

118TH CONGRESS
2D SESSION

H. R. 7757

To amend the Securities Exchange Act of 1934 to require disclosures with respect to certain financial risks relating to the People’s Republic of China, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 2024

Mr. SHERMAN (for himself and Mrs. SPARTZ) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To amend the Securities Exchange Act of 1934 to require disclosures with respect to certain financial risks relating to the People’s Republic of China, 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 “China Risk Reporting
5 Act”.

1 “(C) if the issuer identifies a material
2 China risk, a narrative description with respect
3 to each China risk identified by the issuer of—

4 “(i) the actions the issuer has taken
5 or will take to minimize that China risk;
6 and

7 “(ii) the additional actions the issuer
8 may take to minimize that China risk if a
9 covered event occurs.

10 “(2) RULE OF CONSTRUCTION.—Nothing in
11 this subsection shall be construed to require an
12 issuer to—

13 “(A) disclose the assessment of such issuer
14 as to the likelihood that a covered event or any
15 China risk will occur; or

16 “(B) provide any third-party assessment of
17 such likelihood.

18 “(3) DEFINITIONS.—In this subsection:

19 “(A) CHINA RISK.—The term ‘China risk’
20 means an issuer’s exposure to material financial
21 consequences caused by the Chinese Communist
22 Party, the Government of the People’s Republic
23 of China, or firms or other entities operating in
24 the People’s Republic of China stemming from

1 reasonably likely, imminent, or ongoing factors,
2 including—

3 “(i) consequences for the operations
4 of the issuer—

5 “(I) in a covered foreign market;
6 and

7 “(II) caused by disruptions to
8 supply chains, including supply chains
9 for—

10 “(aa) goods or services origi-
11 nating in a covered foreign mar-
12 ket; and

13 “(bb) goods transported
14 through or over the East China
15 Sea or South China Sea;

16 “(ii) devaluation, seizure, expropria-
17 tion, denial of access, or nationalization of
18 assets, including intellectual property, of
19 the issuer in a covered foreign market;

20 “(iii) imperfect rule of law, unequal or
21 imperfect enforcement of intellectual prop-
22 erty rights, or biased judicial proceedings;

23 “(iv) with respect to any equity in-
24 vestments the issuer has within a covered
25 foreign market, impediments to exercising

1 full voting rights of American or non-Chi-
2 nese shareholders or any firm in which the
3 issuer has an equity investment taking ac-
4 tions against the interests of the firm's
5 shareholders in favor of the interests of the
6 Chinese Communist Party or the Govern-
7 ment of the People's Republic of China;
8 and

9 “(v) other material financial impact
10 on the operations of the issuer caused by
11 the Chinese Communist Party, the Govern-
12 ment of the People's Republic of China, or
13 firms or other entities operating in the
14 People's Republic of China.

15 “(B) COVERED EVENT.—The term ‘cov-
16 ered event’—

17 “(i) means a significant disruption to
18 the economic relations between the United
19 States and the People's Republic of China,
20 including—

21 “(I) a partial or full trade embar-
22 go of the People's Republic of China
23 by the United States (or vice versa);

24 “(II) trade or financial sanctions
25 imposed on the People's Republic of

1 China by the United States (or vice
2 versa); and

3 “(III) the United States revoking
4 permanent normal trade relations
5 with the People’s Republic of China
6 (or vice versa); and

7 “(ii) includes disruptions resulting
8 from PRC military action against Taiwan.

9 “(C) COVERED FOREIGN MARKET.—The
10 term ‘covered foreign market’ means mainland
11 China, the Hong Kong special administrative
12 region, the Macau special administrative region,
13 Taiwan, Japan, Mongolia, the Democratic Peo-
14 ple’s Republic of Korea, and the Republic of
15 Korea.

16 “(D) MAINLAND CHINA.—The term ‘main-
17 land China’ means the People’s Republic of
18 China, excluding the Hong Kong special admin-
19 istrative region and the Macau special adminis-
20 trative region.

21 “(E) OPERATIONS.—The term ‘operations’
22 may include, with respect to an issuer required
23 to file an annual report under subsection (a),
24 the assets, personnel, sales and revenue, liabil-

1 ities, technology, intellectual property, and
2 other notable ties or activities of such issuer.

3 “(F) PRC MILITARY ACTION AGAINST TAI-
4 WAN.—The term ‘PRC military action against
5 Taiwan’—

6 “(i) means a campaign of armed ag-
7 gression by the People’s Republic of China
8 against the Government of Taiwan (or the
9 territories under its control); and

10 “(ii) includes—

11 “(I) a firepower strike campaign;

12 “(II) an island landing campaign;

13 and

14 “(III) a full or partial blockade
15 (by sea or air).”.

16 (c) DISCLOSURE AT TIME OF REGISTRATION.—Sec-
17 tion 12(b) of the Securities Exchange Act of 1934 (15
18 U.S.C. 78l(b)) is amended by adding at the end the fol-
19 lowing:

20 “(4) The information described under section
21 13(t)(1).”.

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall take effect on the date that is 180 days
24 after the date of the enactment of this section.

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