

AMENDMENT TO RULES COMMITTEE PRINT

119-33

OFFERED BY MS. HOULAHAN OF PENNSYLVANIA

At the end of subtitle B of title XVII, add the following new section:

1 **SEC. 17___ . DISCLOSURE TO THE SEC OF SINGLE-SOURCE**
2 **SUPPLIERS IN FOREIGN COUNTRIES OF CON-**
3 **CERN.**

4 Section 13 of the Securities Exchange Act of 1934
5 (15 U.S.C. 78m) is amended by adding at the end the
6 following:

7 “(t) DISCLOSURE OF SINGLE-SOURCE SUPPLIERS IN
8 FOREIGN COUNTRIES OF CONCERN.—

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

10 “(A) COVERED FOREIGN ENTITY.—

11 “(i) IN GENERAL.—The term ‘covered
12 foreign entity’ means an entity—

13 “(I) that is organized under the
14 laws of a foreign country; and

15 “(II)(aa) the principal place of
16 business of which is in a foreign coun-
17 try of concern; or

1 “(bb) the equity securities of
2 which are primarily traded on 1
3 or more exchanges based in a
4 foreign country of concern.

5 “(ii) INCLUSION OF MAJORITY-OWNED
6 ENTITIES.—The term ‘covered foreign enti-
7 ty’ also includes any entity of which 1 or
8 more covered foreign entities, individually
9 or in the aggregate, directly or indirectly
10 hold more than 50 percent of the out-
11 standing voting interest or equity interest.

12 “(iii) CONTRIBUTION.—For purposes of
13 clause (ii)—

14 “(I) an entity that is a covered
15 foreign entity, including an entity that
16 is a covered foreign entity by oper-
17 ation of clause (ii), shall be treated as
18 a covered foreign entity in deter-
19 mining whether 1 or more covered for-
20 eign entities hold more than 50 per-
21 cent of the outstanding voting interest
22 or equity interest in any other entity;
23 and

24 “(II) if 1 or more covered foreign
25 entities, individually or in the aggre-

1 gate, hold more than 50 percent of
2 the outstanding voting interest or eq-
3 uity interest of an entity, the entire
4 outstanding voting interest or equity
5 interest that such entity holds in any
6 other entity shall be treated as held
7 by a covered foreign entity, without
8 reduction to reflect any intermediate
9 percentage of ownership.

10 “(B) COVERED PERSON.—The term ‘cov-
11 ered person’—

12 “(i) means an individual or entity
13 that—

14 “(I) is required to file an annual
15 report with the Commission under
16 subsection (a) or section 15(d); and

17 “(II) for the United States mar-
18 ket, produces, designs, develops, man-
19 ufactures, or fabricates a product or
20 technology that is a critical tech-
21 nology; and

22 “(ii) does not include a smaller re-
23 porting company, as that term is defined
24 in section 240.12b-2 of title 17, Code of

1 Federal Regulations (or any successor reg-
2 ulation).

3 “(C) COVERED SINGLE-SOURCE SUP-
4 PLIER.—The term ‘covered single-source sup-
5 plier’ means a covered foreign entity that is the
6 sole supplier to a covered person of an item or
7 service that the covered person uses to produce,
8 design, develop, manufacture, or fabricate a
9 critical technology, such that the covered person
10 does not have a supplier, other than that cov-
11 ered foreign entity or another covered foreign
12 entity, immediately available to supply that
13 item or service at a functionally interchangeable
14 quality, quantity, and price to the covered per-
15 son.

16 “(D) CRITICAL TECHNOLOGY.—The term
17 ‘critical technology’ has the meaning given the
18 term in section 702 of the Defense Production
19 Act of 1950 (50 U.S.C. 4552).

20 “(E) ENTITY.—The term ‘entity’ means a
21 branch, partnership, group, sub-group, associa-
22 tion, estate, trust, corporation (or division of a
23 corporation), or organization (whether or not
24 organized under the laws of any State or for-
25 eign country).

1 “(F) FOREIGN COUNTRY OF CONCERN.—

2 The term ‘foreign country of concern’ has the
3 meaning given the term in section 10612 of the
4 Research and Development, Competition, and
5 Innovation Act (42 U.S.C. 19221(a)).

6 “(G) IMMEDIATELY AVAILABLE.—The
7 term ‘immediately available’ means, with re-
8 spect to a supplier, that the supplier is available
9 to replace another supplier and begin providing
10 functionally interchangeable items or services
11 quickly enough to avoid any material business
12 disruption for customers of the supplied entity.

13 “(H) PRINCIPAL PLACE OF BUSINESS.—
14 The term ‘principal place of business’ means
15 the primary location where an entity’s manage-
16 ment directs, controls, or coordinates the enti-
17 ty’s activities, or, in the case of an investment
18 fund, where the fund’s activities are primarily
19 directed, controlled, or coordinated by or on be-
20 half of the general partner, managing member,
21 or equivalent.

22 “(2) DISCLOSURE.—Beginning with respect to
23 the fiscal year in which this subsection is enacted,
24 not later than 90 days after the end of each fiscal
25 year, each covered person shall—

1 “(A) disclose to the Commission—

2 “(i) whether there are any items or
3 services in any supply chain of the covered
4 person (including first-, second-, and third-
5 tier suppliers) that—

6 “(I) the covered person uses to
7 produce, design, develop, manufac-
8 ture, or fabricate a critical technology;
9 and

10 “(II) was provided by a covered
11 single-source supplier; and

12 “(ii) a description of each item or
13 service that matches the description in
14 clause (i), which shall include the legal
15 name of the applicable covered single-
16 source supplier and the applicable foreign
17 country of concern; and

18 “(B) publish on the internet website of the
19 covered person the information disclosed under
20 subparagraph (A)(i).

21 “(3) INFORMATION SHARING.—Not later than
22 30 days after the date on which the Commission re-
23 ceives a disclosure submitted under paragraph
24 (2)(A)(ii), the Commission shall make that disclo-
25 sure available to all Federal agencies and offices, in-

1 cluding not less than 1 office in each of the Depart-
2 ment of Commerce and the Department of Defense,
3 that are tasked with information collection or over-
4 sight relating to critical technology supply chains.”.

