

## **PRC Military and Human Rights Capital Markets Sanctions Act**

Companies that have cut off or strictly restricted their business relations with the United States should not be allowed to sell securities in the U.S., or to U.S. persons, whether directly or indirectly through a mutual fund or ETF.

This bill would direct the President to compile and maintain a single public list of sanctioned companies and their affiliates. These lists include those that target human rights violators, including companies that utilize coerced labor in production, companies that proliferate dangerous technologies, and those that have connections to the Chinese military and intelligence services. Sanctions lists the President must use include:

- OFAC's Specially Designated Nationals and Blocked Persons List.
- OFAC's Non-SDN Chinese Military-Industrial Complex Companies List.
- DoD's list of Chinese military companies and military-civil fusion contributors.
- Department of State's Global Magnitsky Sanctions List.
- List of Chinese persons whose goods have been subject to a Withhold Release Order pursuant to the Tariff Act.
- Any Chinese entity listed on the Entity List in Supplement 4 of the Export Administration Regulations.
- DHS's Uyghur Forced Labor Prevention Act Entity List.
- Department of Commerce's Military End User List.

The bill prevents U.S. persons from purchasing, selling, or holding:

- A publicly-traded security issued by a sanctioned company or affiliate of the sanctioned company.
- A publicly-traded security that is a derivative of a publicly issued security issued by a sanctioned company or affiliate of the sanctioned company.
- A security that provides investment exposure to a publicly-traded security issued by a sanctioned company or affiliate of the sanctioned company.

A U.S. person will have 180 days after the date of enactment to divest from the prohibited securities. Violations will result in the following penalties:

- A U.S. person who violates, attempts to violate, or conspires to violate faces a civil penalty in the amount of \$250,000 or an amount twice the amount of the prohibited transaction, whichever is greater.
- A U.S. person who willfully violates these prohibitions faces a \$1,000,000 fine, twenty years in prison, or both.