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(Original Signature of Member)

118TH CONGRESS  
1ST SESSION

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

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

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IN THE HOUSE OF REPRESENTATIVES

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

\_\_\_\_\_  
**A BILL**

To amend the Securities Exchange Act of 1934 to require disclosures and contingency planning 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 **SEC. 2. DISCLOSURE WITH RESPECT TO CERTAIN FINAN-**  
2 **CIAL RISKS RELATING TO THE PEOPLE’S RE-**  
3 **PUBLIC OF CHINA.**

4 (a) IN GENERAL.—Section 13 of the Securities Ex-  
5 change Act of 1934 (15 U.S.C. 78m) is amended by add-  
6 ing at the end the following:

7 “(t) DISCLOSURE AND CONTINGENCY PLAN WITH  
8 RESPECT TO CERTAIN FINANCIAL RISKS RELATING TO  
9 THE PEOPLE’S REPUBLIC OF CHINA.—

10 “(1) IN GENERAL.—Each issuer required to file  
11 an annual report under subsection (a) shall include  
12 in such report—

13 “(A) with respect to the foreign markets of  
14 mainland China, the Hong Kong special admin-  
15 istrative region, the Macau special administra-  
16 tive region, and Taiwan, a description (includ-  
17 ing quantification, if possible) of—

18 “(i) the degree to which each supply  
19 chain of such issuer relies upon or is ex-  
20 posed to each such foreign market; and

21 “(ii) the operations of such issuer in  
22 each such foreign market;

23 “(B) a narrative description of risk factors  
24 associated with a hypothetical, imminent, or on-  
25 going covered event, including any anticipated,  
26 past, or ongoing—

1 “(i) consequences for the operations  
2 of the issuer—

3 “(I) in a covered foreign market;  
4 and

5 “(II) caused by disruptions to  
6 supply chains, including supply chains  
7 for—

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

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

14 “(ii) devaluation, seizure, denial of ac-  
15 cess, or nationalization of assets of the  
16 issuer in a covered foreign market;

17 “(iii) divestment by the issuer from a  
18 covered foreign market;

19 “(iv) change in operations of the  
20 issuer within a covered foreign market; and

21 “(v) other material financial impact  
22 on the operations of the issuer resulting  
23 from the covered event; and

24 “(C) if the issuer determines that material  
25 financial consequences apply to such issuer in

1 the case of a covered event, whether or not the  
2 issuer has a contingency plan that the issuer  
3 will implement to minimize the consequences of  
4 such covered event if such covered event occurs.

5 “(2) RULE OF CONSTRUCTION.—Nothing in  
6 this subsection shall be construed to require an  
7 issuer to—

8 “(A) disclose the assessment of such issuer  
9 as to the likelihood that a covered event will  
10 occur; or

11 “(B) provide any third-party assessment of  
12 such likelihood.

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

14 “(A) COVERED EVENT.—The term ‘cov-  
15 ered event’ means—

16 “(i) PRC military action against Tai-  
17 wan; or

18 “(ii) a significant disruption to the  
19 economic relations between the United  
20 States and the People’s Republic of China,  
21 including—

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

1                   “(II) trade or financial sanctions  
2                   imposed on the People’s Republic of  
3                   China by the United States (or vice  
4                   versa); and

5                   “(III) the United States revoking  
6                   permanent normal trade relations  
7                   with the People’s Republic of China  
8                   (or vice versa).

9                   “(B) 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                  “(C) 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                  “(D) 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, and other notable ties or ac-  
2           tivities of such issuer.

3                   “(E) 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           (b) EFFECTIVE DATE.—The amendment made by  
17           subsection (a) shall take effect on the date that is 180  
18           days after the date of the enactment of this section.