

**AMENDMENT TO H.R. 2799, AS REPORTED
OFFERED BY MR. SHERMAN OF CALIFORNIA**

Page 5, before line 1, insert the following:

1 **SEC. 2. LIMITATION WITH RESPECT TO CERTAIN COMPA-**
2 **NIES.**

3 (a) IN GENERAL.—An exemption or benefit provided
4 under this Act or the amendments made by this Act may
5 only apply to an issuer that discloses the following infor-
6 mation to the Securities and Exchange Commission and
7 makes such disclosures available to the public:

8 (1) A description of the degree to which each
9 supply chain of the issuer relies upon or is exposed
10 to any covered foreign market.

11 (2) A description of the operations of the issuer
12 in any covered foreign market.

13 (3) A narrative description of the issuer's China
14 risk.

15 (4) If the issuer identifies a material China
16 risk, a narrative description of actions the issuer has
17 taken or will take to minimize China risk and addi-
18 tional actions the company may take to minimize the
19 China risk if there is a significant disruption in the
20 economic relationship between the United States and

1 People's Republic of China as a result of a hostile
2 actions by China against Taiwan.

3 (b) DEFINITIONS.—In this section:

4 (1) CHINA RISK.—The term “China risk”
5 means an issuer's exposure to material financial con-
6 sequences caused by the Chinese Communist Party,
7 the Government of the People's Republic of China,
8 or firms or other entities operating in the People's
9 Republic of China stemming from reasonably likely,
10 imminent, or ongoing factors, including—

11 (A) consequences for the operations of the
12 issuer—

13 (i) in a covered foreign market; and

14 (ii) caused by disruptions to supply
15 chains, including supply chains for—

16 (I) goods or services originating
17 in a covered foreign market; and

18 (II) goods transported through or
19 over the East China Sea or South
20 China Sea;

21 (B) devaluation, seizure, expropriation, de-
22 nial of access, or nationalization of assets, in-
23 cluding intellectual property, of the issuer in a
24 covered foreign market;

1 (C) imperfect rule of law, unequal or im-
2 perfect enforcement of intellectual property
3 rights, or biased judicial proceedings;

4 (D) with respect to any equity investments
5 the issuer has within a covered foreign market,
6 impediments to exercising full voting rights of
7 American or non-Chinese shareholders or any
8 firm in which the issuer has an equity invest-
9 ment taking actions against the interests of the
10 firm's shareholders in favor of the interests of
11 the Chinese Communist Party or the Govern-
12 ment of the People's Republic of China; and

13 (E) other material financial impact on the
14 operations of the issuer caused by the Chinese
15 Communist Party, the Government of the Peo-
16 ple's Republic of China, or firms or other enti-
17 ties operating in the People's Republic of
18 China.

19 (2) COVERED FOREIGN MARKET.—The term
20 “covered foreign market” means mainland China,
21 the Hong Kong special administrative region, the
22 Macau special administrative region, Taiwan, Japan,
23 Mongolia, the Democratic People's Republic of
24 Korea, and the Republic of Korea.

1 (3) MAINLAND CHINA.—The term “mainland
2 China” means the People’s Republic of China, ex-
3 cluding the Hong Kong special administrative region
4 and the Macau special administrative region.

