

118TH CONGRESS
2D SESSION

S. 5598

To prohibit and require notifications with respect to certain investments by United States persons in the People's Republic of China, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 18 (legislative day, DECEMBER 16), 2024

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

A BILL

To prohibit and require 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,*

3 **SECTION 1. PROHIBITION AND NOTIFICATION ON INVEST-**
4 **MENTS RELATING TO COVERED NATIONAL**
5 **SECURITY TRANSACTIONS.**

6 The Defense Production Act of 1950 (50 U.S.C.
7 4501 et seq.) is amended by adding at the end the fol-
8 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 priate, 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 im-
 15 position 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 im-
21 position 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-

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

“(vii) the acquisition of a limited partner or equivalent interest in a venture capital fund, private equity fund, fund of funds, or other pooled investment fund that the United States person has knowledge at the time of the acquisition, intends to engage in an activity described in clause (i), (ii), (iii), (iv), (v), or (vi).

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

“(i) any transaction the value of which the Secretary determines is de minimis;

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

“(iii) an investment—

“(I) in a security (as defined in section 3(a) of the Securities Exchange 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 is
8 registered with the Securities and Ex-
9 change 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-

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

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

“(8) PROHIBITED TECHNOLOGY.—

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

“(i) develops or produces any design automation software for the design of integrated circuits or advanced packaging;

“(ii) develops or produces any—

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

“(II) front-end semiconductor fabrication equipment designed for the volume fabrication of integrated circuits, 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.”.

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