

118TH CONGRESS  
1ST SESSION

# S. 481

To impose sanctions to deter aggression by the People’s Republic of China against Taiwan, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 16, 2023

Mr. SCOTT of Florida (for himself and Mr. CRAMER) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To impose sanctions to deter aggression by the People’s Republic of China against Taiwan, 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 “Deterring Communist  
5 Chinese Aggression against Taiwan through Financial  
6 Sanctions Act of 2023”.

7 **SEC. 2. FINDINGS.**

8 Congress makes the following findings:

9 (1) Taiwan is a self-governing polity with all  
10 the attributes of a constitutional democratic republic

1 and consistently achieves exceedingly high scores  
2 from Freedom House’s Freedom in the World Index.

3 (2) Taiwan practices and enshrines in law a  
4 free market and entrepreneurial economy and con-  
5 sistently achieves exceedingly high scores in the Her-  
6 itage Foundation’s Index of Economic Freedom.

7 (3) Taiwan’s government and political culture  
8 cherish individual rights and the protection of ethnic  
9 minorities, and do so through respect for the rule of  
10 law.

11 (4) Taiwan’s democracy, free market economy,  
12 and cultural, industrial, and scientific achievements  
13 have made it a model for the world as it contributes  
14 greatly to the peace, prosperity, and well-being of  
15 the United States and all other countries that trade  
16 and cooperate with Taiwan despite the constraints  
17 on trade and cooperation resulting from the threats  
18 and intimidation by the Communist Party of China  
19 against countries that seek relations with Taiwan.

20 (5) Section 2(b) of the Taiwan Relations Act  
21 (22 U.S.C. 3301(b)) asserts that it is the policy of  
22 the United States—

23 (A) “to declare that peace and stability in  
24 the area are in the political, security, and eco-

1            nomic interests of the United States, and are  
2            matters of international concern”;

3            (B) “to make clear that the United States  
4            decision to establish diplomatic relations with  
5            the People’s Republic of China rests upon the  
6            expectation that the future of Taiwan will be  
7            determined by peaceful means”;

8            (C) “to consider any effort to determine  
9            the future of Taiwan by other than peaceful  
10           means, including by boycotts or embargoes, a  
11           threat to the peace and security of the Western  
12           Pacific area and of grave concern to the United  
13           States”; and

14           (D) “to maintain the capacity of the  
15           United States to resist any resort to force or  
16           other forms of coercion that would jeopardize  
17           the security, or the social or economic system,  
18           of the people on Taiwan”.

19           (6) The Chinese Communist Party, especially  
20           under the leadership of General Secretary Xi  
21           Jinping, threatens Taiwan in terms of national secu-  
22           rity, trade, and its relationships with countries and  
23           international organizations.

24           (7) Such threats are designed to intimidate Tai-  
25           wan into submission to Communist Party rule and

1 to cause other countries and international organiza-  
2 tions to shun Taiwan and cut off relations with it.

3 (8) General Secretary Xi and the Communist  
4 Party have made clear their intention to take Tai-  
5 wan by force if they so choose, and they demonstrate  
6 that intention with increased provocative and dan-  
7 gerous actions threatening the peace against Taiwan  
8 in the Taiwan Straits.

9 (9) Supporting Taiwan's defense against such  
10 increasingly imminent threats is a vital interest of  
11 the United States for the sake of the national secu-  
12 rity of the United States and allies of the United  
13 States in the region, and the preservation of democ-  
14 racy, free market economics, and the rules and  
15 norms of the international order.

16 (10) The peace and stability of the entire Pa-  
17 cific region and the countries in that region require  
18 that Taiwan not be subjected to the rule of the Com-  
19 munist Party of China.

20 (11) The credibility of the avowal of the United  
21 States to defend the principles of the United States  
22 and the principles the international order is built  
23 upon require a policy that can and will deter and  
24 thwart any attempt by the Communist Party of  
25 China to dominate Taiwan by coercion.

1 **SEC. 3. STATEMENT OF POLICY.**

2 It is the policy of the United States to sever all finan-  
3 cial transactions between the United States and the Peo-  
4 ple's Republic of China, including any and all public or  
5 private entities in the People's Republic of China, if the  
6 Government of the People's Republic of China or any  
7 forces subject to the control of that Government—

8 (1) engage in armed aggression against Taiwan;

9 (2) invade the territory of Taiwan, including  
10 the mainland of Taiwan and any territories under its  
11 control, without regard to whether those territories  
12 are inhabited or not;

13 (3) blockade by sea or air the mainland of Tai-  
14 wan or territories under its control; or

15 (4) attempt to change the status of Taiwan or  
16 its government by force or coercive actions.

17 **SEC. 4. DEFINITIONS.**

18 In this Act:

19 (1) APPROPRIATE CONGRESSIONAL COMMIT-  
20 TEES.—The term “appropriate congressional com-  
21 mittees” means—

22 (A) the Committee on Banking, Housing,  
23 and Urban Affairs and the Committee on Fi-  
24 nance of the Senate; and

1 (B) the Committee on Financial Services  
2 and the Committee on Ways and Means of the  
3 House of Representatives.

4 (2) CHINESE MILITARY COMPANY.—The term  
5 “Chinese military company” means an entity on the  
6 most recent list required to be submitted under sec-  
7 tion 1260H of the William M. (Mac) Thornberry  
8 National Defense Authorization Act for Fiscal Year  
9 2021 (Public Law 116–283; 10 U.S.C. 113 note).

10 (3) CHINESE PERSON.—The term “Chinese  
11 person” means—

12 (A) an individual who is a citizen or na-  
13 tional of the People’s Republic of China; or

14 (B) an entity organized under the laws of  
15 the People’s Republic of China or otherwise  
16 subject to the jurisdiction of the Government of  
17 the People’s Republic of China.

18 (4) FINANCIAL INSTITUTION.—The term “fi-  
19 nancial institution” means a financial institution  
20 specified in subparagraph (A), (B), (C), (D), (E),  
21 (F), (G), (H), (I), (J), (K), (M), (N), (P), (R), (T),  
22 (Y), or (Z) of section 5312(a)(2) of title 31, United  
23 States Code.

24 (5) FOREIGN FINANCIAL INSTITUTION.—The  
25 term “foreign financial institution” has the meaning

1 given that term in section 1010.605 of title 31, Code  
2 of Federal Regulations (or any corresponding similar  
3 regulation or ruling).

4 (6) ISSUER; SECURITY.—The terms “issuer”  
5 and “security” have the meanings given those terms  
6 in section 3(a) of the Securities Exchange Act of  
7 1934 (15 U.S.C. 78c).

8 (7) NATIONAL SECURITIES EXCHANGE.—The  
9 term “national securities exchange” means an ex-  
10 change registered as a national securities exchange  
11 in accordance with section 6 of the Securities Ex-  
12 change Act of 1934 (15 U.S.C. 78f).

13 (8) TRIGGERING EVENT.—The term “triggering  
14 event” means any attempt by the Government of the  
15 People’s Republic of China or any forces subject to  
16 the control of that Government to subject Taiwan to  
17 the control of the People’s Republic of China, includ-  
18 ing though any of the following acts:

19 (A) Engaging in armed aggression against  
20 Taiwan.

21 (B) Invading the territory of Taiwan, in-  
22 cluding the mainland of Taiwan and any terri-  
23 tories under its control, without regard to  
24 whether those territories are inhabited or not.

1 (C) Blockading by sea or air the mainland  
2 of Taiwan or territories under its control.

3 (D) Attempting to change the status of  
4 Taiwan or its government by force or coercive  
5 actions.

6 (9) UNITED STATES PERSON.—The term  
7 “United States person” means—

8 (A) a United States citizen or an alien law-  
9 fully admitted for permanent residence to the  
10 United States;

11 (B) an entity organized under the laws of  
12 the United States or of any jurisdiction within  
13 the United States, including a foreign branch of  
14 such an entity; or

15 (C) any person in the United States.

16 **SEC. 5. IMPOSITION OF SANCTIONS WITH RESPECT TO CHI-**  
17 **NESE PERSONS RESPONSIBLE FOR AGGRES-**  
18 **SION AGAINST TAIWAN.**

19 (a) INITIAL IMPOSITION OF SANCTIONS.—On and  
20 after the date that is 30 days after a triggering event,  
21 the President shall impose the sanctions described in sub-  
22 section (b) with respect to any Chinese person, including  
23 any senior official of the Government of the People’s Re-  
24 public of China, that the President determines participates  
25 in a triggering event.



1 (b) SANCTIONS DESCRIBED.—The sanctions to be  
2 imposed with respect to a person described in subsection  
3 (a) are the following:

4 (1) BLOCKING OF PROPERTY.—

5 (A) IN GENERAL.—The President shall ex-  
6 ercise all of the powers granted by the Inter-  
7 national Emergency Economic Powers Act (50  
8 U.S.C. 1701 et seq.) to block and prohibit all  
9 transactions in all property and interests in  
10 property of the person if such property and in-  
11 terests in property are in the United States,  
12 come within the United States, or come within  
13 the possession or control of a United States  
14 person.

15 (B) INAPPLICABILITY OF NATIONAL EMER-  
16 GENCY REQUIREMENT.—The requirements of  
17 section 202 of the International Emergency  
18 Economic Powers Act (50 U.S.C. 1701) shall  
19 not apply for purposes of subparagraph (A).

20 (2) INELIGIBILITY FOR VISAS, ADMISSION, OR  
21 PAROLE.—

22 (A) VISAS, ADMISSION, OR PAROLE.—In  
23 the case of an alien, the alien shall be—

24 (i) inadmissible to the United States;

1 (ii) ineligible to receive a visa or other  
2 documentation to enter the United States;  
3 and

4 (iii) otherwise ineligible to be admitted  
5 or paroled into the United States or to re-  
6 ceive any other benefit under the Immigra-  
7 tion and Nationality Act (8 U.S.C. 1101 et  
8 seq.).

9 (B) CURRENT VISAS REVOKED.—

10 (i) IN GENERAL.—An alien described  
11 in subparagraph (A) shall be subject to  
12 revocation of any visa or other entry docu-  
13 mentation regardless of when the visa or  
14 other entry documentation is or was  
15 issued.

16 (ii) IMMEDIATE EFFECT.—A revoca-  
17 tion under clause (i) shall—

18 (I) take effect immediately; and

19 (II) cancel any other valid visa or  
20 entry documentation that is in the  
21 alien's possession.

22 (3) EXCLUSION OF CORPORATE OFFICERS.—

23 The President shall direct the Secretary of State to  
24 deny a visa to, and the Secretary of Homeland Secu-  
25 rity to exclude from the United States, any alien

1 that the President determines is a corporate officer  
2 or principal of, or a shareholder with a controlling  
3 interest in, the person.

4 (4) EXPORT SANCTION.—The President may  
5 order the United States Government not to issue  
6 any specific license and not to grant any other spe-  
7 cific permission or authority to export any goods or  
8 technology to the person under—

9 (A) the Export Control Reform Act of  
10 2018 (50 U.S.C. 4801 et seq.); or

11 (B) any other statute that requires the  
12 prior review and approval of the United States  
13 Government as a condition for the export or re-  
14 export of goods or services.

15 (5) INCLUSION ON ENTITY LIST.—The Presi-  
16 dent shall include the entity on the entity list main-  
17 tained by the Bureau of Industry and Security of  
18 the Department of Commerce and set forth in Sup-  
19 plement No. 4 to part 744 of the Export Adminis-  
20 tration Regulations, for activities contrary to the na-  
21 tional security or foreign policy interests of the  
22 United States.

23 (6) BAN ON INVESTMENT IN EQUITY OR DEBT  
24 OF SANCTIONED PERSON.—The President shall, pur-  
25 suant to such regulations or guidelines as the Presi-

1       dent may prescribe, prohibit any United States per-  
2       son from investing in or purchasing equity or debt  
3       instruments of the person.

4               (7) BANKING TRANSACTIONS.—The President  
5       shall, pursuant to such regulations as the President  
6       may prescribe, prohibit any transfers of credit or  
7       payments between financial institutions or by,  
8       through, or to any financial institution, to the extent  
9       that such transfers or payments are subject to the  
10      jurisdiction of the United States and involve any in-  
11      terest of the person.

12              (8) CORRESPONDENT AND PAYABLE-THROUGH  
13      ACCOUNTS.—In the case of a foreign financial insti-  
14      tution, the President may prohibit the opening, and  
15      prohibit or impose strict conditions on the maintain-  
16      ing, in the United States of a correspondent account  
17      or a payable-through account by the foreign finan-  
18      cial institution.

19      (c) EXCEPTIONS.—

20              (1) EXCEPTION FOR INTELLIGENCE, LAW EN-  
21      FORCEMENT, AND NATIONAL SECURITY ACTIVI-  
22      TIES.—Sanctions under this section shall not apply  
23      to any authorized intelligence, law enforcement, or  
24      national security activities of the United States.



1 securities exchange on or after the date that is 60 days  
2 after a triggering event.

3 (b) ISSUERS DESCRIBED.—An issuer described in  
4 this subsection is an issuer that is—

5 (1) a Chinese person;

6 (2) owned or controlled by a Chinese person; or

7 (3) a successor entity to a person described in  
8 paragraph (1) or (2).

9 **SEC. 7. PROHIBITION ON TRANSACTIONS IN SECURITIES**  
10 **OF CHINESE MILITARY COMPANIES.**

11 (a) IN GENERAL.—Beginning on the date that is 60  
12 days after a triggering event, any transaction by any  
13 United States person or within the United States in any  
14 security of an issuer described in subsection (b), or any  
15 instrument that is derivative of or designed to provide in-  
16 vestment exposure to any such security, is prohibited.

17 (b) ISSUERS DESCRIBED.—An issuer described in  
18 this subsection (b) is an issuer that is—

19 (1) a Chinese military company;

20 (2) owned or controlled by a Chinese military  
21 company; or

22 (3) a successor entity to a Chinese military  
23 company.

1 **SEC. 8. PROHIBITION ON TRANSACTIONS WITH CERTAIN**  
2 **CHINESE SOFTWARE COMPANIES.**

3 (a) **IN GENERAL.**—Beginning on the date that is 30  
4 days after a triggering event, any transaction by a United  
5 States person or within the United States with any person  
6 described in subsection (b) is prohibited.

7 (b) **PERSONS DESCRIBED.**—A person described in  
8 this subsection is a person that—

9 (1) the Secretary of Commerce determines de-  
10 velops or controls a software application described in  
11 subsection (c); or

12 (2) is owned or controlled by a person described  
13 in paragraph (1).

14 (c) **SOFTWARE APPLICATIONS SPECIFIED.**—A soft-  
15 ware application described in this subsection is any of the  
16 following:

17 (1) Alipay.

18 (2) CamScanner.

19 (3) QQ Wallet.

20 (4) SHAREit.

21 (5) Tencent QQ.

22 (6) VMate.

23 (7) WeChat Pay.

24 (8) WPS Office.

25 (9) Any other connected software application—

1 (A) providing digital e-wallet platforms or  
2 digital financial messaging systems;

3 (B) developed or operated by a Chinese  
4 person; and

5 (C) determined by the Secretary of Com-  
6 merce to pose an unacceptable risk to the na-  
7 tional security, foreign policy, or economy of the  
8 United States.

9 (d) CONNECTED SOFTWARE APPLICATION DE-  
10 FINED.—In this section, the term “connected software ap-  
11 plication” means software, a software program, or group  
12 of software programs, designed—

13 (1) to be used by an end user on an end-point  
14 computing device and to collect, process, or transmit  
15 data via the internet as an integral part of its  
16 functionality; or

17 (2) to facilitate international financial trans-  
18 actions, digital e-wallet services, digital currency  
19 transactions, mobile payments, or international fi-  
20 nancial messaging services.

21 **SEC. 9. IMPOSITION OF SANCTIONS WITH RESPECT TO**  
22 **INTERNATIONAL FINANCIAL MESSAGING SYS-**  
23 **TEMS.**

24 If, on or after the date that is 60 days after the trig-  
25 gering action, a global financial communications services



1 provider has not terminated the provision of financial com-  
2 munications services to, and the enabling and facilitation  
3 of access to such services for, the Central Bank of China  
4 and any foreign financial institution subject to sanctions  
5 under this Act, the President shall impose sanctions pur-  
6 suant to the International Emergency Economic Powers  
7 Act (50 U.S.C. 1701 et seq.) with respect to the financial  
8 communications services provider and the directors of, and  
9 shareholders with a significant interest in, the provider.

10 **SEC. 10. PROHIBITION ON TRANSACTIONS RELATING TO**  
11 **DIGITAL CURRENCY ISSUED BY THE PEO-**  
12 **PLE'S REPUBLIC OF CHINA.**

13 Any transaction by a United States person or within  
14 the United States related to, providing financing for, and  
15 otherwise dealing in, any digital currency, digital coin, or  
16 digital token, that was issued by, for, or on behalf of the  
17 Government of the People's Republic of China on or after  
18 the date that is 30 days after a triggering event, is prohib-  
19 ited.

20 **SEC. 11. IMPLEMENTATION; PENALTIES.**

21 (a) IMPLEMENTATION.—The President shall exercise  
22 all authorities provided to the President under sections  
23 203 and 205 of the International Emergency Economic  
24 Powers Act (50 U.S.C. 1702 and 1704) to carry out this  
25 Act.

1           (b) PENALTIES.—A person that violates, attempts to  
2 violate, conspires to violate, or causes a violation of this  
3 Act or any regulation, license, or order issued to carry out  
4 this Act shall be subject to the penalties set forth in sub-  
5 sections (b) and (c) of section 206 of the International  
6 Emergency Economic Powers Act (50 U.S.C. 1705) to the  
7 same extent as a person that commits an unlawful act de-  
8 scribed in subsection (a) of that section.

9   **SEC. 12. EXCEPTION RELATING TO IMPORTATION OF**  
10                                   **GOODS.**

11           (a) IN GENERAL.—The authority or a requirement  
12 to impose sanctions or a prohibition under this Act shall  
13 not include the authority or a requirement to impose sanc-  
14 tions or a prohibition on the importation of goods.

15           (b) GOOD DEFINED.—In this section, the term  
16 “good” means any article, natural or manmade substance,  
17 material, supply, or manufactured product, including in-  
18 spection and test equipment, and excluding technical data.

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