

**AMENDMENT TO THE RULES COMMITTEE PRINT**

**119-33**

**OFFERED BY MR. SHERMAN OF CALIFORNIA**

In subtitle B of title XVII, add at the end the following:

1 **SEC. 17\_\_\_. 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 facilitating 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;

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

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 list of Spe-  
16 cially Designated Nationals and Blocked Per-  
17 sons 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.

