

118TH CONGRESS
2D SESSION

H. R. 7759

To prohibit the purchase of certain securities from covered entities, 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 prohibit the purchase of certain securities from covered
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 “PRC Military and
5 Human Rights Capital Markets Sanctions Act of 2024”.

6 **SEC. 2. PROHIBITION ON PURCHASE OF CERTAIN SECURI-**
7 **TIES FROM COVERED ENTITIES.**

8 (a) IN GENERAL.—Not later than 90 days after the
9 date of the enactment of this Act, the President shall—

1 (1) compile and maintain a single list of cov-
2 ered entities;

3 (2) where possible, include in the list a unique
4 identification number for each covered entity, such
5 as a Committee on Uniform Securities Identification
6 Procedures number or a Stock Exchange Daily Offi-
7 cial List number;

8 (3) make such list available to the public; and

9 (4) publicly identify and prohibit the purchase,
10 sale, or holding by a United States person (as de-
11 fined under section 560.314 of title 31, Code of Fed-
12 eral Regulations) of a—

13 (A) publicly traded security issued by a
14 covered entity;

15 (B) publicly traded security that is deriva-
16 tive of a publicly traded security issued by a
17 covered entity; and

18 (C) security that provides investment expo-
19 sure to a publicly traded security issued by a
20 covered entity.

21 (b) DIVESTMENT REQUIRED.—

22 (1) IN GENERAL.—Notwithstanding subsection
23 (a), a United States person shall divest of all securi-
24 ties described in subsection (a)—

1 (A) with respect to a security identified by
2 the President under subsection (a) before the
3 end of the 90-day period beginning on the date
4 of the enactment of this Act, not later than 180
5 days after the date of the enactment of this
6 Act; and

7 (B) with respect to a security identified by
8 the President under subsection (a) after the end
9 of the 90-day period beginning on the date of
10 the enactment of this Act, not later than 180
11 days after the date of such identification.

12 (2) FACILITATING DIVESTMENT TRANS-
13 ACTIONS.—Subsection (a) shall not apply to a
14 United States person to the extent the person is fa-
15 cilitating the divestment of securities described
16 under paragraph (1).

17 (c) PENALTIES.—

18 (1) IN GENERAL.—A United States person that
19 violates, attempts to violate, conspires to violate, or
20 causes a violation of this Act shall be subject to the
21 following penalties:

22 (A) A civil penalty in an amount not to ex-
23 ceed the greater of—

24 (i) \$250,000; or

1 (ii) an amount that is twice the
2 amount of the transaction that is the basis
3 of the violation with respect to which the
4 penalty is imposed.

5 (B) With respect to a United States person
6 that willfully violates, willfully attempts to vio-
7 late, willfully conspires to violate, or aids or
8 abets in the commission of a violation of this
9 Act shall be subject to a criminal penalty—

10 (i) of a fine of not more than
11 \$1,000,000; or

12 (ii) if such United States person is an
13 individual, a fine of not more than
14 \$1,000,000, a term of imprisonment of not
15 more than 20 years, or both.

16 (2) AMOUNT OF A TRANSACTION DEFINED.—

17 For purposes of paragraph (1)(A)(ii), the term
18 “amount of a transaction” means—

19 (A) with respect to a purchase that violates
20 this Act, the purchase price;

21 (B) with respect to a sale that violates this
22 Act, the sale price; and

23 (C) with respect to the holding of a secu-
24 rity that violates this Act, the fair market value
25 of the security at the time of the violation.

1 (d) COVERED ENTITY DEFINED.—

2 (1) IN GENERAL.—In this section, the term
3 “covered entity” means the following:

4 (A) Any person that is on the list of Spe-
5 cially Designated Nationals and Blocked Per-
6 sons maintained by the Office of Foreign Assets
7 Control of the Department of the Treasury, or
8 any person under common ownership or control
9 of such person.

10 (B) Any person on the Non-SDN Chinese
11 Military-Industrial Complex Companies List
12 (NS-CMIC List) maintained by the Office of
13 Foreign Assets Control of the Department of
14 the Treasury under Executive Order 14032 (86
15 Fed. Reg. 30145; relating to addressing the
16 threat from securities investments that finance
17 certain companies of the People’s Republic of
18 China), or any person under common ownership
19 or control of such person.

20 (C) Any person that is a Chinese military
21 company or a military-civil fusion contributor
22 and included on the list maintained by the De-
23 partment of Defense in accordance with section
24 1260H(b) of the National Defense Authoriza-
25 tion Act for Fiscal Year 2021 (10 U.S.C. 113

1 note) as of the date of the enactment of this
2 Act, or any person under common ownership or
3 control of such person.

4 (D) Any person that is a Chinese person
5 and with respect to which sanctions have been
6 imposed under the under the Global Magnitsky
7 Human Rights Accountability Act (22 U.S.C.
8 10101 et seq.), or any person under common
9 ownership or control of such person.

10 (E) Any person that is a Chinese person
11 whose goods have been the subject of a With-
12 hold Release Order pursuant to section 307 of
13 the Tariff Act of 1930 (19 U.S.C. 1307) during
14 the 2-year period ending on the date of the en-
15 actment of this Act, or any person under com-
16 mon ownership or control of such person.

17 (F) Any person that is Chinese entity list-
18 ed on the Entity List set forth in Supplement
19 No. 4 to part 744 of the Export Administration
20 Regulations.

21 (G) Any Chinese person on the Uyghur
22 Forced Labor Prevention Act Entity List,
23 maintained by the Department of Homeland
24 Security, or any person under common owner-
25 ship or control of such person.

1 (H) Any Chinese person on the Military
2 End User List maintained by the Department
3 of Commerce (Supplement 7 to part 744 of
4 chapter VII, subchapter C of title 15, Code of
5 Federal Regulations), or any person under com-
6 mon ownership or control of such person.

7 (2) CONTROL.—For purposes of paragraph (1),
8 the term “control” has the meaning given that term
9 under section 230.405 of title 17, Code of Federal
10 Regulations.

○