

119TH CONGRESS
1ST SESSION

S. 2552

To amend the securities laws to prohibit brokers and dealers with certain connections to the People's Republic of China from being members of a national securities association, to prohibit investment advisers with certain connections to the People's Republic of China from registering with the Securities and Exchange Commission, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 30, 2025

Mr. McCORMICK (for himself and Mr. FETTERMAN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the securities laws to prohibit brokers and dealers with certain connections to the People's Republic of China from being members of a national securities association, to prohibit investment advisers with certain connections to the People's Republic of China from registering with the Securities and Exchange Commission, 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.**

2 This Act may be cited as the “PRC Broker-Dealers
3 and Investment Advisers Moratorium Act”.

4 **SEC. 2. PROHIBITIONS.**

5 (a) **BROKER OR DEALER MEMBERSHIP IN A NA-**
6 **TIONAL SECURITIES ASSOCIATION.—**

7 (1) **IN GENERAL.—**Section 15A of the Securi-
8 ties Exchange Act of 1934 (15 U.S.C. 78o–3) is
9 amended by adding at the end the following:

10 “(o) **PROHIBITION ON MEMBERSHIP RELATED TO**
11 **CHINESE OWNERSHIP.—**

12 “(1) **DEFINITIONS.—**In this subsection:

13 “(A) **AFFILIATE.—**The term ‘affiliate’ has
14 the meaning given the term in section 2 of the
15 Bank Holding Company Act of 1956 (12
16 U.S.C. 1841).

17 “(B) **CONTROL.—**The term ‘control’ means
18 beneficially owning, either directly or through 1
19 or more companies, more than 25 percent of
20 the voting securities of an entity.

21 “(C) **U.S. PERSON.—**The term ‘U.S. per-
22 son’ means—

23 “(i) a United States citizen or an
24 alien lawfully admitted for permanent resi-
25 dence to the United States; or

1 “(ii) an entity organized under the
2 laws of the United States or any jurisdic-
3 tion within the United States, including a
4 foreign branch of such an entity.

5 “(2) PROHIBITION.—A broker or dealer shall be
6 prohibited from being a member of a national securi-
7 ties association if the broker or dealer—

8 “(A) is controlled by an entity organized
9 under the laws of, or otherwise subject to the
10 jurisdiction of, the People’s Republic of China;

11 “(B) is controlled by a national of the Peo-
12 ple’s Republic of China who resides in the Peo-
13 ple’s Republic of China; or

14 “(C) has an affiliate organized under the
15 laws of, or otherwise subject to the jurisdiction
16 of, the People’s Republic of China that provides
17 the broker or dealer with essential services, in-
18 cluding software development or support, prod-
19 uct development, or customer service.

20 “(3) EXAMINATION AUTHORITY.—A national
21 securities association shall have such examination
22 authority over a member that is a broker or dealer
23 as the association determines to be necessary to en-
24 sure compliance with this subsection, including the

1 right to examine the books and facilities of a broker
 2 or dealer located in a foreign country.”.

3 (2) TERMINATION.—On the date that is 5 years
 4 after the date of enactment of this Act, section 15A
 5 of the Securities Exchange Act of 1934 (15 U.S.C.
 6 78o–3) is amended by striking subsection (o), as
 7 added by paragraph (1) of this subsection.

8 (b) INVESTMENT ADVISER REGISTRATION.—

9 (1) IN GENERAL.—Section 203 of the Invest-
 10 ment Advisers Act of 1940 (15 U.S.C. 80b–3) is
 11 amended by adding at the end the following:

12 “(o) PROHIBITION ON REGISTRATION RELATED TO
 13 CHINESE OWNERSHIP.—

14 “(1) DEFINITIONS.—In this subsection:

15 “(A) AFFILIATE.—The term ‘affiliate’ has
 16 the meaning given the term in section 2 of the
 17 Bank Holding Company Act of 1956 (12
 18 U.S.C. 1841).

19 “(B) CONTROL.—The term ‘control’ means
 20 beneficially owning, either directly or through 1
 21 or more companies, more than 25 percent of
 22 the voting securities of an entity.

23 “(C) U.S. PERSON.—The term ‘U.S. per-
 24 son’ means—

1 “(i) a United States citizen or an
2 alien lawfully admitted for permanent resi-
3 dence to the United States; or

4 “(ii) an entity organized under the
5 laws of the United States or any jurisdic-
6 tion within the United States, including a
7 foreign branch of such an entity.

8 “(2) PROHIBITION.—A person shall be prohib-
9 ited from being registered as an investment adviser
10 if the person—

11 “(A) is controlled by an entity organized
12 under the laws of, or otherwise subject to the
13 jurisdiction of, the People’s Republic of China;

14 “(B) is controlled by a national of the Peo-
15 ple’s Republic of China who resides in the Peo-
16 ple’s Republic of China; or

17 “(C) has an affiliate organized under the
18 laws of, or otherwise subject to the jurisdiction
19 of, the People’s Republic of China that provides
20 the broker or dealer with essential services, in-
21 cluding software development or support, prod-
22 uct development, or customer service.

23 “(3) EXAMINATION AUTHORITY.—The Commis-
24 sion shall have such examination authority over an
25 investment adviser as the Commission determines to

1 be necessary to ensure compliance with this sub-
2 section, including the right to examine the books and
3 facilities of an investment adviser in a foreign coun-
4 try.”.

5 (2) TERMINATION.—On the date that is 5 years
6 after the date of enactment of this Act, section 203
7 of the Investment Advisers Act of 1940 (15 U.S.C.
8 80b–3) is amended by striking subsection (o), as
9 added by paragraph (1) of this subsection.

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