

[DISCUSSION DRAFT]

118TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To prohibit the purchase of certain securities from covered entities, and  
for other purposes.

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

Mr. SHERMAN introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

\_\_\_\_\_  
**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 2023”.

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 pub-

1 lically identify and prohibit the purchase or sale by a United  
2 States person (as defined under section 560.314 of title  
3 31, Code of Federal Regulations) of a—

4 (1) publicly-traded security issued by a covered  
5 entity;

6 (2) publicly-traded security that is derivative of  
7 a publicly-traded security issued by a covered entity;  
8 and

9 (3) security that is designed to provide invest-  
10 ment exposure to a publicly-traded security issued  
11 by a covered entity.

12 (b) DIVESTMENT REQUIRED.—Notwithstanding sub-  
13 section (a), a United States person shall divest of all secu-  
14 rities described in subsection (a)—

15 (1) with respect to a security identified by the  
16 President under subsection (a) before the end of the  
17 90-day period beginning on the date of the enact-  
18 ment of this Act, not later than 180 days after the  
19 date of the enactment of this Act; and

20 (2) with respect to a security identified by the  
21 President under subsection (a) after the end of the  
22 90-day period beginning on the date of the enact-  
23 ment of this Act, not later than 180 days after the  
24 date of such identification.

1 (c) PENALTIES.—A United States person that vio-  
2 lates, attempts to violate, conspires to violate, or causes  
3 a violation of this Act shall be subject to the following  
4 penalties:

5 (1) A civil penalty in an amount not to exceed  
6 the greater of—

7 (A) \$250,000; or

8 (B) an amount that is twice the amount of  
9 the transaction that is the basis of the violation  
10 with respect to which the penalty is imposed.

11 (2) With respect to a United States person that  
12 willfully violates, willfully attempts to violate, will-  
13 fully conspires to violate, or willfully aids or abets in  
14 the commission of a violation of this Act shall be  
15 subject to a criminal penalty—

16 (A) of a fine of not more than \$1,000,000;

17 or

18 (B) if such United States person is an in-  
19 dividual, a fine of not more than \$1,000,000, a  
20 term of imprisonment of not more than 20  
21 years, or both.

22 (d) COVERED ENTITY DEFINED.—In this section, the  
23 term “covered entity” means the following:

24 (1) Any person that is on the of Specially Des-  
25 igned Nationals and Blocked Persons maintained

1 by the Office of Foreign Assets Control of the De-  
2 partment of the Treasury, or any person under com-  
3 mon ownership or control of such person.

4 (2) Any person on the Non-SDN Chinese Mili-  
5 tary-Industrial Complex Companies List (NS-CMIC  
6 List) maintained by the Office of Foreign Assets  
7 Control of the Department of the Treasury under  
8 Executive Order 14032 (86 Fed. Reg. 30145; relat-  
9 ing to addressing the threat from securities invest-  
10 ments that finance certain companies of the People's  
11 Republic of China), or any person under common  
12 ownership or control of such person.

13 (3) Any person that is a Chinese military com-  
14 pany or a military-civil fusion contributor and in-  
15 cluded on the list maintained by the Department of  
16 Defense in accordance with section 1260H(b) of the  
17 National Defense Authorization Act for Fiscal Year  
18 2021 (10 U.S.C. 113 note) as of the date of the en-  
19 actment of this Act, or any person under common  
20 ownership or control of such person.

21 (4) Any person that is a Chinese person and  
22 with respect to which sanctions have been imposed  
23 under the under the Global Magnitsky Human  
24 Rights Accountability Act (22 U.S.C. 10101 et seq.),

1 or any person under common ownership or control  
2 of such person.

3 (5) Any person that is a Chinese person whose  
4 goods have been the subject of a Withhold Release  
5 Order pursuant to section 307 of the Tariff Act of  
6 1930 (19 U.S.C. 1307) during the 2-year period  
7 ending on the date of the enactment of this Act, or  
8 any person under common ownership or control of  
9 such person.

10 (6) Any person that is Chinese entity listed on  
11 the Entity List set forth in Supplement No. 4 to  
12 part 744 of the Export Administration Regulations.

13 (7) Any Chinese person on the Uyghur Forced  
14 Labor Prevention Act Entity List, maintained by the  
15 Department of Homeland Security, or any person  
16 under common ownership or control of such person.

17 (8) Any Chinese person on the Military End  
18 User List maintained by the Department of Com-  
19 merce (Supplement 7 to Part 744 of chapter VII,  
20 subchapter C of title 15, Code of Federal Regula-  
21 tions), or any person under common ownership or  
22 control of such person.