

119TH CONGRESS  
1ST SESSION

# H. R. 2246

To protect the national security of the United States by imposing sanctions with respect to certain persons of the People’s Republic of China and prohibiting and requiring notifications with respect to certain investments by United States persons in the People’s Republic of China, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 2025

Mr. BARR (for himself, Mr. MOOLENAAR, Mr. McCAUL, Mr. GOLDEN of Maine, and Mr. SUOZZI) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To protect the national security of the United States by imposing sanctions with respect to certain persons of the People’s Republic of China and prohibiting and requiring notifications with respect to certain investments by United States persons in the People’s Republic of China, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This title may be cited as the  
 3 “Foreign Investment Guardrails to Help Thwart  
 4 (FIGHT) China Act”.

5 (b) **TABLE OF CONTENTS.**—The table of contents for  
 6 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Secretary defined.
- Sec. 3. Severability.
- Sec. 4. Authorization of appropriations.
- Sec. 5. Termination.

TITLE I—IMPOSITION OF SANCTIONS

- Sec. 101. Imposition of sanctions.
- Sec. 102. Definitions.

TITLE II—PROHIBITION AND NOTIFICATION ON INVESTMENTS  
RELATING TO COVERED NATIONAL SECURITY TRANSACTIONS

- Sec. 201. Prohibition and notification on investments relating to covered national security transactions.

TITLE III—SECURITIES AND RELATED MATTERS

- Sec. 301. Requirements relating to the Non-SDN Chinese Military-Industrial Complex Companies List.

7 **SEC. 2. SECRETARY DEFINED.**

8 Except as otherwise provided, in this Act, the term  
 9 “Secretary” means the Secretary of the Treasury.

10 **SEC. 3. SEVERABILITY.**

11 If any provision of this Act, or the application there-  
 12 of, is held invalid, the validity of the remainder of this  
 13 Act and the application of such provision to other persons  
 14 and circumstances shall not be affected thereby.

1 **SEC. 4. AUTHORIZATION OF APPROPRIATIONS.**

2 (a) IN GENERAL.—There is authorized to be appro-  
3 priated \$150,000,000 to the Department of the Treasury,  
4 out of which amounts may be transferred to the Depart-  
5 ment of Commerce to jointly conduct outreach to industry  
6 and persons affected by this Act, for each of the first two  
7 fiscal years beginning on or after the date of the enact-  
8 ment of this Act, to carry out this Act.

9 (b) HIRING AUTHORITY.—

10 (1) BY THE PRESIDENT.—The President may  
11 appoint, without regard to the provisions of sections  
12 3309 through 3318 of title 5, United States Code,  
13 not more than 15 individuals directly to positions in  
14 the competitive service (as defined in section 2102 of  
15 that title) to carry out this Act.

16 (2) BY AGENCIES.—The Secretary and the Sec-  
17 retary of Commerce may appoint, without regard to  
18 the provisions of sections 3309 through 3318 of title  
19 5, United States Code, individuals directly to posi-  
20 tions in the competitive service (as defined in section  
21 2102 of that title) of the Department of the Treas-  
22 ury and the Department of Commerce, respectively,  
23 to carry out this Act.

24 **SEC. 5. TERMINATION.**

25 This Act shall cease to have any force or effect on  
26 the date on which the Secretary of Commerce revises sec-

1 tion 791.4 of title 15, Code of Federal Regulations, to re-  
2 move the People’s Republic of China from the list of for-  
3 eign adversaries contained in such section.

## 4 **TITLE I—IMPOSITION OF** 5 **SANCTIONS**

### 6 **SEC. 101. IMPOSITION OF SANCTIONS.**

7 (a) IN GENERAL.—The President may impose the  
8 sanctions described in subsection (b) with respect to any  
9 foreign person determined by the Secretary, in consulta-  
10 tion with the Secretary of State, to be a covered foreign  
11 person.

12 (b) SANCTIONS DESCRIBED.—The President may ex-  
13 ercise all of the powers granted to the President under  
14 the International Emergency Economic Powers Act (50  
15 U.S.C. 1701 et seq.) to the extent necessary to block and  
16 prohibit all transactions in property and interests in prop-  
17 erty of a foreign person that is determined to be a covered  
18 foreign person pursuant to subsection (a) if such property  
19 and interests in property are in the United States, come  
20 within the United States, or are or come within the posses-  
21 sion or control of a United States person.

22 (c) PENALTIES.—The penalties provided for in sub-  
23 sections (b) and (c) of section 206 of the International  
24 Emergency Economic Powers Act (50 U.S.C. 1705) shall  
25 apply to any person who violates, attempts to violate, con-

1 spires to violate, or causes a violation of any prohibition  
2 of this section, or an order or regulation prescribed under  
3 this section, to the same extent that such penalties apply  
4 to a person that commits an unlawful act described in sec-  
5 tion 206(a) of such Act (50 U.S.C. 1705(a)).

6 (d) EXCEPTION FOR INTELLIGENCE AND LAW EN-  
7 FORCEMENT ACTIVITIES.—Sanctions under this section  
8 shall not apply with respect to any activity subject to the  
9 reporting requirements under title V of the National Secu-  
10 rity Act of 1947 (50 U.S.C. 3091 et seq.) or any author-  
11 ized intelligence activities of the United States.

12 (e) EXCEPTION FOR UNITED STATES GOVERNMENT  
13 ACTIVITIES.—Nothing in this section shall prohibit trans-  
14 actions for the conduct of the official business of the Fed-  
15 eral Government by employees, grantees, or contractors  
16 thereof.

17 (f) REPORT TO CONGRESS.—Not later than 365 days  
18 after the date of the enactment of this Act, and annually  
19 thereafter for 7 years, the Secretary shall submit to the  
20 appropriate congressional committees a report that—

21 (1) states whether each foreign person on the  
22 Non-SDN Chinese Military-Industrial Complex Com-  
23 panies List is a covered foreign person; and

24 (2) shall be submitted in unclassified form, but  
25 may include a classified annex.

1 (g) CONSIDERATION OF CERTAIN INFORMATION IN  
2 IMPOSING SANCTIONS.—In determining whether a foreign  
3 person is a covered foreign person, the President—

4 (1) may consider credible information obtained  
5 by other countries, nongovernmental organizations,  
6 or the appropriate congressional committees that re-  
7 lates to the foreign person; and

8 (2) may consider any other information that the  
9 Secretary deems relevant.

10 (h) ADMINISTRATIVE PROVISIONS.—The President  
11 may exercise all authorities provided under sections 203  
12 and 205 of the International Emergency Economic Powers  
13 Act (50 U.S.C. 1702 and 1704) to carry out this section.

14 (i) DELEGATION.—The President shall delegate the  
15 authorities granted by this section to the Secretary.

16 **SEC. 102. DEFINITIONS.**

17 In this title:

18 (1) APPROPRIATE CONGRESSIONAL COMMIT-  
19 TEES.—The term “appropriate congressional com-  
20 mittees” means—

21 (A) the Committee on Financial Services  
22 and the Committee on Foreign Affairs of the  
23 House of Representatives; and

1 (B) the Committee on Banking, Housing,  
2 and Urban Affairs and the Committee on For-  
3 eign Relations of the Senate.

4 (2) COUNTRY OF CONCERN.—The term “coun-  
5 try of concern”—

6 (A) means the People’s Republic of China;  
7 and

8 (B) includes the Hong Kong Special Ad-  
9 ministrative Region and the Macau Special Ad-  
10 ministrative Region.

11 (3) COVERED FOREIGN PERSON.—The term  
12 “covered foreign person” means a foreign person—

13 (A)(i) that is incorporated in, has a prin-  
14 cipal place of business in, or is organized under  
15 the laws of a country of concern;

16 (ii) the equity securities of which are pri-  
17 marily traded in the ordinary course of business  
18 on one or more exchanges in a country of con-  
19 cern;

20 (iii) that is a member of the Central Com-  
21 mittee of the Chinese Communist Party;

22 (iv) that is the state or the government of  
23 a country of concern, as well as any political  
24 subdivision, agency, or instrumentality thereof;

1 (v) that is subject to the direction or con-  
2 trol of any entity described in clause (i), (ii),  
3 (iii), or (iv); or

4 (vi) that is owned in the aggregate, directly  
5 or indirectly, 50 percent or more by an entity  
6 or a group of entities described in clause (i),  
7 (ii), (iii), or (iv); and

8 (B) that knowingly engaged in significant  
9 operations in the defense and related materiel  
10 sector or the surveillance technology sector of  
11 the economy of a country of concern.

12 (4) FOREIGN PERSON.—The term “foreign per-  
13 son” means a person, country, state, or government  
14 (and any political subdivision, agency, or instrumen-  
15 tality thereof) that is not a United States person.

16 (5) NON-SDN CHINESE MILITARY-INDUSTRIAL  
17 COMPLEX COMPANIES LIST.—The term “Non-SDN  
18 Chinese Military-Industrial Complex Companies  
19 List” means the list maintained by the Office of  
20 Foreign Assets Control of the Department of the  
21 Treasury under Executive Order 13959, as amended  
22 by Executive Order 14032 (50 U.S.C. 1701 note; re-  
23 lating to addressing the threat from securities in-  
24 vestments that finance certain companies of the Peo-  
25 ple’s Republic of China), or any successor order.

1           (6) UNITED STATES PERSON.—The term  
2 “United States person” means—

3           (A) any United States citizen or an alien  
4 lawfully admitted for permanent residence to  
5 the United States;

6           (B) an entity organized under the laws of  
7 the United States or of any jurisdiction within  
8 the United States (including any foreign branch  
9 of such an entity); or

10           (C) any person in the United States.

11 **TITLE II—PROHIBITION AND NO-**  
12 **TIFICATION ON INVEST-**  
13 **MENTS RELATING TO COV-**  
14 **ERED NATIONAL SECURITY**  
15 **TRANSACTIONS**

16 **SEC. 201. PROHIBITION AND NOTIFICATION ON INVEST-**  
17 **MENTS RELATING TO COVERED NATIONAL**  
18 **SECURITY TRANSACTIONS.**

19           The Defense Production Act of 1950 (50 U.S.C.  
20 4501 et seq.) is amended by adding at the end the fol-  
21 lowing:

1 **“TITLE VIII—PROHIBITION AND**  
2 **NOTIFICATION ON INVEST-**  
3 **MENTS RELATING TO COV-**  
4 **ERED NATIONAL SECURITY**  
5 **TRANSACTIONS**

6 **“SEC. 801. PROHIBITION ON INVESTMENTS.**

7 “(a) IN GENERAL.—The Secretary may prohibit, in  
8 accordance with regulations issued under subsection (e),  
9 a United States person from knowingly engaging in a cov-  
10 ered national security transaction in a prohibited tech-  
11 nology.

12 “(b) EVASION.—Any transaction by a United States  
13 person or within the United States that evades or avoids,  
14 has the purpose of evading or avoiding, causes a violation  
15 of, or attempts to violate the prohibition set forth in sub-  
16 section (a) is prohibited.

17 “(c) WAIVER.—Subject to subsection (d), the Sec-  
18 retary is authorized to exempt from the prohibition set  
19 forth in subsection (a) any activity determined by the  
20 President, in consultation with the Secretary, the Sec-  
21 retary of Commerce and, as appropriate, the heads of  
22 other relevant Federal departments and agencies, to be in  
23 the national interest of the United States.

24 “(d) CONGRESSIONAL NOTIFICATION.—The Sec-  
25 retary shall—

1           “(1) notify the appropriate congressional com-  
2           mittees not later than 5 business days after issuing  
3           a waiver under subsection (c); and

4           “(2) include in such notification an identifica-  
5           tion of the national interest justifying the use of the  
6           waiver.

7           “(e) REGULATIONS.—

8           “(1) IN GENERAL.—The Secretary, in consulta-  
9           tion with the Secretary of Commerce and, as appro-  
10          pate, the heads of other relevant Federal depart-  
11          ments and agencies, may issue regulations to carry  
12          out this section in accordance with subchapter II of  
13          chapter 5 and chapter 7 of title 5, United States  
14          Code (commonly known as ‘Administrative Proce-  
15          dure Act’).

16          “(2) NON-BINDING FEEDBACK.—

17                 “(A) IN GENERAL.—The regulations issued  
18                 under paragraph (1) shall include a process  
19                 under which a person can request non-binding  
20                 feedback on a confidential basis as to whether  
21                 a transaction would constitute a covered na-  
22                 tional security transaction in a prohibited tech-  
23                 nology.

24                 “(B) AUTHORITY TO LIMIT FRIVOLOUS  
25                 FEEDBACK REQUESTS.—In establishing the

1 process required by subparagraph (A), the Sec-  
2 retary may prescribe limitations on requests for  
3 feedback identified as frivolous for purposes of  
4 this subsection.

5 “(3) NOTICE AND OPPORTUNITY TO CURE.—

6 “(A) IN GENERAL.—The regulations issued  
7 under paragraph (1) shall account for whether  
8 a United States person has self-identified a vio-  
9 lation of the prohibition set forth in subsection  
10 (a) in determining the legal consequences of  
11 that violation.

12 “(B) SELF-DISCLOSURE LETTERS.—The  
13 regulations issued under paragraph (1) shall  
14 dictate the form and content of a letter of self-  
15 disclosure, which shall include relevant facts  
16 about the violation, why the United States per-  
17 son believes its activity to have violated the pro-  
18 hibition set forth in subsection (a), and a pro-  
19 posal for mitigation of the harm of such action.

20 “(4) PUBLIC NOTICE AND COMMENT.—The reg-  
21 ulations issued under paragraph (1) shall be subject  
22 to public notice and comment.

23 “(5) LOW-BURDEN REGULATIONS.—In issuing  
24 regulations under paragraph (1), the Secretary shall  
25 balance the priority of protecting the national secu-

1 rity interest of the United States while, to the extent  
2 practicable—

3 “(A) minimizing the cost and complexity of  
4 compliance for affected parties, including the  
5 duplication of reporting requirements under  
6 current regulations;

7 “(B) adopting the least burdensome alter-  
8 native that achieves regulatory objectives; and

9 “(C) prioritizing transparency and stake-  
10 holder involvement in the process of issuing the  
11 rules.

12 “(6) PENALTIES.—

13 “(A) IN GENERAL.—The regulations issued  
14 under paragraph (1) shall provide for the impo-  
15 sition of civil penalties described in subpara-  
16 graph (B) for violations of the prohibition set  
17 forth in subsection (a).

18 “(B) PENALTIES DESCRIBED.—

19 “(i) UNLAWFUL ACTS.—It shall be  
20 unlawful for a person to violate, attempt to  
21 violate, conspire to violate, or cause a vio-  
22 lation of any license, order, regulation, no-  
23 tification requirement, or prohibition  
24 issued under this section.

1           “(ii) CIVIL PENALTY.—The Secretary  
2           may impose a civil penalty on any person  
3           who commits an unlawful act described in  
4           clause (i) in an amount not to exceed the  
5           greater of—

6                         “(I) \$250,000; or

7                         “(II) an amount that is twice the  
8                         amount of the transaction that is the  
9                         basis of the violation with respect to  
10                        which the penalty is imposed.

11           “(iii) DIVESTMENT.—The Secretary  
12           may compel the divestment of a covered  
13           national security transaction in a prohib-  
14           ited technology determined to be in viola-  
15           tion of this title.

16           “(iv) RELIEF.—The President may di-  
17           rect the Attorney General of the United  
18           States to seek appropriate relief, including  
19           divestment relief, in the district courts of  
20           the United States, in order to implement  
21           and enforce this title.

22           “(7) BURDEN OF PROOF.—In accordance with  
23           section 556(d) of title 5, United States Code, in an  
24           enforcement action for a violation of the prohibition

1 set forth in subsection (a), the burden of proof shall  
2 be upon the Secretary.

3 **“SEC. 802. NOTIFICATION ON INVESTMENTS.**

4 “(a) MANDATORY NOTIFICATION.—Not later than  
5 450 days after the date of the enactment of this title, the  
6 Secretary shall issue regulations prescribed in accordance  
7 with subsection (b), to require a United States person that  
8 engages in a covered national security transaction in a  
9 prohibited technology (unless the Secretary has exercised  
10 the authority provided by section 801(a) to prohibit know-  
11 ingly engaging in such covered national security trans-  
12 action) or a notifiable technology to submit to the Sec-  
13 retary a written notification of the transaction not later  
14 than 30 days after the completion date of the transaction.

15 “(b) REGULATIONS.—

16 “(1) IN GENERAL.—Not later than 450 days  
17 after the date of the enactment of this title, the Sec-  
18 retary, in consultation with the Secretary of Com-  
19 merce and, as appropriate, the heads of other rel-  
20 evant Federal departments and agencies, shall issue  
21 regulations to carry out this section in accordance  
22 with subchapter II of chapter 5 and chapter 7 of  
23 title 5, United States Code (commonly known as  
24 ‘Administrative Procedure Act’).

1           “(2) PUBLIC NOTICE AND COMMENT.—The reg-  
2           ulations issued under paragraph (1) shall be subject  
3           to public notice and comment.

4           “(3) LOW-BURDEN REGULATIONS.—In issuing  
5           regulations under paragraph (1), the Secretary shall  
6           balance the priority of protecting the national secu-  
7           rity interest of the United States while, to the extent  
8           practicable—

9                   “(A) minimizing the cost and complexity of  
10                  compliance for affected parties, including the  
11                  duplication of reporting requirements under  
12                  current regulation;

13                  “(B) adopting the least burdensome alter-  
14                  native that achieves regulatory objectives; and

15                  “(C) prioritizing transparency and stake-  
16                  holder involvement in the process of issuing the  
17                  rules.

18           “(4) PENALTIES.—

19                   “(A) IN GENERAL.—The regulations issued  
20                  under paragraph (1) shall provide for the impo-  
21                  sition of civil penalties described in subpara-  
22                  graph (B) for violations of the notification re-  
23                  quirement set forth in subsection (a).

24                   “(B) PENALTIES DESCRIBED.—

1           “(i) UNLAWFUL ACTS.—It shall be  
2           unlawful for a person to violate, attempt to  
3           violate, conspire to violate, or cause a vio-  
4           lation of any license, order, regulation, no-  
5           tification requirement, or prohibition  
6           issued under this section.

7           “(ii) CIVIL PENALTY.—A civil penalty  
8           may be imposed on any person who com-  
9           mits an unlawful act described in clause (i)  
10          in an amount not to exceed the greater  
11          of—

12                       “(I) \$250,000; or

13                       “(II) an amount that is twice the  
14                       amount of the transaction that is the  
15                       basis of the violation with respect to  
16                       which the penalty is imposed.

17          “(5) BURDEN OF PROOF.—In accordance with  
18          section 556(d) of title 5, United States Code, in an  
19          enforcement action for a violation of the prohibition  
20          set forth in subsection (a), the burden of proof shall  
21          be upon the Secretary.

22          “(6) COMPLETENESS OF NOTIFICATION.—

23                       “(A) IN GENERAL.—The Secretary shall,  
24                       upon receipt of a notification under subsection  
25                       (a), and in consultation with the Secretary of

1 Commerce, promptly inspect the notification for  
2 completeness.

3 “(B) INCOMPLETE NOTIFICATIONS.—If a  
4 notification submitted under subsection (a) is  
5 incomplete, the Secretary shall promptly inform  
6 the United States person that submits the noti-  
7 fication that the notification is not complete  
8 and provide an explanation of relevant material  
9 respects in which the notification is not com-  
10 plete.

11 “(7) IDENTIFICATION OF NON-NOTIFIED ACTIV-  
12 ITY.—The Secretary, in coordination with the Sec-  
13 retary of Commerce, shall establish a process to  
14 identify covered national security transactions in a  
15 prohibited technology or a notifiable technology for  
16 which—

17 “(A) a notification is not submitted to the  
18 Secretary under subsection (a); and

19 “(B) information is reasonably available.

20 “(c) CONFIDENTIALITY OF INFORMATION.—

21 “(1) IN GENERAL.—Except as provided in para-  
22 graph (2), any information or documentary material  
23 filed with the Secretary pursuant to this section  
24 shall be exempt from disclosure under section  
25 552(b)(3) of title 5, United States Code, and no

1 such information or documentary material may be  
2 made public by any government agency or Member  
3 of Congress.

4 “(2) EXCEPTIONS.—The exemption from disclo-  
5 sure provided by paragraph (1) shall not prevent the  
6 disclosure of the following:

7 “(A) Information relevant to any adminis-  
8 trative or judicial action or proceeding.

9 “(B) Information provided to Congress or  
10 any of the appropriate congressional commit-  
11 tees.

12 “(C) Information important to the national  
13 security analysis or actions of the Secretary to  
14 any domestic governmental entity, or to any  
15 foreign governmental entity of an ally or part-  
16 ner of the United States, under the direction  
17 and authorization of the Secretary, only to the  
18 extent necessary for national security purposes,  
19 and subject to appropriate confidentiality and  
20 classification requirements.

21 “(D) Information that the parties have  
22 consented to be disclosed to third parties.

23 “(E) Information where the disclosure of  
24 such information is determined by the Secretary  
25 to be in the national security interest.

1       “(d) INAPPLICABILITY.—If the Secretary prohibits a  
2 covered national security transaction in a prohibited tech-  
3 nology under section 801, the requirements of this section  
4 shall not apply with respect to the covered national secu-  
5 rity transaction.

6 **“SEC. 803. REPORT.**

7       “(a) IN GENERAL.—Not later than one year after the  
8 date on which the regulations issued under section 801(e)  
9 take effect, and not less frequently than annually there-  
10 after for 7 years, the Secretary, in consultation with the  
11 Secretary of Commerce, shall submit to the appropriate  
12 congressional committees a report that—

13               “(1) lists all enforcement actions taken subject  
14 to the regulations during the year preceding submis-  
15 sion of the report, which includes, with respect to  
16 each such action, a description of—

17                       “(A) the prohibited technology or notifiable  
18 technology;

19                       “(B) the covered national security trans-  
20 action; and

21                       “(C) the covered foreign person;

22               “(2) provides an assessment of whether Con-  
23 gress should amend the definition of the term ‘pro-  
24 hibited technology’ by—

1           “(A) identifying additional technologies,  
2 not currently listed as a prohibited technology,  
3 that the Secretary, in consultation with the Sec-  
4 retary of Commerce and, as applicable, the Sec-  
5 retary of Defense, the Secretary of State, the  
6 Secretary of Energy, the Director of National  
7 Intelligence, and the heads of any other rel-  
8 evant Federal agencies, determines may pose an  
9 acute threat to the national security of the  
10 United States if developed or acquired by a  
11 country of concern;

12           “(B) explaining why each technology iden-  
13 tified in subparagraph (A) may pose an acute  
14 threat to the national security of the United  
15 States if developed or acquired by a country of  
16 concern; and

17           “(C) recommending the repeal of tech-  
18 nologies from the category of prohibited tech-  
19 nology to the extent that the technologies no  
20 longer pose an acute threat to the national se-  
21 curity of the United States if developed or ac-  
22 quired by a country of concern;

23           “(3) lists all notifications submitted under sec-  
24 tion 802 during the year preceding submission of the

1 report and includes, with respect to each such notifi-  
2 cation—

3 “(A) basic information on each party to  
4 the covered national security transaction with  
5 respect to which the notification was submitted;  
6 and

7 “(B) the nature of the covered national se-  
8 curity transaction that was the subject to the  
9 notification, including the elements of the cov-  
10 ered national security transaction that neces-  
11 sitated a notification;

12 “(4) includes a summary of those notifications,  
13 disaggregated by prohibited technology, notifiable  
14 technology, by covered national security transaction,  
15 and by country of concern;

16 “(5) provides additional context and informa-  
17 tion regarding trends in the prohibited technology,  
18 notifiable technology, the types of covered national  
19 security transaction, and the countries involved in  
20 those notifications; and

21 “(6) assesses the overall impact of those notifi-  
22 cations, including recommendations for—

23 “(A) expanding existing Federal programs  
24 to support the production or supply of prohib-  
25 ited technologies or notifiable technologies in

1 the United States, including the potential of ex-  
2 isting authorities to address any related na-  
3 tional security concerns;

4 “(B) investments needed to enhance pro-  
5 hibited technologies or notifiable technologies  
6 and reduce dependence on countries of concern  
7 regarding those technologies; and

8 “(C) the continuation, expansion, or modi-  
9 fication of the implementation and administra-  
10 tion of this title, including recommendations  
11 with respect to whether the definition of the  
12 term ‘country of concern’ under section 807(2)  
13 should be amended to add or remove countries.

14 “(b) CONSIDERATION OF CERTAIN INFORMATION.—  
15 In preparing the report pursuant to subsection (a), the  
16 Secretary—

17 “(1) shall consider information provided jointly  
18 by the chairperson and ranking member of any of  
19 the appropriate congressional committees;

20 “(2) may consider credible information obtained  
21 by other countries and nongovernmental organiza-  
22 tions that monitor the military, surveillance, intel-  
23 ligence, or technology capabilities of a country of  
24 concern; and

1           “(3) may consider any other information that  
2           the Secretary deems relevant.

3           “(c) FORM OF REPORT.—Each report required by  
4 this section shall be submitted in unclassified form, but  
5 may include a classified annex.

6           “(d) TESTIMONY REQUIRED.—Not later than one  
7 year after the date of the enactment of this title, and an-  
8 nually thereafter for five years, the Secretary and the Sec-  
9 retary of Commerce shall each provide to the Committee  
10 on Banking, Housing, and Urban Affairs of the Senate  
11 and the Committee on Financial Services of the House of  
12 Representatives testimony with respect to the national se-  
13 curity threats relating to investments by United States  
14 persons in countries of concern and broader international  
15 capital flows.

16           “(e) REQUESTS BY APPROPRIATE CONGRESSIONAL  
17 COMMITTEES.—

18           “(1) IN GENERAL.—After receiving a request  
19 that meets the requirements of paragraph (2) with  
20 respect to whether a technology should be included  
21 in the amendments as described in subsection (a)(2),  
22 the Secretary shall, in preparing the report pursuant  
23 to subsection (a)—

24                   “(A) determine if that technology may  
25                   pose an acute threat to the national security of

1 the United States if developed or acquired by a  
2 country of concern; and

3 “(B) include in the report pursuant to sub-  
4 section (a) an explanation with respect to that  
5 determination that includes—

6 “(i) a statement of whether or not the  
7 technology, as determined by the Sec-  
8 retary, may pose an acute threat to the na-  
9 tional security of the United States if de-  
10 veloped or acquired by a country of con-  
11 cern; and

12 “(ii) if the Secretary determines  
13 that—

14 “(I) the technology may pose an  
15 acute threat to the national security  
16 of the United States if developed or  
17 acquired by a country of concern, an  
18 explanation for such determination  
19 and a recommendation whether that  
20 technology should be named a prohib-  
21 ited technology or a notifiable tech-  
22 nology; and

23 “(II) the technology would not  
24 pose an acute threat to the national  
25 security of the United States if devel-

1                   oped or acquired by a country of con-  
2                   cern, an explanation for such deter-  
3                   mination.

4                   “(2) REQUIREMENTS.—A request under para-  
5                   graph (1) with respect to whether a technology may  
6                   pose an acute threat to the national security of the  
7                   United States if developed or acquired by a country  
8                   of concern shall be submitted to the Secretary in  
9                   writing jointly by the chairperson and ranking mem-  
10                  ber of one or more of the appropriate congressional  
11                  committees.

12 **“SEC. 804. MULTILATERAL ENGAGEMENT AND COORDINA-**  
13 **TION.**

14                  “(a) AUTHORITIES.—The Secretary, in coordination  
15 with the Secretary of State, the Secretary of Commerce,  
16 and the heads of other relevant Federal agencies, should—

17                  “(1) conduct bilateral and multilateral engage-  
18                  ment with the governments of countries that are al-  
19                  lies and partners of the United States to promote  
20                  and increase coordination of protocols and proce-  
21                  dures to facilitate the effective implementation of  
22                  and appropriate compliance with the prohibitions  
23                  pursuant to this title;

24                  “(2) upon adoption of protocols and procedures  
25                  described in paragraph (1), work with those govern-

1       ments to establish mechanisms for sharing informa-  
2       tion, including trends, with respect to such activities;  
3       and

4               “(3) work with and encourage the governments  
5       of countries that are allies and partners of the  
6       United States to develop similar mechanisms of their  
7       own, for the exclusive purpose of preventing the de-  
8       velopment or acquisition of prohibited technologies  
9       by a country of concern.

10       “(b) STRATEGY FOR MULTILATERAL ENGAGEMENT  
11       AND COORDINATION.—Not later than 180 days after the  
12       date of the enactment of this title, the Secretary, in con-  
13       sultation with the Secretary of State, the Secretary of  
14       Commerce, and the heads of other relevant Federal agen-  
15       cies, should—

16               “(1) develop a strategy to work with the gov-  
17       ernments of countries that are allies and partners of  
18       the United States to develop mechanisms that are  
19       comparable to the prohibitions pursuant to this title,  
20       for the exclusive purpose of preventing the develop-  
21       ment and acquisition of prohibited technologies by a  
22       country of concern; and

23               “(2) assess opportunities to provide technical  
24       assistance to those countries with respect to the de-  
25       velopment of those mechanisms.

1           “(c) REPORT.—Not later than one year after the date  
2 of the enactment of this title, and annually thereafter for  
3 four years, the Secretary shall submit to the appropriate  
4 congressional committees a report that includes—

5           “(1) a discussion of any strategy developed pur-  
6 suant to subsection (b)(1), including key tools and  
7 objectives for the development of comparable mecha-  
8 nisms by the governments of allies and partners of  
9 the United States;

10           “(2) a list of partner and allied countries to  
11 target for cooperation in developing their own prohi-  
12 bitions;

13           “(3) the status of the strategy’s implementation  
14 and outcomes; and

15           “(4) a description of impediments to the estab-  
16 lishment of comparable mechanisms by governments  
17 of allies and partners of the United States.

18           “(d) APPROPRIATE CONGRESSIONAL COMMITTEES  
19 DEFINED.—In this section, the term ‘appropriate congres-  
20 sional committees’ means—

21           “(1) the Committee on Foreign Relations and  
22 the Committee on Banking, Housing, and Urban Af-  
23 fairs of the Senate; and

1           “(2) the Committee on Foreign Affairs and the  
2           Committee on Financial Services of the House of  
3           Representatives.

4   **“SEC. 805. PUBLIC DATABASE OF COVERED FOREIGN PER-**  
5                           **SONS.**

6           “(a) IN GENERAL.—The Secretary, in consultation  
7           with the Secretary of Commerce, may establish a publicly  
8           accessible, non-exhaustive database that identifies covered  
9           foreign persons in a prohibited technology pursuant to this  
10          title.

11          “(b) CONFIDENTIALITY OF EVIDENCE.—The Sec-  
12          retary shall establish a mechanism for the public, includ-  
13          ing Congress, stakeholders, investors, and nongovern-  
14          mental organizations, to submit evidence on a confidential  
15          basis regarding whether a foreign person is a covered for-  
16          eign person in a prohibited technology and should be in-  
17          cluded in the database described in subsection (a), if any.

18          “(c) EXEMPTION FROM DISCLOSURE.—

19                  “(1) IN GENERAL.—Except as provided in para-  
20                  graph (2), any information or documentary material  
21                  filed with the Secretary pursuant to this section  
22                  shall be exempt from disclosure under section  
23                  552(b)(3) of title 5, United States Code, and no  
24                  such information or documentary material may be

1       made public (other than the identity of a covered  
2       foreign person in accordance with subsection (b)).

3               “(2) EXCEPTIONS.—Paragraph (1) shall not  
4       prohibit the disclosure of the following:

5                       “(A) Information relevant to any adminis-  
6       trative or judicial action or proceeding.

7                       “(B) Information to Congress or any duly  
8       authorized committee or subcommittee of Con-  
9       gress.

10                      “(C) Information important to the national  
11       security analysis or actions of the Secretary to  
12       any domestic governmental entity, or to any  
13       foreign governmental entity of a United States  
14       ally or partner, under the exclusive direction  
15       and authorization of the Secretary, only to the  
16       extent necessary for national security purposes,  
17       and subject to appropriate confidentiality and  
18       classification requirements.

19                      “(D) Information that the parties have  
20       consented to be disclosed to third parties.

21               “(d) RULE OF CONSTRUCTION.—The database de-  
22       scribed in subsection (a), if any, shall not be considered  
23       to be an exhaustive or comprehensive list of covered for-  
24       eign persons for the purposes of this title.

1 **“SEC. 806. RULE OF CONSTRUCTION.**

2 “Nothing in this title may be construed to negate the  
3 authority of the President under any authority, process,  
4 regulation, investigation, enforcement measure, or review  
5 provided by or established under any other provision of  
6 Federal law, or any other authority of the President or  
7 the Congress under the Constitution of the United States.

8 **“SEC. 807. DEFINITIONS.**

9 “In this title:

10 “(1) APPROPRIATE CONGRESSIONAL COMMIT-  
11 TEES.—Except as provided by section 804(d), the  
12 term ‘appropriate congressional committees’  
13 means—

14 “(A) the Committee on Financial Services,  
15 the Committee on Foreign Affairs, the Com-  
16 mittee on Energy and Commerce, and the Com-  
17 mittee on Appropriations of the House of Rep-  
18 resentatives; and

19 “(B) the Committee on Banking, Housing,  
20 and Urban Affairs and the Committee on Ap-  
21 propriations of the Senate.

22 “(2) COUNTRY OF CONCERN.—The term ‘coun-  
23 try of concern’—

24 “(A) means the People’s Republic of  
25 China; and

1           “(B) includes the Hong Kong Special Ad-  
2           ministrative Region and the Macau Special Ad-  
3           ministrative Region.

4           “(3) COVERED FOREIGN PERSON.—Subject to  
5           regulations prescribed in accordance with this title,  
6           the term ‘covered foreign person’ means a foreign  
7           person that—

8                   “(A) is incorporated in, has a principal  
9                   place of business in, or is organized under the  
10                  laws of a country of concern;

11                  “(B) is a member of the Central Com-  
12                  mittee of the Chinese Communist Party;

13                  “(C) is subject to the direction or control  
14                  of a country of concern, an entity described in  
15                  subparagraph (A) or (B), or the state or the  
16                  government of a country of concern (including  
17                  any political subdivision, agency, or instrumen-  
18                  tality thereof); or

19                  “(D) is owned in the aggregate, directly or  
20                  indirectly, 50 percent or more by a country of  
21                  concern, an entity described in subparagraph  
22                  (A) or (B), or the state or the government of  
23                  a country of concern (including any political  
24                  subdivision, agency, or instrumentality thereof).

1           “(4) COVERED NATIONAL SECURITY TRANS-  
2 ACTION.—

3           “(A) IN GENERAL.—Subject to such regu-  
4 lations as may be issued in accordance with this  
5 title, the term ‘covered national security trans-  
6 action’ means any activity engaged in by a  
7 United States person that involves—

8                   “(i) the acquisition of an equity inter-  
9 est or contingent equity interest in a cov-  
10 ered foreign person;

11                   “(ii) the provision of a loan or similar  
12 debt financing arrangement to a covered  
13 foreign person, where such debt financ-  
14 ing—

15                           “(I) is convertible to an equity  
16 interest; or

17                           “(II) affords or will afford the  
18 United States person the right to  
19 make management decisions with re-  
20 spect to or on behalf of a covered for-  
21 eign person or the right to appoint  
22 members of the board of directors (or  
23 equivalent) of the covered foreign per-  
24 son;

1           “(iii) the entrance by such United  
2 States person into a joint venture with a  
3 covered foreign person;

4           “(iv) the conversion of a contingent  
5 equity interest (or interest equivalent to a  
6 contingent equity interest) or conversion of  
7 debt to an equity interest in a covered for-  
8 eign person;

9           “(v) the acquisition, leasing, or other  
10 development of operations, land, property,  
11 or other assets in a country of concern  
12 that will result in, or that the United  
13 States person intends to result in—

14           “(I) the establishment of a cov-  
15 ered foreign person; or

16           “(II) the engagement of a person  
17 of a country of concern in a prohib-  
18 ited technology where it was not pre-  
19 viously engaged in such prohibited  
20 technology;

21           “(vi) knowingly directing transactions  
22 by foreign persons that the United States  
23 person has knowledge at the time of the  
24 transaction would constitute an activity de-

1 scribed in clause (i), (ii), (iii), (iv), or (v),  
2 if engaged in by a United States person; or

3 “(vii) the acquisition of a limited part-  
4 ner or equivalent interest in a venture cap-  
5 ital fund, private equity fund, fund of  
6 funds, or other pooled investment fund  
7 that the United States person has knowl-  
8 edge at the time of the acquisition, intends  
9 to engage in an activity described in clause  
10 (i), (ii), (iii), (iv), (v), or (vi).

11 “(B) EXCEPTIONS.—Subject to notice and  
12 comment regulations prescribed in consultation  
13 with Congress and in accordance with this title,  
14 the term ‘covered national security transaction’  
15 does not include—

16 “(i) any transaction the value of  
17 which the Secretary determines is de mini-  
18 mis;

19 “(ii) any category of transactions that  
20 the Secretary determines is in the national  
21 interest of the United States;

22 “(iii) an investment—

23 “(I) in a security (as defined in  
24 section 3(a) of the Securities Ex-  
25 change Act of 1934 (15 U.S.C.

1 78c(a))) that is traded on an ex-  
2 change or the over-the-counter market  
3 in any jurisdiction;

4 “(II) in a security issued by an  
5 investment company (as defined in  
6 section 3 of the Investment Company  
7 Act of 1940 (15 U.S.C. 80a–3)) that  
8 is registered with the Securities and  
9 Exchange Commission;

10 “(III) made as a limited partner  
11 or equivalent in a venture capital  
12 fund, private equity fund, fund of  
13 funds, or other pooled investment  
14 fund (other than as described in sub-  
15 clause (II)) where—

16 “(aa) the limited partner or  
17 equivalent’s committed capital is  
18 not more than \$2,000,000, ag-  
19 gregated across any investment  
20 and co-investment vehicles of the  
21 fund; or

22 “(bb) the limited partner or  
23 equivalent has secured a binding  
24 contractual assurance that its  
25 capital in the fund will not be

1 used to engage in a transaction  
2 that would be a covered national  
3 security transaction if engaged in  
4 by a United States person; or

5 “(IV) in a derivative of a security  
6 described under subclause (I), (II), or  
7 (III);

8 “(iv) any ancillary transaction under-  
9 taken by a financial institution (as defined  
10 in section 5312 of title 31, United States  
11 Code);

12 “(v) the acquisition by a United  
13 States person of the equity or other inter-  
14 est owned or held by a covered foreign per-  
15 son in an entity or assets located outside  
16 of a country of concern in which the  
17 United States person is acquiring the to-  
18 tality of the interest in the entity held by  
19 the covered foreign person;

20 “(vi) an intracompany transfer of  
21 funds, as defined in regulations prescribed  
22 in accordance with this title, from a United  
23 States parent company to a subsidiary lo-  
24 cated in a country of concern or a trans-  
25 action that, but for this clause, would be a

1 covered national security transaction be-  
2 tween a United States person and its con-  
3 trolled foreign person that supports oper-  
4 ations that are not covered national secu-  
5 rity transactions or that maintains covered  
6 national security transactions that the con-  
7 trolled foreign person was engaged in prior  
8 to January 2, 2025;

9 “(vii) a transaction secondary to a  
10 covered national security transaction, in-  
11 cluding—

12 “(I) contractual arrangements or  
13 the procurement of material inputs  
14 for any covered national security  
15 transaction (such as raw materials);

16 “(II) bank lending;

17 “(III) the processing, clearing, or  
18 sending of payments by a bank;

19 “(IV) underwriting services;

20 “(V) debt rating services;

21 “(VI) prime brokerage;

22 “(VII) global custody;

23 “(VIII) equity research or anal-  
24 ysis; or

25 “(IX) other similar services;

1           “(viii) any ordinary or administrative  
2           business transaction as may be defined in  
3           such regulations; or

4           “(ix) any transaction completed before  
5           the date of the enactment of this title.

6           “(C)   ANCILLARY   TRANSACTION   DE-  
7           FINED.—In this paragraph, the term ‘ancillary  
8           transaction’ means—

9           “(i) the processing, settling, clearing,  
10          or sending of payments and cash trans-  
11          actions;

12          “(ii) underwriting services;

13          “(iii) credit rating services; and

14          “(iv) other services ordinarily incident  
15          to and part of the provision of financial  
16          services, such as opening deposit accounts,  
17          direct custody services, foreign exchange  
18          services, remittances services, and safe de-  
19          posit services.

20          “(5) FOREIGN PERSON.—The term ‘foreign per-  
21          son’ means a person that is not a United States per-  
22          son.

23          “(6) NOTIFIABLE TECHNOLOGY.—

1           “(A) IN GENERAL.—The term ‘notifiable  
2           technology’ means a technology with respect to  
3           which a covered foreign person—

4                   “(i) designs any advanced integrated  
5                   circuit that is not covered under paragraph  
6                   (8)(A)(iii);

7                   “(ii) fabricates any integrated circuit  
8                   that is not covered under paragraph  
9                   (8)(A)(iv);

10                  “(iii) packages any integrated circuit  
11                  that is not covered under paragraph  
12                  (8)(A)(v); or

13                  “(iv) develops any artificial intel-  
14                  ligence system that is not covered under  
15                  clause (vii), (viii), (ix), or (xvi) of para-  
16                  graph (8)(A), and that is—

17                           “(I) designed to be used for—

18                                   “(aa) any military end use  
19                                   (such as for weapons targeting,  
20                                   target identification, combat sim-  
21                                   ulation, military vehicle or weap-  
22                                   ons control, military decision-  
23                                   making, weapons design (includ-  
24                                   ing chemical, biological, radio-  
25                                   logical, or nuclear weapons), or

1 combat system logistics and  
2 maintenance); or

3 “(bb) any government intel-  
4 ligence or mass-surveillance end  
5 use (such as through incorpora-  
6 tion of features such as mining  
7 text, audio, or video, image rec-  
8 ognition, location tracking, or  
9 surreptitious listening devices);

10 “(II) intended by the covered for-  
11 eign person or joint venture to be  
12 used for—

13 “(aa) cybersecurity applica-  
14 tions;

15 “(bb) digital forensics tools;

16 “(cc) penetration testing  
17 tools; or

18 “(dd) control of robotic sys-  
19 tems; or

20 “(III) trained using a quantity of  
21 computing power greater than  $10^{23}$   
22 computational operations (such as in-  
23 teger or floating-point operations).

24 “(B) UPDATES.—The Secretary, in con-  
25 sultation with Congress, may prescribe regula-

1           tions in accordance with this title to refine the  
2           technical parameters of technologies described  
3           in subparagraph (A) as reasonably needed for  
4           national security purposes or to add or remove  
5           categories to or from the list in subparagraph  
6           (A).

7           “(7) PARTY.—The term ‘party’, with respect to  
8           a covered national security transaction, has the  
9           meaning given that term in regulations prescribed in  
10          accordance with this title.

11          “(8) PROHIBITED TECHNOLOGY.—

12                 “(A) IN GENERAL.—The term ‘prohibited  
13                 technology’ means a technology with respect to  
14                 which a covered foreign person—

15                         “(i) develops or produces any design  
16                         automation software for the design of inte-  
17                         grated circuits or advanced packaging;

18                         “(ii) develops or produces any—

19                                 “(I) electronic design automation  
20                                 software for the design of integrated  
21                                 circuits or advanced packaging;

22                                 “(II) front-end semiconductor  
23                                 fabrication equipment designed for the  
24                                 volume fabrication of integrated cir-  
25                                 cuits, including equipment used in the

1 production stages from a blank wafer  
2 or substrate to a completed wafer or  
3 substrate; or

4 “(III) equipment for performing  
5 volume advanced packaging;

6 “(iii) designs any integrated circuit  
7 designs that meet or exceed the specifica-  
8 tions set in Export Control Classification  
9 Number (ECCN) 3A090 in Supplement  
10 No. 1 to the Export Administration Regu-  
11 lations, or integrated circuits designed for  
12 operation at or below 4.5 Kelvin;

13 “(iv) fabricates integrated circuits  
14 that are—

15 “(I) logic integrated circuits  
16 using a non-planar transistor architec-  
17 ture or with a technology node of 16/  
18 14 nanometers or less, including fully  
19 depleted silicon-on-insulator (FDSOI)  
20 integrated circuits;

21 “(II) NOT-AND (NAND) mem-  
22 ory integrated circuits with 128 layers  
23 or more;

24 “(III) dynamic random-access  
25 memory (DRAM) integrated circuits

1 using a technology node of 18  
2 nanometer half-pitch or less;

3 “(IV) integrated circuits manu-  
4 factured from a gallium-based com-  
5 pound semiconductor;

6 “(V) integrated circuits using  
7 graphene transistors or carbon  
8 nanotubes; or

9 “(VI) integrated circuits designed  
10 for operation at or below 4.5 Kelvin;

11 “(v) packages any integrated circuit  
12 using advanced packaging techniques;

13 “(vi) develops, designs, or produces  
14 any commodity, material, software, or  
15 technology designed exclusively for use in  
16 or with extreme ultraviolet lithography fab-  
17 rication equipment;

18 “(vii) develops, designs, or produces  
19 any artificial intelligence models trained  
20 with at least  $10^{25}$  floating point oper-  
21 ations;

22 “(viii) develops, designs, or produces  
23 any artificial intelligence models that rely  
24 upon or utilize advanced integrated circuits  
25 that meet or exceed the specifications set

1 in Export Control Classification Number  
2 (ECCN) 3A090 in Supplement No. 1 to  
3 the Export Administration Regulations;

4 “(ix) develops, designs, or produces  
5 any artificial intelligence models designed  
6 for use by the Government of the People’s  
7 Republic of China, its special administra-  
8 tive regions, or its agencies and instrumen-  
9 talities;

10 “(x) develops a quantum computer or  
11 produces any critical components required  
12 to produce a quantum computer such as a  
13 dilution refrigerator or two-stage pulse  
14 tube cryocooler;

15 “(xi) develops or produces any quan-  
16 tum sensing platform designed for, or  
17 which the relevant covered foreign person  
18 intends to be used for, any military, gov-  
19 ernment intelligence, or mass-surveillance  
20 end use;

21 “(xii) develops or produces quantum  
22 networks or quantum communication sys-  
23 tems designed for or intended to be used  
24 for—

1                   “(I) networking to scale up the  
2                   capabilities of quantum computers,  
3                   such as for the purposes of breaking  
4                   or compromising encryption;

5                   “(II) secure communications,  
6                   such as quantum key distribution; or

7                   “(III) any other application that  
8                   has any military, government intel-  
9                   ligence, or mass-surveillance end use;

10                  “(xiii) develops, designs, or produces  
11                  materials, components, avionics, flight con-  
12                  trol, propulsion, Global Positioning System  
13                  (GPS), data relay, and target detection  
14                  systems designed for use in hypersonic sys-  
15                  tems or capable of sustainable operations  
16                  above 1,000 degrees Celsius;

17                  “(xiv) develops, installs, sells, or pro-  
18                  duces any supercomputer enabled by ad-  
19                  vanced integrated circuits that can provide  
20                  theoretical compute capacity of 100 or  
21                  more double-precision (64-bit) petaflops or  
22                  200 or more single-precision (32-bit)  
23                  petaflops of processing power within a  
24                  41,600 cubic foot or smaller envelope;

1           “(xv) develops, designs, or produces  
2           any other technologies in the advanced  
3           semiconductors and microelectronics sec-  
4           tor, the artificial intelligence sector, the  
5           high-performance computing and super-  
6           computing sector, the hypersonic missiles  
7           sector, or the quantum information science  
8           and technology sector that are—

9                   “(I) defense articles or defense  
10                   services included on the United States  
11                   Munitions List set forth in the Inter-  
12                   national Traffic in Arms Regulations  
13                   under subchapter M of chapter I of  
14                   title 22, Code of Federal Regulations;

15                   “(II) specially designed and pre-  
16                   pared nuclear equipment, parts or  
17                   components, materials, software, or  
18                   technologies covered by part 810 of  
19                   title 10, Code of Federal Regulations  
20                   (relating to assistance to foreign  
21                   atomic energy activities);

22                   “(III) nuclear facilities, equip-  
23                   ment, or materials covered by part  
24                   110 of title 10, Code of Federal Regu-  
25                   lations (relating to export and import

1 of nuclear equipment and material);  
2 or

3 “(IV) emerging or foundational  
4 technologies controlled pursuant to  
5 section 1758 of the Export Control  
6 Reform Act of 2018 (50 U.S.C.  
7 4817); or

8 “(xvi) develops any artificial intel-  
9 ligence system that is designed to be exclu-  
10 sively used for, or which the relevant cov-  
11 ered foreign person intends to be used for,  
12 any—

13 “(I) military end use (such as for  
14 weapons targeting, target identifica-  
15 tion, combat simulation, military vehi-  
16 cle or weapon control, military deci-  
17 sion-making, weapons design (includ-  
18 ing chemical, biological, radiological,  
19 or nuclear weapons), or combat sys-  
20 tem logistics and maintenance); or

21 “(II) government intelligence or  
22 mass-surveillance end (such as  
23 through incorporation of features such  
24 as mining text, audio, or video, image

1 recognition, location tracking, or sur-  
2 reptitious listening devices).

3 “(B) UPDATES.—The Secretary, in con-  
4 sultation with Congress, may prescribe regula-  
5 tions in accordance with this title to make up-  
6 dates to the technical parameters of tech-  
7 nologies described in subparagraph (A) as rea-  
8 sonably needed for national security purposes.

9 “(9) SECRETARY.—Except as otherwise pro-  
10 vided, the term ‘Secretary’ means the Secretary of  
11 the Treasury.

12 “(10) UNITED STATES PERSON.—The term  
13 ‘United States person’ means—

14 “(A) any United States citizen or an alien  
15 lawfully admitted for permanent residence to  
16 the United States;

17 “(B) an entity organized under the laws of  
18 the United States or of any jurisdiction within  
19 the United States (including any foreign branch  
20 of such an entity); or

21 “(C) any person in the United States.”

1           **TITLE III—SECURITIES AND**  
2                           **RELATED MATTERS**

3   **SEC. 301. REQUIREMENTS RELATING TO THE NON-SDN CHI-**  
4                           **NESE MILITARY-INDUSTRIAL COMPLEX COM-**  
5                           **PANIES LIST.**

6           (a) REPORT.—

7                   (1) IN GENERAL.—Not later than 365 days  
8           after the date of the enactment of this Act, and bi-  
9           ennially thereafter for 6 years, the Secretary shall  
10          submit to the appropriate congressional committees  
11          a report that states whether any of the following for-  
12          eign persons qualifies for inclusion on the Non-SDN  
13          Chinese Military-Industrial Complex Companies  
14          List:

15                   (A) Any PRC person listed on the Military  
16                  End-User List (Supplement No. 7 to part 744  
17                  of the Export Administration Regulations).

18                   (B) Any PRC person listed pursuant to  
19                  section 1260H of the William M. (Mac) Thorn-  
20                  berry National Defense Authorization Act for  
21                  Fiscal Year 2021 (10 U.S.C. 113 note).

22                   (C) Any PRC person listed on the Depart-  
23                  ment of Commerce’s Entity List (Supplement  
24                  No. 4 to part 744 of the Export Administration  
25                  Regulations).

1           (2) PROCESS REQUIRED.—To prepare the re-  
2           ports under paragraph (1), the President shall es-  
3           tablish a process under which the Federal agencies  
4           responsible for administering the lists described in  
5           subparagraphs (A), (B), and (C) of paragraph (1)  
6           shall share with each other all relevant information  
7           that led to the identification of the entities described  
8           in such lists.

9           (3) RISK-BASED PRIORITIZATION FRAME-  
10          WORK.—In making the initial determinations under  
11          paragraph (1), the Secretary may establish a risk-  
12          based prioritization framework factoring in  
13          prioritization of entity review submitted to the Sec-  
14          retary by the Federal agencies administering the  
15          lists described in subparagraphs (A), (B), and (C) of  
16          paragraph (1).

17          (4) ANNUAL REPORTS TO THE APPROPRIATE  
18          CONGRESSIONAL COMMITTEES.—The report under  
19          paragraph (1) may summarize findings concerning  
20          entities previously reviewed pursuant to this section  
21          and do not necessitate additional review by the Sec-  
22          retary.

23          (5) MATTERS TO BE INCLUDED.—The Sec-  
24          retary shall include in the report required by para-  
25          graph (1) an overview of the criteria required for

1 listing on Non-SDN Chinese Military-Industrial  
2 Complex Companies List. The heads of the Federal  
3 agencies administering the lists described in sub-  
4 paragraphs (A), (B), and (C) of paragraph (1) shall  
5 provide an overview of the criteria for entity identi-  
6 fication or listing on each respective list.

7 (b) REQUIREMENT FOR DIVESTMENT.—

8 (1) IN GENERAL.—The President shall promul-  
9 gate rules that prohibit a United States person from  
10 knowingly holding securities of entities on the Non-  
11 SDN Chinese Military-Industrial Complex Compa-  
12 nies List, after the date that is 365 days after the  
13 date of enactment of this Act.

14 (2) AUTHORIZATION.—The prohibitions on in-  
15 vestment imposed under paragraph (1) shall not  
16 apply to a transaction in a security that is entered  
17 into on or before the date that is 365 days after the  
18 date of enactment of this Act by a United States  
19 person, if such transaction is entered into solely to  
20 divest of the security.

21 (c) WAIVER.—

22 (1) IN GENERAL.—The President may establish  
23 a process under which the requirements of sub-  
24 section (b) shall not apply if the President deter-  
25 mines to do so is necessary to protect the national

1 security or foreign policy objectives of the United  
2 States.

3 (2) CASE-BY-CASE REQUIREMENT.—Determina-  
4 tions under paragraph (1) shall be issued on a case-  
5 by-case basis for each entity on the Non-SDN Chi-  
6 nese Military-Industrial Complex Companies List.

7 (3) NOTICE AND BRIEFING.—The President  
8 shall notify the appropriate congressional committees  
9 in writing in advance of issuing a determination  
10 under paragraph (1) and shall provide a substantive  
11 briefing on the determination to the appropriate con-  
12 gressional committees within 30 days of issuing a  
13 determination.

14 (d) DEFINITIONS.—In this section:

15 (1) APPROPRIATE CONGRESSIONAL COMMIT-  
16 TEES.—The term “appropriate congressional com-  
17 mittees” means—

18 (A) the Committee on Financial Services  
19 and the Committee on Foreign Affairs of the  
20 House of Representatives; and

21 (B) the Committee on Banking, Housing,  
22 and Urban Affairs of the Senate.

23 (2) COUNTRY OF CONCERN.—The term “coun-  
24 try of concern”—

1 (A) means the People’s Republic of China;  
2 and

3 (B) includes the Hong Kong Special Ad-  
4 ministrative Region and the Macau Special Ad-  
5 ministrative Region.

6 (3) NON-SDN CHINESE MILITARY-INDUSTRIAL  
7 COMPLEX COMPANIES LIST.—The term “Non-SDN  
8 Chinese Military-Industrial Complex Companies  
9 List” means the list maintained by the Office of  
10 Foreign Assets Control of the Department of the  
11 Treasury under Executive Order 13959, as amended  
12 by Executive Order 14032 (50 U.S.C. 1701 note; re-  
13 lating to addressing the threat from securities in-  
14 vestments that finance certain companies of the Peo-  
15 ple’s Republic of China), and any successor order.

16 (4) PRC PERSON.—The term “PRC person”  
17 means a foreign person that—

18 (A) is incorporated in a principal place of  
19 business in, or is organized under the laws of,  
20 a country of concern;

21 (B) is a member of the Central Committee  
22 of the Chinese Communist Party;

23 (C) is the state or the government of a  
24 country of concern, as well as any political sub-  
25 division, agency, or instrumentality thereof; or

1                   (D) is owned in the aggregate, directly or  
2 indirectly, 50 percent or more by an entity or  
3 a group of entities described in subparagraph  
4 (A), (B), or (C).

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