# Report on the Rights of Civil and Commercial Lawyers in China

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## EXECUTIVE SUMMARY

This report is based on a systematic review and analysis of the professional environment facing civil and commercial lawyers in mainland China. It aims to present the major occupational risks and rights violations experienced by this group under the current political, judicial, and economic conditions, while exploring their institutional causes and possible responses. The report employs documentary research, analysis of publicly available cases, in-depth lawyer interviews, and industry surveys, supplemented by representative real cases, to provide a comprehensive assessment of the conditions under which civil and commercial lawyers practice. Given the constraints of information access and sample size, the report relies primarily on qualitative analysis, seeking to illuminate structural problems and their trajectories.

The report notes that civil and commercial lawyers have long been regarded within the profession as a relatively "safe" group—their work is centered on private autonomy, generally does not directly involve politically sensitive matters, and the pressures they face come mainly from the market rather than from politics. However, this traditional perception has been rapidly eroding: the boundaries of political risk continue to expand, and civil and commercial cases are increasingly subject to ideological considerations; the line between criminal and civil justice has blurred, and ordinary representational conduct may be retroactively deemed criminal; declining judicial transparency and intensifying market competition have combined to place civil and commercial lawyers in a professional situation of "high risk, low reward." This report systematically examines the historical formation and current evolution of this risk structure.

Regarding the political environment and industry regulation, the report finds that since 2015, the legal profession as a whole has been brought under a more intensive framework of political security and ideological supervision. Even civil and commercial legal services cannot fully escape political considerations. Whether a case is deemed "sensitive" no longer depends solely on its legal nature; it increasingly depends on the identity of the parties, amounts involved, industry background, and potential social impact. This high degree of political uncertainty compels civil and commercial lawyers to conduct preemptive self-censorship, narrowing their service scope and weakening professional independence. At the same time, bar associations lack substantive independence; their mandatory membership and administratively dominated governance mean they are unable to provide effective relief or representation when lawyers' rights are violated.

On criminal risk, the report finds that civil and commercial lawyers face a rising risk of criminal prosecution or administrative and professional sanctions for conduct amounting to normal practice. As "sweep black and eliminate evil" campaigns have become institutionalized, and as enforcement patterns such as "using criminal means in place of civil remedies" spread, some civil and commercial cases have been retroactively brought within a criminal evaluation framework; lawyers' representational conduct, legal opinions, and even fee arrangements may be retroactively characterized as assistance to crime. Multiple cases demonstrate that even where lawyers had no subjective intent and no substantive involvement in illegal activity, they may still be held liable under presumptions of "should have known" or "knew." This pervasive criminal uncertainty has seriously eroded civil and commercial lawyers' sense of professional security and career expectations.

On the judicial environment, the report notes that insufficient judicial independence, declining fairness and predictability of adjudication, and reduced judicial transparency have become significant structural factors

affecting civil and commercial lawyers' rights. In recent years, the number of court judgments made publicly available has fallen sharply; longer case filing periods, severe case backlogs, and persistent difficulty enforcing judgments have further undermined the practical effectiveness of litigation as a means of resolving disputes. Lawyers find it increasingly difficult to provide clients with stable, predictable legal assessments, and their professional value is being progressively eroded.

On market pressures and survival challenges, legal service demand has grown sluggishly against a backdrop of economic slowdown, while the number of lawyers has continued to increase, significantly intensifying industry competition. Heavy social insurance and tax burdens and high compliance costs place lawyers generally in a professional situation of "high cost, low security." Strict compliance means substantially reduced income; any deviation from the rules may trigger administrative or criminal risk, creating a de facto pressure of "universal criminalization." The rise of legal service companies, AI tools, and social media is also disrupting traditional civil and commercial lawyers' business models and income structures.

The report further notes that against the backdrop of these multiple pressures, a significant tension has emerged between civil and commercial lawyers' professional ethics and their practice reality. When fulfilling duties of loyalty, confidentiality, and diligence toward clients, lawyers must simultaneously weigh political risks, judicial uncertainty, and personal safety, falling into a structurally determined ethical dilemma. Some lawyers are compelled to place "risk avoidance" above "professional judgment," and in extreme cases may be pushed toward informal "relationship-based" representation models that damage the profession's overall image.

In its conclusions and recommendations, the report proposes reconsidering the positioning and governance of the legal profession at the institutional level, rebuilding bar associations' independence and representativeness, and reducing institutional friction costs—particularly through substantive relief in tax and social insurance burdens. The report also emphasizes the importance of strengthening compliance and risk management within the profession, and recommends that lawyers and firms with the capacity to do so gradually expand into cross-border or overseas legal services markets as a way of diversifying systemic risk.

Overall, this report concludes that civil and commercial lawyers in mainland China are facing a structurally determined risk environment shaped by political, judicial, and market factors; the violations of their rights are not isolated phenomena but a concentrated manifestation of institutional problems. How to restore lawyers' professional independence and security expectations will directly affect the quality of legal services, market order, and the foundations of the rule of law.

## FOREWORD

The research team for this report is composed of lawyers practicing in China, Chinese lawyers based overseas, and staff from legal human rights NGOs. Research methods include documentary research, analysis of publicly available cases, lawyer interviews, and industry surveys. The team conducted a questionnaire survey, carried out in-depth interviews with three law firm directors and two additional lawyers between January and June 2026, and organized discussion sessions in which lawyers and legal rights advocates participated. The final report runs to approximately 26,000 Chinese characters.

China's litigation system and legal sector are primarily divided into criminal, administrative, and civil law. "Civil and commercial lawyers" as used in this report refers to lawyers who handle civil litigation and dispute resolution, non-litigation commercial matters, arbitration, and alternative dispute resolution, and also encompasses lawyers engaged in criminal cases with civil implications, administrative litigation involving economic interests, and other practice areas intersecting with commerce—including cross-border commercial matters, financial and capital markets, and data and cybersecurity advisory services. China's legal system has its roots in the late Qing dynasty and began to take shape during the Republican era. After the founding of the People's Republic of China, the Provisional Regulations on Lawyers were promulgated in 1980, reestablishing the legal profession. With the passage of the first Lawyers Law in 1996, lawyers shifted from being "state legal workers" to "socialist legal workers," and the profession entered a period of rapid market-oriented and specialized development.

This report has several methodological and sample-related limitations that should be noted. First, the sample size is limited: the number of questionnaire responses collected was insufficient, and in-depth interviewees were all senior practitioners at the director level of law firms, with no interviews conducted with trainee lawyers, junior lawyers, or salaried lawyers. Second, regarding gender composition, most lawyers who participated in in-depth interviews were male, and gender perspectives may not be adequately represented; the research team will make a conscious effort to address this in future research. Third, all interviewees have been anonymized using letter-based designations, and original interview records are archived for reference.

Chapter One of this report begins from the central finding that "the sense of safety among civil and commercial lawyers is disappearing," and systematically examines how the political environment, industry regulation, judicial operations, and market pressures have together reshaped the structure of professional risk for civil and commercial lawyers. Chapters Two through Five provide in-depth analysis of criminal risk, judicial independence, tax and fee burdens, and professional ethics respectively. Chapter Six sets out recommendations for institutional reform.

## CHAPTER ONE: POLITICAL ENVIRONMENT, INDUSTRY REGULATION, AND INSTITUTIONAL RISK

### Section 1: The "Sense of Safety" Among Civil and Commercial Lawyers Is Disappearing

For a long time, a common view within China's legal profession held that civil and commercial lawyers belonged to a lower-risk, relatively safe professional group compared to criminal defense lawyers. This perception was not without foundation. Since the reform and opening-up era, demand for civil and commercial legal services in areas such as contracts, corporations, real estate, finance, and intellectual property grew rapidly; the vast majority of cases involved property disputes between equal parties, with the primary goal of maintaining transactional order, and they generally did not directly implicate sensitive matters such as national security, ideology, or public safety. For a considerable period, judicial and administrative authorities exercised relatively limited interference in civil and commercial lawyers' practice activities; the greatest pressures lawyers faced came from the market—competition for cases, fee collection, professional competence, and client relations—rather than risks to personal liberty or professional qualifications. A professional division of labor gradually emerged, encapsulated in the saying "criminal defense has risks, civil and commercial is safer," and many lawyers deliberately shifted into civil and commercial work based on this risk-reward calculation.

However, this sense of safety has been rapidly disappearing—not because civil and commercial cases themselves have undergone a fundamental change, but because the logic of state governance and the manner in which the judicial system operates have undergone a profound transformation.

On one hand, the boundaries of political risk have continued to expand, so that civil and commercial cases can no longer be treated as naturally belonging to a "non-political sphere." In recent years, a number of cases that were originally ordinary civil or commercial disputes have been invested with varying degrees of political significance due to their connection to large private enterprises, internet platforms, real estate, financial risk, mass incidents, or foreign investment. Whether a case is deemed sensitive is no longer determined solely by its legal nature; increasingly, it is shaped by the parties' identities, their industry backgrounds, media impact, and government governance objectives. This means that even where a lawyer is handling a contract, corporate, or debt dispute, the case may—as its background evolves—come under more intensive administrative supervision and judicial scrutiny.

On the other hand, the boundary between criminal justice and civil and commercial justice has blurred to some degree. In the course of targeted enforcement campaigns such as "sweeping black and eliminating evil," cracking down on "predatory lending" (taoludai), and preventing financial risk, some disputes that would previously have been resolved through civil and commercial procedures have been brought within a criminal evaluation framework. Traditional professional conduct such as representing clients in litigation, providing legal opinions, serving as corporate legal counsel, or participating in debt restructuring may in certain circumstances be subsequently characterized as participation in a crime or as part of a scheme of fraudulent litigation. Although such cases remain a minority, their demonstration effect has already markedly changed lawyers' overall professional risk expectations.

At the same time, declining judicial transparency and reduced predictability of adjudication have further undermined civil and commercial lawyers' sense of professional security. Unstable adjudication standards, a continuing decline in the rate of published court judgments, and large variations in local judicial practice mean that lawyers find it increasingly difficult to accurately judge whether a given representational act might be subject to re-evaluation in the future. This uncertainty not only increases professional risk but also prompts lawyers to adopt more conservative strategies in taking cases, handling cases, and providing legal opinions.

In addition, market competitive pressures have further amplified the above institutional risks. Slowing economic growth, continuing increases in the number of lawyers, and intensifying competition in the legal services market mean that many lawyers find themselves compelled to accept higher-risk, lower-fee, or more complicated cases. With income falling and professional risk rising simultaneously, civil and commercial lawyers have effectively been pushed into a professional situation of "high risk, low reward."

This report concludes that the challenges facing civil and commercial lawyers do not represent a simple convergence toward the situation of criminal defense lawyers, but rather that the entire professional risk structure is undergoing a fundamental change. The traditional understanding—that risk levels can be calibrated by practice area—is becoming increasingly inadequate as a description of reality. The risks now facing civil and commercial lawyers are more institutional, structural, and characterized by uncertainty; they affect not only individual lawyers' professional safety but are also reshaping lawyers' professional ethics, client relationships, and the way the overall legal services market operates. This is also the reason this report analyzes the political environment, judicial operations, market competition, and professional ethics as an integrated whole.

### Section 2: The Impact of the Overall Political Environment

In mainland China, lawyers are defined as "socialist legal workers" and characterized as belonging to the broad category of the "knife handle" (dao bazi) of the state—the authorities regard lawyers as a profession connected to the stability of state rule, and tightening control over lawyers has become a consistent trend. Since the "709 mass arrests" of 2015, control over lawyers has risen to the level of political and national security concerns and has become increasingly ideological. The 2018 revised Measures for the Administration of Law Firms require firms to "adhere to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as their guide" and to establish party organizations within law firms, meaning that civil and commercial cases—matters originally entirely non-political—may frequently be transformed into politically sensitive incidents.

As human rights lawyers who had "stuck their necks out" were purged, other categories of lawyers—including civil and commercial lawyers—became, as a group, increasingly distrusted and closely guarded by the current authorities, making them more prone to triggering political "red lines" in an increasingly constrained space for speech. Some civil and commercial cases that once seemed entirely innocuous may now "blow up" due to ideological coloring and become sensitive incidents.

In recent years, legislation in China has, overall, moved away from the rule of law and reinforced rule by law, tending toward suppression of civil society and restrictions on civil and political rights. Civil and commercial lawyers' lower political sensitivity compared to criminal defense lawyers and human rights lawyers may lead them to inadvertently find themselves in trouble, including professional sanctions and even criminal prosecution.

### Section 3: Industry Regulatory Risk

Certain explicit or hidden regulations require lawyers handling mass cases, foreign-related cases, cases involving Xinjiang, Tibet, state-owned enterprises, or other "sensitive" industries to comply with requirements such as case registration and collective discussion, and the right of civil and commercial lawyers to independently accept and handle cases has been infringed. There is no clear, nationally uniform quantitative standard for what constitutes a "sensitive case," but based on the recommendations of judicial committees, reform outlines, and reports on protecting businesses, the following characteristics are typical of "sensitive" cases in the civil and commercial sphere:

Social stability concerns: mass disputes involving many parties, such as collective land, demolition and relocation, environmental pollution, vaccine or consumer rights, and P2P lending cases. Policy or macro-level sensitivity: cases involving national macro-control measures, legacy debts from enterprise restructuring, and major foreign-related or "Belt and Road" commercial disputes.

High economic impact: cases with very high claim amounts (RMB 100 million or above), cases involving financial institutions, state-owned enterprises, or leading private enterprises, and cases that may trigger cascading enforcement risks or financial stability concerns.

High public opinion or petition risk: cases that attract intense media attention, involve celebrities or public figures, concern the protection of entrepreneurs' rights, or may spark petitions or online public opinion.

Novel or frontier disputes: cases involving algorithmic discrimination, facial recognition privacy, supply chain financing, or major asset disposals in bankruptcy restructuring. Such cases often require escalation of jurisdiction, assignment of a court president to personally supervise, reporting to political-legal committees or higher courts, and prior discussion by professional judge meetings or adjudication committees.

The power to impose penalties and the annual inspection system of judicial and administrative authorities continue to hang over civil and commercial lawyers like the sword of Damocles. Law firms are also subject to annual assessments and may be suspended or have their licenses revoked if they fail to "effectively manage" their lawyers or if "non-compliant representation" occurs. The case registration requirement for sensitive cases has in effect become a licensing regime; any case can be deemed sensitive, and pre- or post-hoc review can be conducted on the basis of "hype" or "non-compliance." The independence of lawyers' representational work is completely unprotectable, and civil and commercial lawyers have gradually become a high-risk professional group.[1]

In the current judicial and media environment, lawyers who use social media to disclose information about cases, to comment on cases, or to comment on judicial personnel and departments will face retaliation. Under Article 40 of the current Measures for the Administration of Lawyer Practice, it is very easy for lawyers to face sanctions for making public statements about cases.

Much recent Chinese legislation has been motivated not by the goal of promoting the rule of law but by the goal of tightening control over all aspects of society—suppressing civil society activities, eliminating private-sector economic vitality, and depriving citizens of civil and political rights. Compared with criminal defense lawyers, civil and commercial lawyers face administrative and criminal liability risks that arise not from the nature of the cases themselves but from the legal risks those cases generate. Under the current system, an increasing number of civil and commercial lawyers are being administratively penalized or even criminally convicted—their risks are on a par with those of defense counsel in criminal cases.

## Section 4: Bar Associations Lack Independence and Are Unable to Protect Civil and Commercial Lawyers' Rights When They Are Violated

Bar associations in mainland China lack independence. The Lawyers Law grants bar associations certain powers and requires mandatory membership; bar associations are not social organizations registered with civil affairs authorities—the party secretary and secretary-general is concurrently held by a government official from the judicial administration department at the same level, who exercises actual management control. Bar associations are in effect tools used by administrative authorities to control and "maintain stability" among lawyers. Far from being institutions that protect lawyers' rights, bar associations have become accomplices in—and sometimes leaders of—the persecution of lawyers, with the result that lawyers find it very difficult to obtain effective relief when their rights are violated. Regardless of whether one looks at a law firm, a bar association, or a supervisory administrative department, ideological supervision and administrative regulation mean that even law firms and lawyers engaged in civil and commercial work must accept political guidance and ideological scrutiny, and where cases involve foreign capital, state-owned enterprises, or "sensitive" industries, the risks may be significantly elevated.

The United Nations Basic Principles on the Role of Lawyers, adopted in 1990, clearly states that bar associations should be independent, self-governing professional bodies, free from control by administrative or judicial authorities; they should uphold the independence and dignity of the legal profession, promote professional ethics and practice standards, and ensure that lawyers are not subject to improper interference in the provision of legal services.

Reports from the UN Human Rights Council and Special Rapporteurs on the independence of the judiciary and lawyers further emphasize the importance of bar associations: they play a key role in ensuring lawyers' independence, professional capacity, and interests; they support the development of entry standards, codes of practice, and continuing education programs; and they should take action in the face of violations of lawyers' independence and protect members' rights.

From the above, it is clear that the internationally recognized primary mission of bar associations is "independence and self-governance"—only under this premise is it possible to promote industry development, regulate lawyers' conduct, and protect the right to practice law.

Furthermore, lawyers cannot establish alternative, competing professional rights protection organizations. The All China Lawyers Association was established under the Lawyers Law and monopolistically only permits a single representative body at each level—national, provincial, and municipal—with mandatory membership and dues. Lawyers have no right to decide whether to join and cannot establish competing bar associations under the Regulations on the Registration of Social Organizations. This situation conflicts with the provisions and legislative intent of the Anti-Monopoly Law, the Regulations on Optimizing the Business Environment, and other laws and regulations that prohibit mandatory membership, dues, and the monopolistic existence of a single industry association.

### Section 5: Solo Law Firms Are Suppressed

As an organizational form for law firms explicitly provided for in the Lawyers Law of the People's Republic of China, solo law firms should in principle form an important component of the legal services market. In practice, however, this type of firm has long been subject to significant restrictions and marginalization.

First, in terms of entry, solo law firms face stricter eligibility conditions than partnership firms. The founder is typically required to have at least five years of practice experience and no administrative sanctions in the past three years; in practice, these requirements are often applied stringently, and the opacity of the approval process means that the establishment of a solo law firm is widely regarded as slow and difficult.[2] In some regions, the establishment of solo firms has in effect been placed in a state of "permitted in principle, tightened in practice."[3]

Second, the room for development of already established solo law firms is constrained in multiple respects.

On one hand, regulatory practice generally inclines toward encouraging law firms to develop at scale and in teams; solo firms, being small in scale and limited in their risk-management capacity, are often at a disadvantage in annual assessments, special inspections, and industry excellence evaluations. On the other hand, some localities' policy orientations favor the development of partnership firms and large firms; solo firms not only struggle to obtain resource support but may in practice face pressure to merge, restructure, or close.

From an industry structure perspective, the sustained suppression of solo law firms has objectively limited the diversity and flexibility of the legal services market. Solo firms were in principle capable of providing low-cost, highly flexible legal services for small and medium-scale cases, individual clients, and start-up matters, and of providing an accessible, independent professional path for lawyers who prefer to work autonomously. Under current institutional conditions, however, civil and commercial lawyers find it very difficult to reduce practice costs or pursue independent development by establishing a solo law firm, and their career paths are largely locked into the existing firm structure.

### Section 6: Restrictions on Lawyers' Cooperation with Legal Consulting Companies

Legal consulting companies are ubiquitous in China, having introduced competition and partnership into the legal services sector. Law firms, as intermediaries providing legal services in the market, are—by reason of heavy industry regulation and licensing requirements—"atypical" commercial entities from the outset. Legal consulting companies are, in effect, what law firms should naturally look like: in principle, founding a law firm should require nothing more than business registration. But the Lawyers Law has granted an exclusive franchise to lawyers for litigation work. This institutional misallocation of resources has given rise to the "love-hate" relationship of simultaneous competition and cooperation between legal consulting companies and law firms.

In the course of gathering opinions for this report, many civil and commercial lawyers expressed hostility toward legal consulting companies—for example, that legal consulting companies make false promises to clients and then refer them to lawyers to handle the work; when the promises cannot be fulfilled, dissatisfied clients file complaints against the lawyers. Another example: bar associations prohibit lawyers from cooperating with legal consulting companies on pain of penalties, but legal consulting companies have a clear competitive advantage over law firms by virtue of their "free market" DNA, making it difficult for lawyers to refuse the work referred to them. The relationship, distorted from the outset by institutional dysfunction, means that both sides may face administrative penalties.[4]

The Lawyers Law and related judicial interpretations do not directly state that "lawyers may not accept cases referred by legal consulting companies." The core provisions of the Lawyers Law primarily address lawyers' professional qualifications, codes of conduct, scope of practice, and professional discipline; they do not directly govern relationships with other market actors. The legal provisions focus on the practicing subject and conduct of lawyers, and have not established explicit "restrictions on the source of referred cases."

In judicial and administrative practice and professional regulation, however—and particularly in documents and statements from local judicial bureaus and local bar associations—there are explicit restrictions on lawyers' cooperation with, or acceptance of referred cases from, "legal consulting companies/legal services companies/lawyer-agent organizations and similar institutions." For example, the Jiangxi Provincial Bar

Association has explicitly stated that legal consulting companies and similar organizations are not law firms, and has reminded lawyers and law firms that they may not engage in any form of legal business cooperation with such organizations; this includes not working in their offices, not accepting any cases referred by them for compensation, and not paying referral fees to such organizations.

### Section 7: The "Corporate Lawyer" System Restricts Career Development Space and Affects Industry Structure

In China's current legal services framework, the corporate lawyer[5] system and its attendant restrictions have, in the short term, served to protect the market space of independently practicing lawyers; but viewed over the medium to long term, their impact on professional structure, market supply, and the function of the legal profession is clearly restrictive and even suppressive.

Starting from the perspective of market competition, the institutional arrangement under which corporate lawyers may not provide external legal services has artificially demarcated the boundaries of legal service supply. In-house legal professionals—even when they have professional competence and practical experience—cannot directly enter the legal services market to compete. This institutional separation reduces the number of potential competitors, which in the short term stabilizes the business sources and fee levels of law firms and independently practicing lawyers. This "boundary protection" helps to prevent low-price competition, disorderly expansion, and the spread of gray intermediary practices.

This protection, however, comes at the cost of sacrificing market openness and resource allocation efficiency. As enterprises have grown in scale and legal capacity, large numbers of high-quality legal professionals have been "locked in" to enterprises and are unable to transform into legal services supply for society at large. This means that professional capacity that could in principle have been optimally allocated through market mechanisms has been institutionally isolated within a closed system, unable to form a large-scale, specialized external service force. From a supply-side perspective, this arrangement has constrained the structural evolution of the legal services industry, keeping market actors in a prolonged state of homogeneity and impeding the development of multi-layered, multi-modal legal service organizations.

Looking further, this system has also narrowed the diversity of lawyers' career paths. In many countries with mature rule-of-law systems, there are relatively smooth two-way mobility mechanisms between law firms and in-house legal departments; legal professionals can shift between different roles, accumulating multi-dimensional experience. In China, however, because corporate lawyers cannot provide external legal services and because the institutional scope of application is primarily limited to specific types of enterprises, their career development path more closely resembles an in-house specialist role than an independent legal profession with market characteristics. This structural separation raises the cost of movement between law firms and in-house legal departments, narrows career choice space, and has to some degree slowed the growth and maturation of young legal professionals.

More significantly, the restrictions of the corporate lawyer system have also had a deeper impact on the status of the legal profession within the enterprise structure. Because corporate lawyers are organizationally subordinate to enterprises, their professional identity and independence are relatively weakened, making it difficult for them to function as an external counterbalancing force in the face of internal enterprise decisions. Current arrangements have to some extent weakened this "spillover capacity," confining the legal profession more to a compliance-support function than to that of an independent force within governance structures.

In addition, in the political climate in which "the Party leads everything," the approval-based entry system for corporate lawyers—premised on employer recommendation and overlaid with administrative scrutiny—inevitably results in additional filtering in practice, thereby narrowing the career choice space of independent-minded lawyers and lawyers without "connections" or "background," as well as enterprises' autonomy in hiring.[6]

## CHAPTER TWO: GROWING RISK OF CRIMINAL PROSECUTION AND OTHER INDUSTRY SANCTIONS

### Section 1: The "Sweep Black and Eliminate Evil" Campaign

According to the 2025 work report of the Supreme People's Procuratorate, 12,000 people were prosecuted for organized crime offenses in 2024, and 74 "protective umbrellas" were prosecuted. The overall numbers are lower than the 237,000 three years earlier, but there have been cases in which lawyers serving as legal counsel to so-called "black and evil" criminal organizations have been criminally prosecuted as accomplices—see, for reference, "The Sword Seller," a piece on the criminal risks facing lawyers serving as legal counsel, written by prominent rights lawyer Si Weijiang. In such cases the lawyer personally has no connection to the case; but once a case is labeled organized crime, civil and commercial lawyers may be afraid of bearing the risk and may not dare or be able to represent the civil and commercial components of the case, which affects business development. In this type of case, lawyers' fees being characterized as the proceeds of crime and recovered by the police has occurred on a number of occasions.[7]

***[Case 1] The Feng Bo Case (The Risk of "Organized Crime" for a Lawyer Serving as Legal Counsel)***

Feng Bo was a lawyer at a law firm in Guangxi who served as legal counsel to the head of a local chamber of commerce from 2012 to 2015. The chamber head was subsequently recognized in a separate case as the leader of an organized crime group, and Feng Bo was also prosecuted, inter alia, for "participation in an organization of the nature of a criminal underworld." He was sentenced to ten years' imprisonment at first instance. The second-instance court found insufficient evidence and overturned the organized crime conviction, but still sentenced him to five years' imprisonment for fraud and assisting in the fabrication of evidence.

The case highlights: Normal conduct by a lawyer serving as legal counsel may be retroactively assessed as criminal in the context of "organized crime," and the boundaries of professional practice are highly uncertain. (For the full case details, see the Appendix.)

***[Case 2] The Gu Chunyi Case (A Representational Relationship Characterized as "Participation in Organized Crime") Gu Chunyi is a lawyer in Liaoning who, after a client he had represented over ten years earlier in civil lending and debt assignment cases was subsequently identified as a member of an organized crime group, was prosecuted for "participation in an organization of the nature of a criminal underworld," "fraudulent litigation," and other offenses. The court held that his long-term representational conduct***

***constituted "participation." Both the procedural and substantive aspects of the case generated widespread controversy in the legal profession.***

The case illustrates: In organized crime cases, a lawyer's normal representational relationship with a client may be subsequently equated with organizational participation. (See Appendix.)

Comparison with the practice of some other countries shows that the professional conduct rules of some jurisdictions contain clear provisions regarding how a lawyer should withdraw when they discover that a client has engaged in unlawful conduct.[8] Whether it would be possible to provide more detailed protective mechanisms for lawyers by working from the details of individual cases is a question worthy of consideration. This approach merits emulation.

### Section 2: Other Criminal Risks Following the Deterioration of the Rule of Law

Against the backdrop of a deteriorating rule of law, the abuse of public power for private ends has become increasingly brazen, and "innovative" enforcement patterns such as using criminal means in place of civil remedies, and using criminal prosecution to collect debts, proliferate. In this context, civil and commercial lawyers may be swept into the danger of criminal prosecution simply for engaging in their ordinary civil and commercial practice. Even where there is no criminal dimension, because their autonomy is limited and they must carefully select the types of cases and clients they take on, the autonomy and stability of the civil and commercial legal services market cannot be assured.[9]

Regarding the professional situation of women lawyers: In 2020, a survey report on occupational safety in the legal services sector, published by a group of Chinese legal practitioners who organized independently, provided the most systematic data available to date on this topic. Based on 162 valid questionnaires (128 of which were from law firm employees), the survey found that 64.1% of law firm workers had experienced gender discrimination, harassment, or violence in the course of their work; among female respondents, the incidence rate was as high as 75%; the lower the professional level and the stronger the dependency relationship, the higher the incidence rate, with paralegal staff reaching 91.7%. More notably, 76.6% of law firms had no mechanisms for addressing gender-based violence, and 90.5% of those who had experienced such conduct chose to endure it in silence rather than seek redress. These data show that the occupational safety threats facing women civil and commercial lawyers are compounded by structural gender power imbalances, in addition to the systemic political, judicial, and tax pressures documented in this report. The failure of this report to conduct deeper research on this dimension is a gap that future research should seek to address. (Survey Report on Occupational Safety in the Legal Services Sector, published December 10, 2020.)

### Section 3: Increasing Criminal Risk in Ordinary Civil and Commercial Practice

Because the overall stability, predictability, and legitimate expectations of society have declined, many types of conduct have become susceptible to sanction or prosecution; lawyers, as advocates for their clients' rights, face significant criminal risk even when engaged solely in ordinary civil and commercial practice. The magnitude of this risk and its urgency for lawyers has attracted the attention of some local bar associations. For example, the Shanghai Bar Association has issued trial Guidelines for Civil and Commercial Lawyers on Preventing Criminal Risks in Case Representation, identifying and providing guidance on avoiding the various possible criminal charges—including fraud, misappropriation, perjury, disclosure of confidential information, fraudulent litigation, and bribery—that lawyers might face. The issuance of these guidelines reflects the fact that professional risk has genuinely entered the field of professional self-regulation, and from a different angle confirms the reality of the criminal prosecution pressures facing civil and commercial lawyers in the current judicial environment.

Recent cases have further revealed that civil and commercial lawyers are only one misstep away from being drawn into a criminal vortex.

***[Case 3] The Li Min Case (Ordinary Civil and Commercial Conduct Characterized as Part of a Fraudulent Litigation Scheme)***

Li Min is a lawyer in Chongqing who provided legal advice and procedural assistance in a real estate company financing dispute. The financing model was subsequently characterized as fraudulent litigation and the relevant civil mediation was annulled. The prosecution alleged that Li Min had knowingly assisted in fabricating evidence despite knowing the debt claim was fictitious. The court ultimately found him guilty of assisting in the fabrication of evidence but—given his limited role—exempted him from criminal punishment. The case illustrates: Legal opinions provided by a lawyer in complex civil and commercial transactions or financing arrangements may be brought within a criminal evaluation framework after the fact, creating the risk of "retrospective criminalization." (See Appendix.)

***[Case 4] The Lü Xiansen Case (Criminal Risk in Representing "Predatory Lending" Cases) Lü Xiansen is a lawyer in Anhui who, after representing clients in multiple ordinary private lending dispute cases, was accused—after the clients were identified as a "predatory lending" criminal organization—of knowingly participating in fraudulent litigation with knowledge of their illegal purpose, constituting a co-conspirator in fraud. He was sentenced severely at first instance; the second-instance court made a substantial change, reducing the sentence to three years. The case illustrates: In the context of targeted enforcement campaigns such as "predatory lending" crackdowns, the standard for what civil and commercial lawyers "knew or should have known" about the underlying facts has been significantly elevated. (See Appendix.)***

***[Case 5] The Wu Di Case (A Counterexample of Clear Transgression) Wu Di is a lawyer in Guangdong who—in a residential property sale dispute—knowingly signed case filing documents in place of clients despite knowing the materials were false, and represented the case in litigation, subsequently being found guilty of fraudulent litigation and sentenced. It should be noted that: The lawyer in this case engaged in serious professional misconduct, which differs from most cases where "normal practice has been criminalized"; nonetheless, the case reflects the boundaries of how the offense of fraudulent litigation is applied in practice. (See Appendix.)***

***[Case 6] The Duan Hua Case (The Criminal Boundary Between Contingency Fee Representation and Execution Representation) Duan Hua is a lawyer in Guangxi who, after entering into a contingency fee and debt assignment agreement with an enterprise, realized the claim through enforcement proceedings and received substantial remuneration. He was subsequently accused of defrauding his client by concealing execution prospects and acquiring the claim at a below-market price, and of suspected bribery of a judge. He was sentenced to a heavy penalty at first instance; the case was remanded for retrial and is not yet concluded.***

***The case centrally illustrates: Against the backdrop of persistent difficulty enforcing judgments, the line between contingency fee representation, debt assignment, and criminal fraud is highly ambiguous. (See Appendix.)***

## CHAPTER THREE: VIOLATIONS RESULTING FROM INSUFFICIENT JUDICIAL INDEPENDENCE AND TRANSPARENCY

### Section 1: Insufficient Judicial Independence

The overlapping identities of Communist Party member and judge make judges function more like civil servants. The concept of "intra-Party regulations" (dangnei fagui) that has emerged in recent years is a case in point: under the Legislation Law, legislators do not include political parties. This perverse situation—in which the Party stands above the state and above the law—has led to a deterioration of the overall judicial environment, with all legal services markets, including civil and commercial cases, suffering from insufficient fairness and independence. The declining number of court judgments published online has made it harder for lawyers to access precedents and research cases. The rate at which court judgments are published online hit a new low of approximately 12.5% in 2023; since then there has been some rebound, but rates remain at a low level. In late 2025, news broke that even case numbers and the names of adjudicating personnel were being removed from the court judgment website. The court judgment website is increasingly becoming an internal database for the judiciary. Insufficient judicial independence, and doubts about the openness and fairness of adjudication, mean that lawyers in civil and commercial cases find it very difficult to provide clients with clear, high-quality legal advice.

### Section 2: Slow Case Filing

Since 2015, courts nationwide have implemented a case filing registration system, which has produced genuine improvements in the difficulty of case filing—parties can register a case by bringing materials, and courts may not refuse to accept a case on the grounds of substantive review. The institutional progress, however, has not been fully reflected in practice, and difficulties with case filing have continued in new forms.

Because the volume of cases at grassroots courts has been consistently high, and because filing immediately triggers calculation of the time limit for adjudication and the case closure rate, some courts delay formal filing in various ways. Common delay tactics include: repeatedly asking lawyers to supplement various documents and then raising new requirements after each supplementation, creating a cycle; online filing systems remaining in a state of "submitted" or "accepted" but failing to transition to "filed," preventing parties from obtaining a formal notice of acceptance; and invoking a "recommendation to first mediate" as a basis for requiring parties to enter a pre-litigation mediation process, effectively delaying the formal filing point in time.

For civil and commercial lawyers, delays in case filing have multiple impacts. First, statutes of limitations and preservation opportunities may be affected by delays in case filing; lawyers must continue to communicate with the court during this period, consuming large amounts of time and resources. Second, in cases involving asset preservation, delays in case filing may enable the respondent to transfer assets, directly harming clients' interests, and lawyers may also face resulting liability pressure. Third, the uncertainty of the case filing stage makes it difficult for lawyers to provide clients with accurate time projections, affecting the establishment and maintenance of retainer relationships. Some lawyers report that in order to push forward case filing they are compelled to invest significant non-professional communication and coordination work, which consumes professional resources and blurs lawyers' professional role boundaries.[10]

### Section 3: Case Backlogs and Lengthy Trial Periods

Because civil and commercial cases have continued to grow for many years, many courts have been in a persistent state of "too many cases, too few people," with capacity to close cases unable to keep up with the pace of case intake. This structural contradiction has been further exacerbated in recent years, and universally lengthening trial periods have become a shared pain point for both lawyers and parties.

In concrete terms, delays to trial periods typically take forms that are procedurally compliant but substantively dilatory. Common situations include: multiple suspensions of proceedings on the grounds of appraisal, assessment, or audit procedures; long-term shelving of cases on the grounds of awaiting results in related cases, but with ambiguous standards for determining relatedness; multiple rounds of pre-trial conferences being repeatedly convened without ever moving to formal trial; and case transfers between judges resulting in substantive time loss when a judge leaves or is reassigned.

The promotion of pre-litigation mediation has further lengthened the overall dispute resolution cycle. Some courts have made pre-litigation mediation a semi-compulsory prerequisite, and parties who refuse may face delays in case filing or adverse procedural treatment. The mediation period does not count toward the time limit for adjudication, which objectively provides courts with some elasticity for absorbing case backlogs, but also significantly raises the time costs of parties seeking redress.

For civil and commercial lawyers, longer trial periods directly affect professional economic efficiency and service quality. For contingency fee cases, the payment cycle lengthens accordingly, transmitting financial pressure to individual lawyers; for cases charged by stage, procedural delays create a mismatch between work performed and fees charged. The deeper impact lies in the fact that when parties broadly perceive litigation as a "drawn-out, unpredictable" choice, their trust in and willingness to pay for lawyers' professional value declines correspondingly, suppressing the vitality of the overall legal services market.

### Section 4: Difficulty Enforcing Judgments

Winning a case is only the first step in civil and commercial litigation; the real concern for parties is whether the judgment can be converted into actual asset recovery. Yet difficulty enforcing judgments has long been a persistent problem in Chinese judicial practice; despite the Supreme Court repeatedly launching special campaigns to "basically resolve the enforcement problem," practical difficulties remain pronounced.

In terms of tracing judgment debtors' assets, concealment and transfer of assets remain relatively common, and sanctions for such conduct are relatively limited. The effectiveness of the "dishonest persons" blacklist system varies significantly from case to case and person to person, and has limited effect on judgment debtors who have no enforceable assets or who have the ability to evade enforcement. Some judgment debtors transfer assets through affiliated companies, use divorce and property division to evade enforcement, or register assets in others' names in advance, rendering winning creditors' claims effectively worthless.

In terms of pushing enforcement proceedings forward, difficulty contacting enforcement judges is a widely reported problem. Enforcement judges face heavy caseloads, their phones are frequently unreachable, written applications go unanswered, and parties and lawyers wait indefinitely without any substantive response. Some enforcement cases see no progress for extended periods—neither concluded nor advanced—resulting in a de facto "enforcement suspension."

Policy-related interference in enforcement proceedings should not be overlooked. Against the backdrop of an economic slowdown, some local governments impose informal pressure on enforcement cases involving locally important enterprises, causing enforcement courts to adopt a passive attitude toward asset disposal. Enforcement cases involving state-owned enterprises or government-related entities typically face more pronounced obstruction. In areas such as labor disputes, policy orientations at times favor employers, making it difficult for lawyers representing workers to achieve their clients' entitled rights through legal channels.

The impact of enforcement difficulties on civil and commercial lawyers is systemic. First, when parties are unable to recover debts after enduring prolonged litigation, their confidence in litigation declines, leading them to question the value of lawyers' services, directly affecting lawyers' reputations and case sources. Second, in contingency fee arrangements, lawyers' fees are tied to enforcement recovery; inability to enforce means that lawyers' extensive work goes uncompensated, directly compounding professional risk and economic loss. Third, some lawyers, in order to push enforcement progress, are compelled to invest significant off-procedure coordination resources, and the resulting gray areas constitute new professional compliance risks.[11]

### Section 5: Judicial Corruption

Judicial proceedings have long been characterized by insufficient transparency, inadequate oversight, and "relationship-based" operations. In recent years, Chinese courts have implemented a judicial quota system reform, with the original intent of improving the professionalism and independence of adjudication by reducing administrative management and strengthening accountability of adjudicating judges. The reform also emphasized reducing direct interference by court presidents and presiding judges in specific cases.

In practice, however, the system has in some regions produced a new risk structure. As quota judges have been granted greater discretion over individual cases, without corresponding improvement in external oversight, procedural transparency, and accountability mechanisms, some judges have effectively gained more concentrated decision-making power. In this situation, case lawyers—and particularly civil and commercial lawyers who are heavily dependent on the outcome of individual cases—are more prone to falling into the trap of "relationship operations," improper benefits transfers, and bribery.[12]

For civil and commercial lawyers, this institutional environment not only intensifies improper competitive pressure in the industry but also significantly increases professional risk. On one hand, a lawyer who refuses to participate in "relationship-based operations" may find themselves at a competitive disadvantage; on the other hand, once a lawyer becomes involved in channeling benefits to a judge, they may face criminal prosecution, professional sanctions, and serious reputational damage. As a result, some civil and commercial lawyers are effectively placed in a professional environment of "high risk, low transparency."[13][14]

### Section 6: Criminal Legal Risks in Second-Instance Appeals and Retrial Cases

Under the current legal system and adjudication rules, in order to protect the authority of court judgments, second-instance and retrial courts generally will not change the judgment of the court of first instance. Unless there is a serious procedural error, it is difficult for a higher court to change the original judgment even where the factual findings are incorrect. This tendency is particularly pronounced in the civil and commercial sphere: the rate of changes on appeal has remained at a low level, the threshold for initiating retrial is high, and parties who have exhausted all available legal remedies typically still find it difficult to disturb the first-instance outcome.

Against this backdrop, some lawyers have no choice but to seek attention from higher courts through informal channels; this structural pressure objectively raises lawyers' professional risk and compliance costs. If a lawyer establishes "special communication" with judicial personnel in seeking a change in judgment, they may trigger the criminal red lines of bribery and collusion; yet if a lawyer honestly informs their client that the probability of a change is very low, the client may turn to a lawyer who "has connections," creating a market reversal in which unscrupulous practitioners drive out honest ones.

It is also worth noting that retrial proceedings themselves pose additional risks for representing lawyers. Retrial cases typically involve a substantive challenge to the original judgment; if a lawyer submits new evidence or points out errors in the original judgment while seeking retrial, they may be perceived by the original court as "challenging judicial authority," and in some circumstances may trigger scrutiny of the lawyer's professional conduct or even formal complaints. Some lawyers report that representing retrial cases and then encountering obstruction in annual inspections or being reported to the bar association is not an isolated phenomenon. Although such informal retaliation is difficult to prove, it in practice creates a significant chilling effect on lawyers' willingness to represent, so that when parties are in greatest need of legal relief, they ironically face a scarcity of qualified legal representatives.

### Section 7: Criminal Risks in Providing Legal Services to Public-Sector Entities

Corruption among government officials and state-owned enterprise officials remains not uncommon, and "anti-corruption" campaigns are still being conducted nationwide. Civil and commercial lawyers providing legal services to public-sector entities—especially those serving as legal counsel to such entities—have frequent and close contact with officials, and such lawyers are easily drawn into criminal liability risk related to "anti-corruption" investigations. Lawyers and legal counsel representing cases for government agencies and state-owned enterprises are often senior practitioners with many years of experience, many of whom serve as presidents or vice-presidents of local bar associations, or have special political-commercial connections. Some of these lawyers nominally charge high legal fees but are in fact required by officials to "share benefits," placing the lawyer in criminal risk.[15]

Currently, public-sector entities in China generally adopt a tendering model for hiring legal counsel, but the process is sometimes not genuinely conducted in accordance with the Tendering and Bidding Law; instead, several law firms are nominally asked to participate in bidding, while the hiring entity has in fact already negotiated in advance with a lawyer with whom it has a special relationship (hereinafter "connected lawyer").

This sham tendering model also places the "connected lawyer" in criminal jeopardy.

## CHAPTER FOUR: TAX AND FEE BURDENS EXACERBATE INDUSTRY INVOLUTION

Due to the combined impact of policies such as "state advance, private retreat," "sweeping black and eliminating evil," and "pandemic lockdown controls," together with massive changes in the international trade environment, the downward trend of the Chinese economy is quite pronounced, and a pessimistic economic atmosphere is growing. The legal profession—and civil and commercial lawyers' income in particular—has been significantly affected. In the questionnaire surveys conducted for this report, virtually all lawyers expressed concern about the impact of the economic downturn on their business income. Under these circumstances, the unique tax and fee burden on lawyers is felt with particular acuteness.

### Section 1: The Legal Profession Continues to Expand in Scale While Structural Demand Slows

The number of lawyers has maintained a long-term growth trend, with the number of practicing lawyers rising continuously over the past decade, and the legal profession transitioning from a "scarce professional service" to one of "relatively ample supply."

In concrete numerical terms, this trend is quite significant. According to data published by the Ministry of Justice in 2025 and statistics from the Lüxin Research Center, the number of practicing lawyers nationwide had reached 830,000 by 2025, with approximately 45,000 law firms; the number of lawyers grew from 297,000 in 2015 to 830,000—a nearly 1.8-fold increase over ten years—far outpacing the actual expansion of the legal services market. The Ministry of Justice had originally planned for 750,000 practicing lawyers by 2025; that target was reached ahead of schedule and substantially exceeded. Meanwhile, 960,000 people registered to take the Legal Professional Qualification Examination in 2024, a year-on-year increase of 15%, further signaling sustained expansionary pressure on the supply side of the profession.

First-tier cities: price competition and professional involution coexist. In first-tier cities such as Beijing, Shanghai, Shenzhen, and Guangzhou, lawyers are heavily concentrated, law firms are dense, and professional specialization is deepening. At first glance, demand for high-end legal services still exists; in reality, however, prices in mid-to-low-end work have been continuously declining. Junior lawyers and smaller firms are compelled to enter the market at low prices in exchange for case experience and room to survive. Even in high-end fields, competition has extended from "competition on professional competence" to "comprehensive competition on brand, resources, and background."

Second- and third-tier cities: "low-price case competition + high risk" coexist. In second- and third-tier and smaller cities, the overall size of the legal services market is limited, but the pace of growth in the number of lawyers has not correspondingly slowed, resulting in cases being competed for at prices significantly below reasonable cost. In order to survive, some lawyers have no choice but to accept higher-risk, lower-reward cases, and both their professional safety and professional dignity face dual pressure.

Small and medium-sized law firms: survival space is continuously compressed. Small and medium-sized law firms—especially those focused on civil and commercial work—have seen their survival space continuously shrink; they lack stable client bases, and their case sources are highly uncertain. With limited risk-management capacity, once a payment failure or risk case occurs, they are easily pushed into a management crisis. All these phenomena have made the survival environment for ordinary civil and commercial lawyers extremely harsh; many young lawyers who have just entered the profession voluntarily cancel their lawyer registration and take up other business activities.

Publicly available data further confirms the above assessment. As of the end of 2024, the overall market scale of China's legal services industry was approximately RMB 300 billion (Tana-Tech 2025 industry report, covering law firms and legal consulting companies broadly defined); in terms of law firm revenue, the 2023 nationwide law firm revenue was approximately RMB 177.2 billion (China Research and Intelligence data). The absolute numbers continue to grow, but per-lawyer revenues have shown a clear downward trend: Beijing lawyers' average per-lawyer revenue fell from RMB 843,300 in 2019 to RMB 687,200 in 2023; Shanghai lawyers' average per-lawyer revenue fell from RMB 1,022,500 in 2020 to RMB 815,600 in 2023. It is important to note that revenue is not equivalent to take-home income: after deducting law firm management fees, taxes, social insurance, and case costs, lawyers' actual take-home income is typically around 60% of their revenue figure. For the junior lawyer cohort, the situation is especially dire: based on surveys published by bar associations in Beijing, Shenzhen, Hangzhou, Chongqing, and other cities from 2022 to 2023, more than 70% of junior lawyers earn less than RMB 100,000 per year; in 2023, the proportion of junior lawyers within the total number of practicing lawyers fell for the first time, and the phenomenon of a net outflow of young people from the profession has attracted widespread attention.

## Section 2: Social Insurance and Tax Costs Further Increase the Practice Burden on Lawyers and Law Firms

1. Social insurance has been transferred to the tax administration for collection and effectively constitutes a "social insurance tax."

Using a monthly salary of RMB 8,000 as an example: the total employer burden is approximately 26%–28% of the salary amount; individual deductions total approximately 10.5%; adding housing provident fund contributions (calculated at 12%), the individual takes home 22.5% less, and the total employer cost increases by 38%. For some commission-based lawyers, the employer portion is also borne by the lawyer themselves, and close to 60% of income is subject to social insurance deductions.

***2. Multiple overlapping taxes.***

Lawyers and law firms are subject to: value-added tax and surcharges, individual income tax (partnership business income taxed at the operator's rate), individual income tax on wages and salaries, and local surcharges.

***3. Limited relief tools and high accountability exposure. Heavy pressure, acutely felt.***

For value-added tax, lawyers' services have almost no deductible input tax (no raw materials, no large deductible assets), so this tax is effectively a tax on gross revenue; by contrast, manufacturing and trading enterprises can deduct input taxes, and internet platforms can deduct technology, advertising, and equipment costs.

For individual income tax: labor remuneration is taxed at a starting rate of 20% up to a maximum of 40%;

wages and salaries are taxed at a progressive rate of 3%–45%. In addition, the deductible operating expenses available to law firms are extremely limited—meal expenses can only be deducted at up to 3‰ of revenue, yet meal expenses are a significant business cost for lawyers; vehicles registered in a lawyer's own name are personal property, and annual insurance premiums cannot be counted as costs; in practice, only rent, basic office expenses, and a small amount of travel expenses can be deducted before tax, leaving very limited scope for legitimate tax planning. Some lawyers pay referral fees as a way of developing business, but referral fees cannot be deducted as expenses before tax, which can mean that actual revenue is insufficient to cover the combined cost of taxes and case expenses.[16]

Law firms (partnership firms and solo firms) do not pay corporate income tax—which sounds like a benefit—but in reality, the entire tax burden falls on individual lawyers, who are subject to a progressive "business income" tax rate of 5%–35%, which, unlike wages and salaries, does not carry a threshold or special additional deductions (for children, mortgages, supporting elderly parents, etc.), resulting in a significant proportion of lawyers facing an effective marginal tax rate approaching 30%–35%.

Law firms are not limited liability companies and therefore cannot, as enterprises do, retain profits, defer distributions, provide equity incentives, or flow profits through multi-level structures. Almost all profits must be taxed in the hands of natural persons in the period in which they arise.

4. The heavy tax and fee burden effectively places civil and commercial lawyers in a state of "universal criminalization."

If a lawyer fully complies with tax and social insurance requirements, they are essentially working for the government; if they use any form of tax avoidance, they lay the groundwork for penalties from judicial, industrial and commercial, tax, public security, and other administrative authorities, significantly increasing civil and commercial lawyers' legal risk.[17]

## CHAPTER FIVE: THE CONFLICT BETWEEN PROFESSIONAL ETHICS AND THE JUDICIAL ENVIRONMENT

Within the current legal operational framework in mainland China, civil and commercial lawyers are still ostensibly regarded as "non-political, technical" legal service providers; but in practice, their professional activities are increasingly subject to the multiple influences of political logic, administrative governance, and market pressure. Chapters One through Four of this report primarily analyze the political, judicial, market, and tax and fee institutional environments facing civil and commercial lawyers. This chapter further discusses how these institutional environments affect lawyers' professional ethics and professional judgment, providing an analytical description of the systemic erosion of civil and commercial lawyers' professional ethics. The specific manifestations of the ethical dilemma may also be understood by reference to the six representative cases included in the Appendix.

### Section 1: Government Political Considerations Regarding Cases Affect Lawyers' Professional Ethics

According to general professional ethics, lawyers should provide the public with timely, high-quality legal services, protect the public interest and clients' individual interests within the bounds of the law, and provide clients with the highest level of confidentiality. Civil and commercial cases are generally regarded as falling within the sphere of private autonomy, where lawyers participate in dispute resolution primarily through legal technique and procedure, maintaining a relative distance from political risk. But as the logic of Chinese government governance has changed, the boundaries of political risk have continued to expand; political considerations are no longer determined solely by the nature of the case but increasingly by the parties' identities, whether the dispute may generate social impact or media attention. Political judgments are highly uncertain and tend to materialize in retrospective ways.

In this context, civil and commercial lawyers, before deciding whether to provide legal services to a client and what services to provide, must already conduct a preemptive assessment of political and security risk. This preemptive self-examination has caused civil and commercial lawyers to voluntarily narrow their service scope and reduce their caseload, while also reducing clients' trust and expectations of lawyers and eroding the trust relationship between lawyers and clients.

This mechanism is in direct conflict with the basic requirements of professional ethics. Professional ethics require that a lawyer's decision to take a case be based on the legal merits of the case, not on its political consequences; they require that a lawyer maintain loyalty to their client, rather than placing their own safety above the client's interests. When the two come into conflict, many lawyers in practice find themselves compelled to choose the latter—this is not a personal moral failing but a structural adaptation to institutional pressure.

In practice, this situation often presents in relatively hidden ways. Lawyers interviewed report that when faced with potentially sensitive cases, lawyers typically do not explicitly refuse but cite reasons such as "the case is outside my area of specialization" or "my schedule is full" to deflect—so as to avoid creating a record of refusing to handle a politically sensitive case. This self-protective mode of expression is itself proof that political pressure has been internalized as a logic of professional practice.

### Section 2: Judicial Uncertainty May Lead Lawyers to Become "Judicial Brokers"

In an environment of increasing judicial uncertainty and declining predictability of adjudication, civil and commercial lawyers simultaneously face intense market-oriented competitive pressure and often find it difficult to meet clients' expectations regarding litigation outcomes.

Under this structural tension, a representation model centered on "connections," "coordination," and "background resources" is increasingly common and presents clear ethical risks. Lawyers interviewed report that situations in which clients explicitly request that their cases be handled through the lawyer's informal relationships with judges are quite prevalent. Lawyers who insist on handling cases through professional competence rather than connections face persistent client attrition; those who choose to accommodate such expectations face criminal risks such as bribery and collusion, as well as long-term erosion of their professional reputation. This is a dilemma with no safe exit.

This pattern is not an individual lawyer's ethical choice but a structural adaptation formed under the pressure of institutional incentives and market survival demands. Its long-term consequence is that clients hiring a lawyer no longer depend entirely on the lawyer's professional skills and legal knowledge, but are increasingly inclined toward the lawyer's "coordination" capacity with judicial authorities. The lawyer's role shifts from that of a practitioner of legal rules to an intermediary and coordinator within an informal order—or even a "judicial broker."[18][19]

The Duan Hua Case (Case Six) in the Appendix provides partial corroboration of the dangerous boundaries of this mechanism: one of the charges against Duan Hua is precisely that he bribed the presiding judge—conduct whose background is the "off-procedure coordination" for enforcement progress that many lawyers regard as unavoidable under current judicial conditions, yet one that may at any time result in criminal prosecution. The Lü Xiansen Case (Case Four) illustrates another dimension: a lawyer providing legal advice in a complex civil and commercial transaction may subsequently be found to have knowingly assisted a client in illegal conduct. What these two cases together reveal is an institutional environment in which lawyers—whether they actively or passively engage in "gray-area operations"—face the prospect of criminalization at any time.

### Section 3: The Absence of a Professional Withdrawal Mechanism Exacerbates Ethical Dilemmas

The two dilemmas described above share a common institutional gap: the absence of a clear and workable professional withdrawal mechanism.

When a lawyer discovers during representation that their client has engaged in illegal conduct, or when a case has evolved into a politically sensitive event, there is almost no protected withdrawal path under the current system. If the lawyer continues to represent, they may incur shared legal liability; if they withdraw mid-case, they may face breach of contract claims, or even complaints by the client on grounds of "disclosing case information." If they disclose to the authorities, they face an irreconcilable conflict between their duty of confidentiality and their duty to report—a conflict that is treated with extreme vagueness under current law.

This gap is particularly pronounced in organized crime cases. As the Feng Bo Case (Case One) and the Gu Chunyi Case (Case Three) in the Appendix illustrate: lawyers who, in the normal course of their practice, established representation relationships with clients who were subsequently identified as organized crime members, were subsequently prosecuted for "participation." One of the key issues in both cases is precisely: at what point, and by what means, should the lawyer have withdrawn, in order to avoid criminal liability while also not violating the duty of loyalty to their client? Current law provides no effective guidance.

As recommended in Chapter Six of this report, drawing on the experience of mature jurisdictions overseas (such as Rule 3.7 of the Law Society of Ontario's Rules of Professional Conduct, which sets out mandatory withdrawal obligations) to establish a clear professional withdrawal mechanism is one viable path for addressing this ethical dilemma. This is not only a protection for lawyers but also a protection for clients' interests, and a necessary condition for maintaining the integrity of judicial proceedings.

## CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

This report aims to present the current state of civil and commercial lawyers' rights and professional environment in mainland China, in order to draw the attention of the international community to their situation. Under the current political and legal environment, it will not be possible to change the rights environment for civil and commercial lawyers in China overnight. Compared with countries where the legal profession is more developed, legal practice capacity and the scope of legal work in China are relatively narrow, and professional ethics remain in need of improvement; but most importantly, institutional and structural risks have made career development for civil and commercial lawyers extremely difficult. In this situation, on one hand, the wealth accumulated over forty years of reform and opening up has created public demand for legal services; on the other hand, institutional restrictions and unreasonable controls on lawyers have increased the professional risks they face. In order to enable civil and commercial lawyers to play a greater role in the formation of a rule-of-law society in China, this report puts forward the following recommendations:

### Recommendation 1: Rebuild the Relationship Between Lawyers and Bar Associations

Drawing on the mature positioning, professional norms, and bar association operating rules of the United Nations and advanced countries, promote the return of bar associations to their core functions of autonomy, self-discipline, and service to lawyers, so that they genuinely become representatives and guardians of lawyers' rights, rather than instruments of administrative regulation.

It must be acknowledged that the preceding chapters of this report have characterized the current bar associations as instruments of administrative control and even, in some circumstances, as accomplices in the persecution of lawyers. To then call for "reform through the bar associations" does create an inherent tension. The research team's position on this is that it represents a "pragmatic advocacy of what is known to be difficult"—in the absence of conditions for fundamental institutional change, using the international normative standards of the United Nations and bar associations in advanced countries to apply sustained advocacy pressure on existing bar associations is a short-term path that is currently actionable; while an independent, self-governing bar association remains the necessary target of medium-to-long-term institutional reform. The two are not contradictory, but readers should clearly distinguish between advocacy strategy and institutional ideals.

### Recommendation 2: Strengthen Professional Ethics

Drawing on professional ethics standards from the United Nations and advanced countries' legal professions, develop or revise codes of professional conduct adapted to the current practice environment, covering lawyers' duty of confidentiality, mechanisms for identifying and preventing inadvertent participation in clients' illegal conduct, and appropriate withdrawal mechanisms where clients engage in illegal conduct.

### Recommendation 3: Build Internal Compliance Systems

Drawing on the new regulations on criminal protection of trade secrets (implemented in May 2025), law firms can establish risk assessment mechanisms; it is recommended that a "individual case experience – case-type rules – standard guidelines" knowledge transformation system be developed to reduce the risk of criminal involvement.

### Recommendation 4: Optimize the Tax and Fee System, Reduce Institutional Friction Costs, and Improve Legal Service Supply Quality

1. Expand the list of costs deductible before tax for the legal profession. It is recommended that the

following expenses be explicitly included as deductible items: professional time cost calculations (deducted at a proportion by hour or case type), travel and communication costs for case research, out-of-town investigation, and evidence collection, and academic research, continuing education, and professional database subscription expenses. In terms of form, this could be modeled on the "fixed amount + proportion" deduction approach for sole proprietors, or a dedicated cost deduction coefficient for the legal profession.

2. Allow lawyers an "income smoothing mechanism" (cross-year adjustment). A distinctive feature of lawyers' income is that large cases produce concentrated settlement, with large year-to-year fluctuations, but individual income tax is rigidly settled on an annual basis. It should be permissible to establish a practice reserve or risk reserve, with a certain proportion retained before tax and amortized over years; or to permit income from major cases to be recognized in installments.

3. "Genuine burden reduction" for social insurance and housing provident fund. Lawyers are neither employees nor typical business operators, yet bear almost the full cost of social insurance. It is recommended that flexible lower bounds on social insurance contributions be established for practicing lawyers, or that a greater proportion of lawyers' social insurance costs be permitted as a pre-tax deduction for law firms.

4. Recognize the "quasi-legal person status" of law firms in tax law. Law firms are not true legal persons but are treated as "business entities," resulting in firms being unable to retain profits, with individuals required to pay tax in the period the income arises. It is recommended that tax law explicitly permit partnership law firms to retain undistributed profits, with deferred distribution and deferred taxation, similar to the tax pass-through and retention mechanisms for limited partnership funds.

5. Establish "tax credits" for public interest and vulnerable population representation. The legal profession provides a large amount of hidden public service, for example, supplementing legal aid in cases involving vulnerable groups (disabled persons, patients, migrant workers, etc.) with high risk and low reward. It is recommended that tax credits be provided, calculated by case type or by number of hours.

6. Relax the organizational forms permissible for law firm practice (limited liability or incorporation). It is recommended that limited liability law firms be permitted, with income able to be retained, invested, and distributed on a deferred basis.

### Recommendation 5: Relax the "Corporate Lawyer" System, Expand Career Pathways and Enhance Legal Service Supply Capacity

First, expand the scope of application of the corporate lawyer system: building on a review of pilot experience, progressively open access conditions to a broader range of enterprise types beyond state-owned enterprises, and eliminate the judicial administrative approval stage. Second, establish smooth mobility mechanisms between corporate lawyers and independently practicing lawyers, reducing career transition costs and promoting the reasonable movement of legal professionals between different forms of practice. Third, allow corporate lawyers in specific circumstances to provide a limited scope of external legal services (such as for affiliated enterprises within a corporate group, public interest legal services, or specific practice areas registered in advance), in order to enhance the societal utilization of legal professional capacity.

### Recommendation 6: Look to the International Arena and Seek Blue Ocean Opportunities

In recent years, a number of large law firms have been actively developing overseas business, and lawyers within China have been competing to obtain legal qualifications in other countries, including but not limited to the California bar. Some firms have proposed building a "global one-hour legal service ecosystem" to provide cross-border legal services networks for Chinese enterprises going overseas and for international clients.

As lawyers begin to engage with overseas markets and learn about legal services in other countries—applying those lessons to domestic legal services—they bring domestic legal practice into contact with lawyers in countries where the legal profession is more developed, promoting the development of the profession.

Building a rule-of-law state is not the work of a single day; it requires a continuous improvement in the legal consciousness of the public and in legal professionals' own cultivation, and an advancement of citizens' concepts of the rule of law and awareness of rights. Through an understanding of the experiences of their peers around the world, lawyers can deepen their own understanding of the rule of law, gain support from the international community, and advance the establishment of a rule-of-law society in China through incremental steps.

## APPENDIX: COMPILATION OF REPRESENTATIVE CASES ON CIVIL AND COMMERCIAL LAWYERS' RIGHTS

### Case One: Lawyer Feng Bo Suspected of Participating in an Organized Criminal Group, Fraud, and Assisting in the Fabrication of Evidence

Feng Bo, formerly a full-time lawyer at Guangxi Wucheng Law Firm, was criminally detained by Guangxi Laibin police in 2022 on suspicion of participating in an organized criminal group, fraud, and assisting in the fabrication of evidence. The case arose from Feng Bo's service as legal counsel to the leader of the Guilin Beijing Chamber of Commerce, Liu Qiang's organization, from 2012 to 2015 (annual retainer of RMB 20,000 plus representation fees). Liu Qiang's organization had been recognized in a separate case as an organized criminal group, and Liu Qiang himself was sentenced to 25 years' imprisonment.

In March 2023, the Xingbin District Court of Laibin City rendered its first-instance judgment: it found Feng Bo guilty of participating in an organized criminal group, fraud, and assisting in the fabrication of evidence, imposed cumulative sentences, and ordered him to serve 10 years' imprisonment and pay a fine of RMB 350,000. Feng Bo appealed.

On May 15, 2024, the Laibin Intermediate People's Court rendered its second-instance judgment in open court: it overturned the conviction for "participating in an organized criminal group" (finding that the evidence was insufficient to prove that Feng Bo had objectively and subjectively joined the organization—his was merely a normal retainer legal services relationship), upheld the conviction for fraud (sentenced to four years and six months, fined RMB 100,000, as an accessory mitigated) and assisting in the fabrication of evidence (sentenced to one year), and ultimately imposed a combined sentence of 5 years' imprisonment and a fine of RMB 100,000.

The second-instance trial lasted more than 20 days and attracted public attention due to the "August 7 security incident" (for which the court subsequently apologized). Feng Bo refused to stand when the verdict was announced in court, and his family and defense lawyers indicated they would not accept the verdict and planned to file for a retrial. As of January 2026, there is no publicly available information about a retrial or change in judgment.

This case is regarded as a typical warning case of "normal lawyer practice becoming entangled in organized crime," highlighting the criminal risk boundaries for lawyers serving as legal counsel. Lawyer Si Weijiang wrote a commentary entitled "The Sword Seller" discussing the case.

**Case Two: Lawyer Li Min Suspected of Assisting in the Fabrication of Evidence**

Li Min is a lawyer in Chongqing. In late 2014, Ledao City Yutai Real Estate Company experienced a funding crisis and construction stoppage. In order to bring in high-interest loan capital from Zheng Yonggan and others while guarding against investment risk, both parties—with the "support" of a local government document—agreed to adopt a "litigate first, invest later" approach, i.e., to pre-seal accounts through judicial proceedings to ensure safe capital recovery. The prosecution alleged: in May 2015, during the fraudulent litigation being conducted by Zheng Yonggan and others, the defendant—knowing that both parties were fabricating facts through a debt assignment—assisted in fabricating a debt assignment slip with a claim amount of RMB 1.64 million. Zheng Yonggan and others used this slip and other fabricated evidence to bring a RMB 51 million fraudulent litigation in the Dezhou Intermediate Court, reach a mediation agreement, and then recover RMB 54.83 million through compulsory enforcement. In 2021, the relevant civil mediation document was revoked due to suspected fraudulent litigation. Li Min argued that he had only provided lawful legal advice (such as mortgage on property under construction), had not participated in fabricating facts, and that the allegation that he had masterminded the scheme was a frame-up by others; he also noted that the authorities had issued a document at the time supporting the financing arrangement. The court found, after trial, that Li Min's conduct constituted the offense of assisting in the fabrication of evidence. However, given his relatively minor role in the overall fraudulent litigation criminal chain and the particular nature of the case background, the final judgment was: Li Min is guilty of assisting in the fabrication of evidence, and is exempted from criminal punishment.

**Case Three: Lawyer Gu Chunyi Suspected of Participating in an Organized Criminal Group, Fraudulent Litigation, and Bribery**

Gu Chunyi is a former lawyer in Anshan, Liaoning (his former wife is Tian Ying, a nationally recognized outstanding public prosecutor), who in the late 2010s was criminally investigated by Liaoning police on suspicion of participating in an organized criminal group, fraudulent litigation, and bribery. The case arose from two civil cases that Gu Chunyi had represented approximately 10 years earlier (in the late 2000s to early 2010s): disputes over loans and debt assignment litigation between Hu Yongjia (subsequently identified as a member of an organized criminal group) and Liu Tiecheng and Yuan Mou. Gu Chunyi, as Hu Yongjia's commissioned representative, participated in drafting the loan agreements, mediating in litigation, and executing the enforcement (including a RMB 18 million loan case resolved through mediation at Anshan Intermediate Court).

In the mid-to-late 2010s, after Hu Yongjia's organization was labeled an organized criminal group, Gu

Chunyi was accused of "participating" in the organization (in reality, merely a normal legal services relationship), fraudulent litigation (suspected fabrication of debt facts to obtain assets), and bribery (alleging that Hu bribed judicial personnel through Gu; but the evidence shows the two had a falling-out in 2014 and cooperation on bribery would have been impossible).

The first instance was tried by Xiuyan County People's Court (in violation of jurisdictional rules, having been split from the Anshan Intermediate Court case), and resulted in a sentence of 10 years and 6 months' imprisonment. Tian Ying publicly cried injustice, making videos and publishing articles alleging procedural violations (illegal splitting of the case, illegal obtaining of evidence, using family members as leverage to coerce confessions, editing of audio and video recordings, etc.) and substantive errors (insufficient evidence, inappropriate charges). The second instance was tried by Anshan Intermediate People's Court, which upheld the original judgment (10 years and 6 months' imprisonment).

### Case Four: Lawyer Lü Xiansen Suspected of Fraud

Lü Xiansen is a lawyer in Huainan, Anhui (formerly at Tian'ai Law Firm), born in 1980; he was formerly a primary school teacher who later changed careers to become a practicing lawyer, primarily handling civil and commercial cases. Beginning in late 2013, he was introduced to Xu Weiqin, Shao Bochun, and their relatives and successively took on 12 related cases (multiple cases involving borrower Li Guangjian and Hefei Guangqi Company).

In 2017, Guangqi Company filed a report accusing the Shao Bochun couple of "predatory lending," and the Hefei police opened an investigation into Xu Weiqin and Shao Bochun on suspicion of organizing, leading, and participating in an organized criminal group and fraud. In March 2018, Lü Xiansen was criminally detained on suspicion of fraud (and released on bail after 37 days). The prosecution alleged: Lü Xiansen, knowing that the clients were using "predatory lending" to illegally obtain property, assisted in defrauding through representing fraudulent litigation, providing strategic advice, directing false statements, and manufacturing false evidence (the case amount was determined to be RMB 3 million in an uncompleted attempt), constituting a co-conspirator in fraud. In October 2019, the Hefei Intermediate Court rendered its first-instance judgment: Lü Xiansen is guilty of fraud and sentenced to 12 years' imprisonment with a fine of RMB 150,000. Lü Xiansen appealed. In August 2020, the Anhui High People's Court held the second instance hearing (Lü Xiansen appeared remotely); his defense lawyers Zhou Ze, Si Weijiang, and others argued: Lü Xiansen had only normally represented civil cases, did not know the true debt relationship, and had no subjective intent; moreover, there was evidence of torture to extract confessions during the investigation (Zhou Ze publicly released relevant video, which was subsequently required to be deleted). On November 17, 2020, the second-instance judgment was rendered: it overturned part of the fraud amount determination (RMB 19 million uncompleted changed to RMB 3 million uncompleted), did not recognize principal offender status, and changed the sentence to 3 years' imprisonment with a fine of RMB 60,000 (sentence ending December 23, 2021). The case attracted widespread attention from the legal profession and was regarded as a typical warning case of a civil and commercial lawyer representing "predatory lending" related cases and becoming entangled in criminal risk. Lü Xiansen and his family indicated they would not accept the outcome and planned to file for a retrial. As of January 2026, there is no publicly available information about a retrial or change in judgment.

**Case Five: Wu Di Suspected of Fraudulent Litigation**

Wu Di is a practicing lawyer in Huizhou, Guangdong who, between June and December 2016, was retained by Chen Xianghao, a legal affairs officer at Huizhou Huoduli Coastline Property Development Co., Ltd., to act as the representative lawyer for Pei Moumou, Liu Mouyi, and Liu Mou-2 in three cases involving fraudulent residential property sale contracts.

Background: In 2015, Huoduli Company signed residential property sale contracts for three units with Zhang Mouping, Cai Moudong, and Huang Mouhua. After the purchasers paid their down payments, the company—in order to obtain a greater benefit—privately withdrew the mortgage applications without informing the purchasers, causing the mortgages to fail, the balance payments to go unpaid, and the title transfers to fail. The company then sued to rescind the contracts on the grounds of purchaser default, while at the direction of company responsible person Liu Jiefu (handled in a separate case), signing fictitious sale contracts with Pei Moumou and two others to create the appearance of "one flat sold twice."

After receiving false identity document copies, subscription agreements, sale contracts, and payment receipts provided by Chen Xianghao, Wu Di prepared letters of attorney and civil petitions, signing the names of the three clients (with fingerprints affixed by assistant Lin Mousheng), and used these materials to file a case at Huiyang District People's Court, suing Huoduli Company for a transfer of the three units to Pei Moumou and others. Throughout, Wu Di never contacted Pei Moumou, Liu Mouyi, or Liu Mou-2 in person, never informed them of the representation, the trial process, or the litigation outcome, and the litigation fees and lawyers' fees were paid by Huoduli Company through Chen Xianghao.

The fraudulent litigation conduct caused Huiyang District People's Court to successively rule on October 31 and December 9, 2016 that Unit 302 was jointly owned by Zhang Mouping and Liu Mouyi. In June 2018, the court discovered leads and referred the matter to the police; in May 2019, Pei Moumou and others were summoned. In response to the investigation, Liu Jiefu directed Chen Xianghao and Wu Di to meet with the three and induced them to produce false loan certificates and give false testimony.

On April 15, 2021, Wu Di was apprehended by Huiyang District Public Security Bureau. The court found that Wu Di, knowing the materials to be false, still represented the fraudulent litigation, constituting the offense of fraudulent litigation, and sentenced him to one year and three months' imprisonment. The case highlights the serious criminal risk to lawyers who, in representing residential property sale disputes, participate in manufacturing false evidence and impersonate clients in case filing.

**Case Six: Lawyer Duan Hua Suspected of Fraud and Bribery**

Duan Hua is a practicing lawyer in Guilin, Guangxi, formerly the director of the Criminal Law Professional Committee of the Guilin Lawyers Association, and affiliated with Gufang Law Firm. The case arose from his representation of Guangxi Guilin Guilianke Bus Industry Co., Ltd. (Guilianke Company) in resuming enforcement of a contract dispute with Lijiang Company and Zhao Jun. The enforcement claim was very large, Guilianke Company was in financial difficulty, and faced multiple debts and was unable to pay legal fees.

In January 2016, Guilianke Company and Duan Hua signed a debt assignment agreement and contingency fee contract, transferring to Duan Hua for RMB 300,000 the pending enforcement claim (approximately RMB 6.21 million). Over three years of representation, Duan Hua, through investigation, enforcement objections, reconsideration, and other procedures, ultimately prevailed, and Yanshan District Court recovered RMB 6.213309 million in the enforcement proceedings. After deducting the RMB 300,000 principal and expenses, Duan Hua received a profit of approximately RMB 5 million.

Around 2020, former management of Guilianke Company or related parties reported Duan Hua on suspicion of fraud. In August 2024, Guilin Gongcheng County People's Court rendered its first-instance judgment, finding: with full knowledge that the probability of enforcement success was very high, Duan Hua concealed key evidence and the prospects of success from his client Guilianke Company, causing the client to misjudge the case as being difficult to enforce and thereby transfer the claim to him at a below-market price, constituting fraud (defrauding RMB 5.913309 million—an exceptionally large amount); and after successful enforcement, bribing the presiding judge Liu Jun with RMB 30,000 in cash, constituting bribery. The two offenses were combined in sentencing, resulting in 11 years and 2 months' imprisonment plus a fine.

## NOTES

[1] Mr. X, law firm director, written interview, May 28, 2026. Lawyer X noted that in mainland China, the judicial bureau implements a compulsory registration system for mass cases involving multiple parties; if the judicial bureau determines that a case is politically sensitive, it may require the lawyer to withdraw from representation.

[2] Mr. L, twenty years of experience as a practicing lawyer in China, remarks at a seminar, February 4, 2026.

[3] Mr. Z, law firm director, interview, May 20, 2026. Lawyer Z noted that Beijing had in practice stopped approving new solo law firms many years ago, implementing the restriction after only approximately two or three years; the situation varies somewhat in other regions.

[4] Mr. X, law firm director, written interview, May 28, 2026; Mr. Z, law firm director, interview, May 20, 2026. Lawyer X noted that the bar association's restrictions on cooperation between lawyers and legal consulting companies are widely disregarded in practice. Lawyer Z noted that suppression has escalated since 2024–2025, with cases emerging in which related lawyers are prosecuted for fraud, and mentioned that lawyer Zhang Yujuan had been sanctioned for cooperating with a legal consulting company.

[5] A "corporate lawyer" is an employee who has entered into a labor contract with a state-owned enterprise, has lawfully obtained a corporate lawyer certificate issued by judicial and administrative authorities, and engages in legal affairs work for the enterprise. Measures for the Administration of Corporate Lawyers, Ministry of Justice of the People's Republic of China, 2018.

[6] Mr. L, twenty years of experience as a practicing lawyer in China, remarks at a seminar, February 4, 2026.

[7] Mr. Z, law firm director, interview, May 20, 2026; Mr. Y, law firm director, interview, June 5, 2026. Lawyer Z noted that organized crime cases require additional registration formalities, clients typically do not accept the relevant characterization, and lawyers therefore face higher identification difficulty and legal risk. Lawyer Y mentioned the Baotou case: the police seized all legal fees from the law firm and pursued them to Urumqi; Lawyer Y filed multiple applications in the second instance to hold the police accountable and to lift the seizure; the case significantly affected lawyers' willingness to accept contingency fee representations.

[8] Under Rule 3.7 of the Law Society of Ontario's Rules of Professional Conduct, when a client asks a lawyer to engage in conduct that violates professional norms or legal rules, the lawyer has an obligation to withdraw from the representation (mandatory withdrawal). Written opinion of Ms. Z, a practicing lawyer in Canada, January 26, 2026.

[9] Mr. X, law firm director, written interview, May 28, 2026; Mr. Z, law firm director, interview, May 20, 2026. Lawyer X noted that clients tend to criminalize civil disputes, for reasons including: police involvement can intimidate the other party, criminal proceedings have shorter timelines than civil litigation, and the police do not charge clients. Lawyer Z added that cases involving digital currency are particularly prevalent, with procuratorate organs frequently intervening on charges such as illegal business operations, and that the question of whether digital currency constitutes criminal proceeds is itself disputed.

[10] Mr. X, law firm director, written interview, May 28, 2026. Lawyer X noted that because case control systems and judicial quota reform have proceeded in parallel, courts at all levels have in effect exceeded the trial time limits prescribed by the Civil Procedure Law; severe delays from filing to adjudication—of up to three years in some cases—are common, and lawyers can typically only repeatedly communicate with the courts.

[11] Mr. Y, law firm director, interview, June 5, 2026; Mr. X, law firm director, written interview, May 28, 2026. Lawyer Y noted that corruption in the enforcement stage is more pronounced than in other parts of the court system and that bribery is often required to make progress; cases involving state-owned enterprises and government entities are particularly difficult. Lawyer Y personally has cases from over twenty years of practice that remain unenforced to this day—not because enforcement is impossible, but because they are continuously delayed. Lawyer X added that courts typically refuse lawyers' applications for investigation orders in cases involving state-owned enterprises and government entities.

[12] Mr. X, law firm director, written opinion, January 22, 2026.

[13] Mr. Y, law firm director, interview, June 5, 2026. Lawyer Y noted that when representing second-instance or retrial cases, lawyers typically resort to various informal channels—reporting to various departments, briefings, complaints, and online disclosure—to push for their cases to receive attention.

[14] Mr. X, law firm director, written opinion, January 22, 2026.

[15] The situations described in this section currently derive primarily from the general observations and assessments of lawyers who participated in compiling this report, and no direct firsthand case accounts from interviewed lawyers have been collected. The research team made specific inquiries to three law firm directors during interviews: Lawyer Y stated that he had served as legal counsel to state-owned enterprises and foreign-invested enterprises but had not encountered any situation in which anti-corruption investigations affected him personally; Lawyer X proposed the response strategy of "not charging high fees and refusing to channel benefits to officials"; Lawyer Z did not respond to this question. Given the extreme sensitivity of such incidents, even lawyers with firsthand experience find it difficult to speak publicly; the structural risk assessments presented in this section remain well-grounded, but readers should treat them as analytical descriptions rather than empirically verified conclusions. The research team will continue to supplement relevant cases in subsequent versions.

[16] Mr. X, law firm director, written opinion, January 22, 2026.

[17] Mr. X, law firm director, written interview, May 28, 2026; Mr. Y, law firm director, interview, June 5, 2026. Lawyer X noted that the tax authorities' treatment of law firms as enterprises for tax purposes is clearly unreasonable, and recommended that lawyers' reasonable personal expenses be allowed as cost deductions; for referral fees, lawyers can only pay them as required and bear the loss. Lawyer Y noted that law firms' hidden costs and time costs are very high and, unlike manufacturing enterprises that have clearly defined input costs, the standards for tax recognition should be more relaxed.

[18] Mr. X, law firm director, written interview, May 28, 2026; Mr. Y, law firm director, interview, June 5, 2026. Lawyer X noted that when clients retain representation, they often demand that the lawyer establish a special relationship with the court and obtain advantages through judges, a phenomenon that has led to a continued decline in professional identity among lawyers. Lawyer Y insists on handling cases through professional competence rather than connections, and states that he still faces sustained pressure from clients demanding that cases be handled through connections.

[19] Mr. X, law firm director, written opinion, January 22, 2026.