

117TH CONGRESS
1ST SESSION

H. R. 5786

To limit the sale and purchase of certain securities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 28, 2021

Mr. PERRY (for himself, Mr. TIFFANY, Mr. STEUBE, Mr. DESJARLAIS, and Mr. MAST) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Financial Services, and Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To limit the sale and purchase of certain securities, 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 “Defund the People’s
5 Liberation Army Act”.

6 **SEC. 2. COUNTERING CCP HUMAN RIGHTS ABUSERS ACT.**

7 (a) PROHIBITIONS ON CCP COMPANIES LISTED IN
8 BOTH THE SECTION 1237 LIST AND THE SECTION 1260H
9 LIST.—

(1) PROHIBITION ON PURCHASE OR SALE OF CERTAIN SECURITIES.—Except as provided in paragraph (5) or paragraph (8)(B), a United States person is prohibited from purchasing or selling any—

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

(B) publicly traded security that is derivative of a publicly traded security issued by a covered entity; and

(C) security that is designed to provide investment exposure to a publicly traded security issued by a covered entity.

(2) COVERED ENTITIES.—The term “covered entity” includes the following:

(A) Any person that is a Communist Chinese military company and included on the list maintained by the Department of Defense in accordance with section 1237(b) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (50 U.S.C. 1701 note) as of the date of the enactment of this Act.

(B) Any person that was designated as a Communist Chinese military company on June 2, 2021, in accordance with such section 1237(b).

1 (C) Any person that is a Chinese military
2 company or a military-civil fusion contributor
3 and included on the list maintained by the De-
4 partment of Defense in accordance with section
5 1260H(b) of the National Defense Authoriza-
6 tion Act for Fiscal Year 2021 (10 U.S.C. 113
7 note) as of the date of the enactment of this
8 Act.

9 (3) APPLICABILITY.—

10 (A) INITIAL APPLICABILITY.—If a person
11 qualifies as covered entity on the date of the en-
12 actment of this Act, the prohibitions under this
13 section shall apply to any purchase or sale that
14 occurs at or after 12:01 a.m. eastern daylight
15 time on the date that is 60 days after the date
16 of the enactment of this Act.

17 (B) FUTURE ADDITIONS.—If a person
18 qualifies as covered entity after the date of the
19 enactment of this Act, the prohibitions under
20 this section shall apply to any purchase or sale
21 that occurs at or after 12:01 a.m. eastern day-
22 light time on the date that is 60 days after the
23 date on which the person qualifies as a covered
24 entity.

1 (4) RULE OF APPLICATION.—The prohibitions
2 under this subsection shall apply except to the ex-
3 tent provided by statutes, or in any regulation,
4 order, directive, or license that may be issued pursu-
5 ant to this Act, and notwithstanding any contract
6 entered into or any license granted before the date
7 of enactment of this Act.

8 (5) EXCEPTION WITH RESPECT TO DIVEST-
9 MENT.—Notwithstanding paragraph (1), the pur-
10 chase or sale of publicly traded securities otherwise
11 prohibited by such paragraph that is made solely to
12 affect the divestment, in whole or in part, of such
13 securities by a United States person shall be per-
14 mitted until—

15 (A) 12:01 a.m. eastern daylight time on
16 June 3, 2022, with respect to any person that
17 qualifies as a covered entity on the date of the
18 enactment of this Act; or

19 (B) 12:01 a.m. eastern daylight time on
20 the date that is 1 year after the date on which
21 a person qualifies as a covered entity after the
22 date of the enactment of this Act.

23 (6) MAINTENANCE OF LISTS.—The Secretary of
24 Defense is authorized to make additions or deletions
25 to the lists described in paragraph (2) on an ongoing

1 basis based on the latest information available. The
2 Secretary of Defense shall, concurrently with the
3 publication of the lists in accordance with the appli-
4 cable provisions of law, transmit a copy of such lists
5 to the Secretary of State, the Secretary of the
6 Treasury, and the Director of National Intelligence.

7 (7) EVASION OF PROHIBITION.—The following
8 acts are prohibited:

9 (A) Any transactions by a United States
10 person or within the United States that evade
11 or avoid, or have the purpose of evading or
12 avoiding, cause a violation of, or attempt to vio-
13 late the prohibitions set forth in this section.

14 (B) Any conspiracy formed to violate any
15 of the prohibition set forth in this Act.

16 (8) AUTHORIZATION FOR REGULATIONS AND
17 PENALTIES.—

18 (A) IN GENERAL.—The Secretary of the
19 Treasury, after consultation with the Secretary
20 of State, the Secretary of Defense, the Director
21 of National Intelligence, and the heads of other
22 executive departments and agencies as deemed
23 appropriate by the Secretary of the Treasury, is
24 hereby authorized to take such actions, includ-
25 ing the promulgation of rules and regulations,

1 and to employ all powers granted to the Presi-
2 dent by the International Emergency Economic
3 Powers Act, to carry out the purposes of this
4 Act.

5 (B) REGULATIONS.—Rules and regulations
6 issued pursuant to this section may, among
7 other things, establish procedures to license
8 transactions otherwise prohibited pursuant to
9 this section if, prior to issuing any license
10 under this section, the Secretary of the Treas-
11 ury shall consult with the Secretary of State,
12 the Secretary of Defense, and the Director of
13 National Intelligence.

14 (C) PENALTIES.—The penalties provided
15 for in subsections (b) and (c) of section 206 of
16 the International Emergency Economic Powers
17 Act (50 U.S.C. 1705) with respect to a person
18 that knowingly violates, attempts to violate,
19 conspires to violate, or causes a violation of reg-
20 ulations promulgated under this paragraph or
21 commits any acts described in paragraph (6) to
22 the same extent that such penalties apply to a
23 person that knowingly commits an unlawful act
24 described in section 206(a) of that Act.

25 (b) LIMITATION ON JUDICIAL REVIEW.—

1 (1) DECISIONS BY SECRETARY OF DEFENSE.—

2 The decision of the Secretary of Defense as to any
3 question regarding the inclusion of a Communist
4 Chinese military company, a Chinese military com-
5 pany, or a military-civil fusion contributor on either
6 of the lists described in subsection (a)(2) may not be
7 reviewed by any official or by any court, whether by
8 action in the nature of mandamus or otherwise.

9 (2) RULES AND REGULATIONS PROMULGATED
10 BY THE SECRETARY OF THE TREASURY.—The rules
11 and regulations promulgated by the Secretary of the
12 Treasury under subsection (a)(8) shall be final and
13 not subject to any further agency review or to judi-
14 cial review by any court (including under chapter 7
15 of title 5, United States Code).

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