

AMENDMENT TO RULES COMMITTEE PRINT 119-

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OFFERED BY MR. VAN EPPS OF TENNESSEE

At the end of subtitle F of title X, insert the following:

1 **SEC. 10___. PILOT PROGRAM ON NATIONAL SECURITY RISK**
2 **IDENTIFICATION AND REVIEW FOR ADVER-**
3 **SARIAL CAPITAL.**

4 (a) PILOT PROGRAM AUTHORIZED.—Not later than
5 90 days after the date of the enactment of this Act, the
6 Secretary of Defense, acting through the Office of Stra-
7 tegic Capital, and in consultation with such other offices
8 of the Department as the Secretary determines appro-
9 priate, shall carry out a pilot program to credential or cer-
10 tify appropriate non-government entities to conduct na-
11 tional security risk identification and reviews of adver-
12 sarial capital for commercial parties providing goods or
13 services to the Department of Defense. Under the pilot
14 program the Secretary shall—

15 (1) identify national security risk identification
16 processes, due diligence procedures, and risk review
17 and mitigation policies related to adversarial capital
18 across the Department of Defense, including the

1 military departments, combatant commands, compo-
2 nents of the Office of the Secretary of Defense, and
3 agencies and field activities;

4 (2) establish a framework, based on the proc-
5 esses, procedures, and policies identified under para-
6 graph (1) and commercial best practices, through
7 which to evaluate the ability of appropriate non-gov-
8 ernment entities to identify and review national se-
9 curity risk arising from adversarial capital;

10 (3) prioritize reviews of adversarial capital
11 threats to the United States arising from the Peo-
12 ple's Republic of China, Hong Kong, Macau, and in-
13 dividuals or entities domiciled outside of China with
14 the ultimate beneficial ownership being within
15 China, Hong Kong, or Macau;

16 (4) design a program or criteria under which
17 the Office of Strategic Capital will be authorized to
18 grant either a credential or certification to appro-
19 priate non-government entities that complete the
20 program or satisfy the criteria, as the case may be;

21 (5) draft policy recommendations for the entire
22 Department of Defense to standardize national secu-
23 rity risk identification and review adversarial capital
24 practices, policies, and procedures; and

1 (6) draft recommendations on the viability of a
2 permanent program to certify private sector entities
3 to conduct national security risk identification and
4 review.

5 (b) REQUIREMENTS.—The national security risk
6 identification and review shall—

7 (1) consist of effective methods to research and
8 identify connections between vendors and entities of
9 concern in China, Hong Kong, Macau, and other
10 countries that constitute a threat to the national se-
11 curity of the United States, as determined by the
12 Secretary;

13 (2) be conducted in a manner that is consistent
14 with Department of Defense Directive 3000.16 on
15 Vendor Threat Mitigation; and

16 (3) be rooted in verified data and capable of
17 identifying connections of multiple degrees.

18 (c) APPROPRIATE NON-GOVERNMENT ENTITY.—The
19 term “appropriate non-government entity” means a non-
20 profit or for-profit entity that—

21 (1) has a demonstrated, successful track record
22 in identifying foreign ownership, control, direction,
23 or influence from China, Hong Kong, Macau, or
24 other countries constituting a national security
25 threat; and

1 (2) has demonstrated the capability to conduct
2 data-driven assessments of risk; and

3 (3) has no conflicts of interest, as determined
4 by the Secretary.

5 (d) REPORT.—Upon the conclusion of the pilot pro-
6 gram, the Secretary of Defense shall submit to Congress
7 a report on the pilot program that includes—

8 (1) an identification of discrepancies within rel-
9 evant Department of Defense policies and proce-
10 dures;

11 (2) recommendations on how to standardize
12 better practices across the entire Department of De-
13 fense; and

14 (3) the feasibility of establishing a permanent
15 program to support the Department of Defense.

16 (e) TERMINATION.—The authority to carry out a
17 pilot program under this section shall terminate on the
18 date that is one year after the date of the enactment of
19 this Act.

