

116TH CONGRESS
2D SESSION

H. R. 7064

To prohibit financial investment by a United States person in foreign industrial defense corporations with substantial contracts with, ties to, or support from, the Chinese military and affiliated entities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 1, 2020

Mr. BANKS (for himself, Mr. GALLAGHER, and Mr. LAMALFA) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Foreign Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To prohibit financial investment by a United States person in foreign industrial defense corporations with substantial contracts with, ties to, or support from, the Chinese military and affiliated entities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stop Funding the PLA
5 Act”.

1 **SEC. 2. SPECIFICATION OF PROHIBITED FOREIGN INDUS-**
2 **TRIAL DEFENSE CORPORATIONS.**

3 (a) SPECIFICATION REQUIRED.—Not later than 90
4 days after the date of the enactment of this section, and
5 annually thereafter, the Secretary, in consultation with the
6 Secretary of State, the Secretary of Defense, and the do-
7 mestic intelligence community, shall submit to the Com-
8 mittee on Banking, Housing, and Urban Affairs of the
9 Senate and the Committee on Financial Services of the
10 House of Representatives a report that specifies each for-
11 eign industrial defense corporation with substantial con-
12 tracts with, ties to, or support from, a PLA entity.

13 (b) EFFECT OF SPECIFICATION.—

14 (1) PURCHASE OF SECURITIES PROHIBITED.—
15 Beginning on the date that is 180 days after a re-
16 port is submitted under subsection (a), a United
17 States person may not purchase securities of a for-
18 eign industrial defense corporation specified in such
19 report.

20 (2) DIVESTMENT REQUIRED.—

21 (A) IN GENERAL.—Except as provided in
22 subparagraph (B), not later than 180 days
23 after a report is submitted under subsection
24 (a), a United States person that owns a secu-
25 rity of a foreign industrial defense corporation

1 specified in such report shall divest themselves
2 of such security.

3 (B) EXTENDED WIND-DOWN IN CASE OF
4 FINANCIAL HARDSHIP.—The Secretary may
5 allow a United States person a 270-day exten-
6 sion to the 180-day period for compliance under
7 subparagraph (A) if the Secretary determines
8 that such entity—

9 (i) owns a security of a foreign indus-
10 trial defense corporation specified in a re-
11 port submitted under subsection (a); and

12 (ii) would experience extreme financial
13 hardship to comply within the 180-day pe-
14 riod under subparagraph (A).

15 (c) ASSIGNMENT OF AUTHORITY.—

16 (1) ENFORCEMENT.—The Secretary shall en-
17 force the provisions of this section.

18 (2) REGULATIONS.—Not later than 90 days
19 after the date of the enactment of this section, the
20 Secretary shall issue such regulations and guidance
21 as necessary to implement and enforce this section.

22 (d) REPORT.—Not later than 360 days after the date
23 of the enactment of this section, the Secretary shall sub-
24 mit to the Committee on Banking, Housing, and Urban
25 Affairs of the Senate and the Committee on Financial

1 Services of the House of Representatives a report on the
2 progress of the divestments required under subsection
3 (b)(2).

4 (e) PETITION FOR REMOVAL FROM DESIGNATION.—

5 (1) IN GENERAL.—A foreign industrial defense
6 corporation may petition the Secretary to not be in-
7 cluded or removed from a report under subsection
8 (a).

9 (2) REQUIREMENTS.—A petition under para-
10 graph (1) shall include such documentation of the
11 assets and liabilities, company financial records,
12 ownership and investor records, and past and cur-
13 rent business contracts of the foreign industrial de-
14 fense corporation submitting such petition that the
15 Secretary determines necessary.

16 (f) FINAL REPORT.—Not later than 8 years after the
17 date of the enactment of this section, the Secretary shall
18 submit to the Committee on Banking, Housing, and
19 Urban Affairs of the Senate and the Committee on Finan-
20 cial Services of the House of Representatives a final report
21 on the implementation of this section, including—

22 (1) an analysis of the effectiveness of this sec-
23 tion;

24 (2) the development and maintenance of the re-
25 ports required under subsection (a); and

1 (3) a description of completed and ongoing civil
2 and criminal cases related to securities of foreign in-
3 dustrial defense corporations.

4 (g) SUNSET.—This section and the authority under
5 this section shall expire on the date that is 10 years after
6 the date of the enactment of this section.

7 (h) DEFINITIONS.—In this section:

8 (1) PLA ENTITY.—The term “PLA entity”
9 means any entity of the Chinese military, including
10 the People’s Liberation Army, Navy, Air Force,
11 Rocket Force, Strategic Support Force, and Joint
12 Logistics Force, and the Chinese intelligence com-
13 munity.

14 (2) FOREIGN INDUSTRIAL DEFENSE CORPORA-
15 TION.—The term “foreign industrial defense cor-
16 poration” means any corporation based—

17 (A) outside of the United States; and

18 (B) in a country that the Secretary, in
19 consultation with the Secretary of Defense, the
20 Secretary of State, and the domestic intel-
21 ligence community, determines does not possess
22 positive economic and military relations with
23 the United States.

24 (3) SECRETARY.—The term “Secretary” means
25 the Secretary of the Treasury.

1 (4) SUBSTANTIAL.—The term “substantial”
2 shall, with respect to contracts with, ties to, or sup-
3 port from, a PLA entity, have the meaning deter-
4 mined by the Secretary, in consultation with the
5 Secretary of State, the Secretary of Defense, and
6 the domestic intelligence community.

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