

AMENDMENT TO RULES COMMITTEE PRINT 119-

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OFFERED BY MR. CLINE OF VIRGINIA

Add at the end of subtitle E of title VIII, the following new section:

1 **SEC. 8__ . ELIMINATION OF USE OF CERTAIN PAYMENT**
2 **PROCESSING EQUIPMENT, SYSTEMS, OR**
3 **SERVICES.**

4 (a) REVIEW.—Not later than 180 days after the date
5 of the enactment of this section, the Secretary of Defense
6 shall complete a review of all retailers to determine if such
7 retailers use covered equipment, systems, or services as
8 a substantial or essential component of the performance
9 of a contract to provide payment processing equipment,
10 systems, or services for the Department of Defense.

11 (b) GUIDANCE.—Not later than 90 days after com-
12 pleting the review required by subsection (a), the Sec-
13 retary of Defense shall issue guidance prohibiting the use
14 of covered equipment, systems, or services by a retailer
15 in a contract with the Department of Defense. Such policy
16 and guidance shall direct the modification or termination
17 of such a contract unless the retailer for such contract

1 ceases use of covered equipment, systems, or services in
2 a timely manner.

3 (c) PROHIBITION.—Effective January 1, 2027, the
4 Secretary of Defense may not enter into a contract for
5 payment processing equipment, systems, or services with
6 a retailer that uses covered equipment, systems, or serv-
7 ices as a substantial or essential component of the per-
8 formance of such contract.

9 (d) REPORT.—Not later than one year after the date
10 of the enactment of this section, the Secretary of Defense
11 shall submit to the Committees on Armed Services of the
12 House of Representatives and the Senate a written report
13 on the implementation on the requirements of this section.

14 (e) DEFINITIONS.—In this section:

15 (1) The term “country of concern” means—

16 (A) China;

17 (B) Russia;

18 (C) the Islamic Republic of Iran;

19 (D) North Korea; and

20 (E) any other country designated by the
21 Secretary of Defense, as posing a significant
22 risk to the national security of the United
23 States.

24 (2) The term “covered equipment, system, or
25 service”—

1 (A) means a payment processing equip-
2 ment, system, or service for which the applica-
3 tion processor, source code, secure processor, or
4 secure firmware is directly or indirectly devel-
5 oped, manufactured, provided, owned, con-
6 trolled, or operated by—

7 (i) an entity organized under the laws
8 of a country of concern;

9 (ii) an entity owned or controlled by
10 the government of a country of concern;

11 (iii) an entity subject to the direction,
12 jurisdiction, or control of the government,
13 military, or intelligence services of a coun-
14 try of concern;

15 (iv) any subsidiary, affiliate, or suc-
16 cessor entity of an entity described in
17 clauses (i) through (iii); or

18 (v) an entity that the Secretary of De-
19 fense reasonably believes to be an entity
20 owned or controlled by, or otherwise con-
21 nected entity owned or controlled by a
22 country of concern; and

23 (B) includes payment processing equip-
24 ment, systems, or services substantially com-
25 prised of components, software, or technology

1 supplied by an entity described in any of
2 clauses (i) through (v) of subparagraph (A).

3 (3) The term “electronic fund transfer”—

4 (A) means any transfer of funds, other
5 than a transaction originated by check, draft,
6 or similar paper instrument, which is initiated
7 through an electronic terminal (as defined in
8 section 903 of the Electronic Fund Transfer
9 Act (15 U.S.C. 1693a)), telephone, or computer
10 or magnetic tape so as to order, instruct, or au-
11 thorize a financial institution to debit or credit
12 an account; and

13 (B) includes point-of-sale transfers, auto-
14 mated teller machine transactions, and direct
15 deposits or withdrawals of funds from an ac-
16 count.

17 (4) The term “payment processing equipment,
18 system, or service” means—

19 (A) a card, code, or other means of access
20 to a consumer’s account, or any combination
21 thereof, that may be used by the consumer to
22 initiate electronic fund transfers; or

23 (B) an electronic device, other than a tele-
24 phone operated by a consumer, through which

1 a consumer may initiate an electronic fund
2 transfer.

3 (5) The term “retailer” has the meaning given
4 in section 4664 of title 10, United States Code.

