin (冯士新), the vice-president of NPPA, on the 2020 China Game Industry Annual Conference, and started to implement on a training help by NPPA in February 2021.

Unregistered Users	provide game services in any manner to any user that has not completed the real name registration, <b>except the one-hour guest mode.</b>	not provide game services in any manner ( <b>including the guest mode</b> ) to any user that has not completed the real name registration.
Guest Mode	A player is able to play the game for one-hour prior to completing the real-name registration. During this one-hour game tour the player cannot use legal currency to make purchases within the game. In addition, online game companies cannot allow a player to take the one-hour game tour again (on the same hardware device) within 15 days.	No guest mode.
Time Limitation	Online game companies <b>shall not</b> provide game services to minors under the age of 18 from <b>10pm every day to 8 am the next day.</b>  Minors' game time shall not exceed a cumulative total of <b>3 hours</b> a day on legal holidays, or <b>1.5 hours</b> on other days.	Online game companies <b>can only</b> provide game services to minors under the age of 18 between <b>8pm and 9pm on Fridays, Saturdays, Sundays and other legal holidays.</b>
Payment Limitation	In-game payment services shall not be provided to minors under the age of 8.	No change.
	For minors from ages 8 to 16, the payment amount for each transaction shall not exceed RMB 50, and the aggregate payment amount every month shall not exceed RMB 200.	No change.
	For minors from ages 16 to 18, the payment amount for each transaction shall not exceed RMB 100, and the aggregate payment amount every month shall not exceed RMB 400.	No change.

#### 4. Potential Impacts of the New Notice on Game Industry

On the same day the new notice was released, many game companies made announcements that they will actively implement adjustments to their anti-addiction system in order to comply with new rules, including Tencent, NetEase, MiHoYo, 360 Games, and Giant Interactive.

#### **4.1 Impact on Game Revenue?**

Many suspect the new 2021 Anti-Addiction Notice will harm game companies. However, Tencent's share price closed at 465.8HKD on August 30 (the day the new rules were released) which only represented a 0.13% loss for the day. On August 31, Tencent's share price closed at 481.2 HKD, which represented a 3.31% gain for the day. According to Tencent's 2021 second quarter financial report, the game revenue derived from minors under age 16 only makes up 2.6% of revenues. Bilibili also stated that the company's revenue from minors under age 18 is currently less than 1%.<sup>17</sup> Thus, the stricter anti-addiction rules on minors may help game companies by reducing negative news about minors addicted to their games, while not having a material impact on their revenue.

#### **4.2 Mobile Games May Be China's Main Target**

It is unclear how the new rules will apply to console games, single-player games, ad-supported games and grey market games launched through the Steam or Epic platforms. But it is possible the implementation and supervision with respect to these games might not be as strict as mobile games. For console games and single-player games that can be purchased offline, it is currently logistically impossible to track if players are minors. Thus, the NPPA Verification System cannot verify player ages. Similarly, there has been no game approval requirement issued by NPPA to date for grey market games and games that are monetized only through in-game ads. Therefore, it is unlikely these types of games will be affected by the new 2021 Anti-Addiction Notice. The new rules appear to mainly target the mobile game industry. Mobile games are widely played among minors with increasing access to portable devices, and it can be challenging for parents to control or monitor their children when playing mobile games.

#### **4.3 E-Sports Industry Will Face Great Challenges**

On August 31, 2021, TJ Sports — a joint venture established by Tencent and Riot Games to operate esports for League of Legends — announced that the schedule of some competition events may be adjusted due to compliance check requirements under the 2021 Anti-Addiction Notice. Later, many e-sports clubs reposted the announcement and claimed that such clubs will actively abide by the new rules. In addition, Lin Jian (林坚), dubbed “The Best Rookie of 2021” during League of Legends Pro League's (“LPL”) Summer Season, was removed from OMG E-sports Club's LPL team list, because he is still only 17 years old.

Most e-sports players start their professional career at an early age of 15 or 16, reach their peak at the age of 17 to 23, and then retire in their late 20's. According to a survey conducted by ESPN in 2017, the average age of pro players in League of Legends is 21.2 years,

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<sup>17</sup> See “[Proportion of Minor Income of Major Game Companies \(各大游戏公司未成年人收入占比\)](#)” posted by Electronic Commerce Post (电商报) on September 1, 2021.



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and 23 years for Starcraft II.<sup>18</sup> At the age of 17, a player under the username “Faker of SK Telecom T1” won the Season 3 League of Legends World Championship. This victory was the first of three he would eventually win to cement his status as one of the best players in the world. However, the current restriction on minors’ playtimes not only sets obstacles for e-sports clubs that frequently train players under 18 years old, but also may make it impossible for e-sports clubs to find qualified talent amongst young players in the future as minors under 18 are only allowed to play games for 3 hours per week.

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<sup>18</sup> See “[Average age in esports vs. major sports](#)” posted by ESPN on September 18, 2017.