

AMENDMENT TO THE RULES COMMITTEE PRINT
118-36
OFFERED BY MR. SHERMAN OF CALIFORNIA

At the end of subtitle A of title XIII, add the following:

1 **SEC. 13___ . PROHIBITION ON PURCHASE OF CERTAIN SE-**
2 **CURITIES FROM COVERED ENTITIES.**

3 (a) IN GENERAL.—Not later than 90 days after the
4 date of the enactment of this Act, the President shall—

5 (1) compile and maintain a single list of cov-
6 ered entities;

7 (2) where possible, include in the list a unique
8 identification number for each covered entity, such
9 as a Committee on Uniform Securities Identification
10 Procedures number or a Stock Exchange Daily Offi-
11 cial List number;

12 (3) make such list available to the public; and

13 (4) publicly identify and prohibit the purchase,
14 sale, or holding by a United States person (as de-
15 fined under section 560.314 of title 31, Code of Fed-
16 eral Regulations) of a—

17 (A) publicly-traded security issued by a
18 covered entity;

1 (B) publicly-traded security that is deriva-
2 tive of a publicly-traded security issued by a
3 covered entity; and

4 (C) security that provides investment expo-
5 sure to a publicly-traded security issued by a
6 covered entity.

7 (b) DIVESTMENT REQUIRED.—

8 (1) IN GENERAL.—Notwithstanding subsection
9 (a), a United States person shall divest of all securi-
10 ties described in subsection (a)—

11 (A) with respect to a security identified by
12 the President under subsection (a) before the
13 end of the 90-day period beginning on the date
14 of the enactment of this Act, not later than 180
15 days after the date of the enactment of this
16 Act; and

17 (B) with respect to a security identified by
18 the President under subsection (a) after the end
19 of the 90-day period beginning on the date of
20 the enactment of this Act, not later than 180
21 days after the date of such identification.

22 (2) FACILITATING DIVESTMENT TRANS-
23 ACTIONS.—Subsection (a) shall not apply to a
24 United States person to the extent the person is fa-

1 cilitating the divestment of securities described
2 under paragraph (1).

3 (c) PENALTIES.—

4 (1) IN GENERAL.—A United States person that
5 violates, attempts to violate, conspires to violate, or
6 causes a violation of this section shall be subject to
7 the following penalties:

8 (A) A civil penalty in an amount not to ex-
9 ceed the greater of—

10 (i) \$250,000; or

11 (ii) an amount that is twice the
12 amount of the transaction that is the basis
13 of the violation with respect to which the
14 penalty is imposed.

15 (B) With respect to a United States person
16 that willfully violates, willfully attempts to vio-
17 late, willfully conspires to violate, or aids or
18 abets in the commission of a violation of this
19 section shall be subject to a criminal penalty—

20 (i) of a fine of not more than
21 \$1,000,000; or

22 (ii) if such United States person is an
23 individual, a fine of not more than
24 \$1,000,000, a term of imprisonment of not
25 more than 20 years, or both.

1 (2) AMOUNT OF A TRANSACTION DEFINED.—

2 For purposes of paragraph (1)(A)(ii), the term
3 “amount of a transaction” means—

4 (A) with respect to a purchase that violates
5 this section, the purchase price; and

6 (B) with respect to a sale that violates this
7 section, the sale price;

8 (C) with respect to the holding of a secu-
9 rity that violates this section, the fair market
10 value of the security at the time of the viola-
11 tion.

12 (d) COVERED ENTITY DEFINED.—

13 (1) IN GENERAL.—In this section, the term
14 “covered entity” means the following:

15 (A) Any person that is on the of Specially
16 Designated Nationals and Blocked Persons
17 maintained by the Office of Foreign Assets
18 Control of the Department of the Treasury, or
19 any person under common ownership or control
20 of such person.

21 (B) Any person on the Non-SDN Chinese
22 Military-Industrial Complex Companies List
23 (NS-CMIC List) maintained by the Office of
24 Foreign Assets Control of the Department of
25 the Treasury under Executive Order 14032 (86

1 Fed. Reg. 30145; relating to addressing the
2 threat from securities investments that finance
3 certain companies of the People's Republic of
4 China), or any person under common ownership
5 or control of such person.

6 (C) Any person that is a Chinese military
7 company or a military-civil fusion contributor
8 and included on the list maintained by the De-
9 partment of Defense in accordance with section
10 1260H(b) of the National Defense Authoriza-
11 tion Act for Fiscal Year 2021 (10 U.S.C. 113
12 note) as of the date of the enactment of this
13 Act, or any person under common ownership or
14 control of such person.

15 (D) Any person that is a Chinese person
16 and with respect to which sanctions have been
17 imposed under the under the Global Magnitsky
18 Human Rights Accountability Act (22 U.S.C.
19 10101 et seq.), or any person under common
20 ownership or control of such person.

21 (E) Any person that is a Chinese person
22 whose goods have been the subject of a With-
23 hold Release Order pursuant to section 307 of
24 the Tariff Act of 1930 (19 U.S.C. 1307) during
25 the 2-year period ending on the date of the en-

1 actment of this Act, or any person under com-
2 mon ownership or control of such person.

3 (F) Any person that is Chinese entity list-
4 ed on the Entity List set forth in Supplement
5 No. 4 to part 744 of the Export Administration
6 Regulations.

7 (G) Any Chinese person on the Uyghur
8 Forced Labor Prevention Act Entity List,
9 maintained by the Department of Homeland
10 Security, or any person under common owner-
11 ship or control of such person.

12 (H) Any Chinese person on the Military
13 End User List maintained by the Department
14 of Commerce (Supplement 7 to Part 744 of
15 chapter VII, subchapter C of title 15, Code of
16 Federal Regulations), or any person under com-
17 mon ownership or control of such person.

18 (2) CONTROL.—For purposes of paragraph (1),
19 the term “control” has the meaning given that term
20 under section 230.405 of title 17, Code of Federal
21 Regulations.

