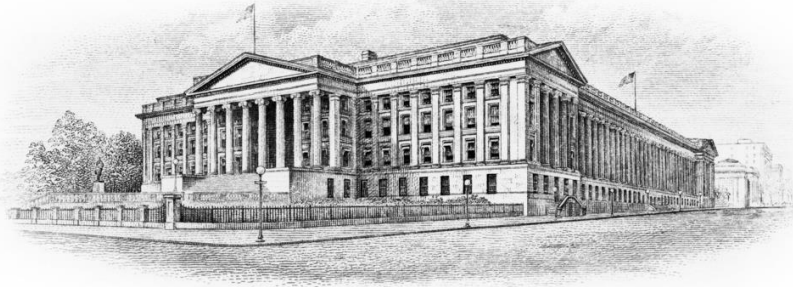


**EMBARGOED UNTIL JUNE 21, 2024, AT 12:00 PM EST**



## **Treasury Issues Proposed Rule to Implement Executive Order Addressing U.S. Investments in Certain National Security Technologies and Products in Countries of Concern**

June 21, 2024

WASHINGTON – The U.S. Department of the Treasury (Treasury) today issued a Notice of Proposed Rulemaking (NPRM) to implement Executive Order 14105 of August 9, 2023, “Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern” (the Outbound Order). The NPRM builds on the Advance Notice of Proposed Rulemaking (ANPRM) issued by Treasury last August and provides the full draft regulations and explanatory discussion regarding the intent of the proposal, and solicits comment from the public.

President Biden is committed to keeping Americans safe and is taking action to prevent the exploitation of U.S. outbound investments by countries of concern seeking to develop sensitive technologies or products that are critical to the next generation of military, intelligence, surveillance, or cyber-enabled capabilities that pose national security risks to the United States. The Outbound Order recognizes that countries of concern are exploiting or have the ability to exploit certain United States outbound investments, including certain intangible benefits that often accompany these investments and that help companies succeed. The Outbound Order sets out a process for establishing a new national security program to address threats posed by certain U.S. outbound investments into countries of concern. In doing so, the President identifies the People’s Republic of China, along with the Special Administrative Region of Hong Kong and the Special Administrative Region of Macau, as a country of concern.

The Outbound Order specifically directs the Secretary of the Treasury (the Secretary) to issue regulations that (1) prohibit U.S. persons from engaging in certain transactions involving certain technologies and products that pose a particularly acute national security threat to the United States and (2) require U.S. persons to notify Treasury of certain other transactions involving certain technologies and products that may contribute to the threat to the national security of the United States. The Outbound Order identifies three categories of national security technologies and products to be covered by the program: semiconductors and microelectronics; quantum information technologies; and artificial intelligence.

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President Biden and Secretary Yellen are committed to taking clear and targeted measures to prevent the advancement of key technologies like artificial intelligence by countries of concern from threatening U.S. national security,” said Assistant Secretary of the Treasury for Investment Security Paul Rosen. “This proposed rule advances our national security by preventing the many benefits certain U.S. investments provide—beyond just capital—from supporting the development of sensitive technologies in countries that may use them to threaten our national security.”

The United States is committed to fostering an open investment environment, and this new program will not change that. As described in the NPRM, this will be a narrow and targeted national security program focused on certain U.S. outbound investments that contribute capital as well as intangible benefits to persons of a country of concern engaged in activities involving certain sensitive technologies and products that could pose risks to U.S. national security. Treasury values the ongoing dialogue and coordination with U.S. allies and partners on this measure and the input provided by a range of stakeholders through the ANPRM’s initial public rulemaking process in 2023.

The NPRM issued today offers proposed regulations to implement the Outbound Order and provides the public with an opportunity to contribute to the formation of the new program. The NPRM reflects Treasury’s consideration of the public comments received on the ANRPM. Specifically, the NPRM provides detail on key concepts and aspects of the program’s implementation, including:

- Obligations of a U.S. person regarding a covered transaction;
- Categories of covered transactions and excepted transactions;
- Technical specifications to inform the scope of covered transactions based on certain technologies and products in the areas of semiconductors and microelectronics, quantum information technologies, and artificial intelligence;
- Information that a U.S. person is required to provide to Treasury as part of a notification;
- The knowledge standard and expectations for a U.S. person to conduct a reasonable and diligent inquiry prior to undertaking a transaction; and
- Conduct that would be treated as a violation of the proposed rule and applicable penalties for such conduct.

Treasury invites comments from a wide range of stakeholders on all aspects of the NPRM including feedback on the scope of a covered transaction, definitions of key terms, the notification requirements, and the penalty and enforcement processes for violations. Treasury will carefully consider this input before issuing the final implementing regulations.

Written comments on the NPRM may be submitted by August 4, 2024 at <https://www.regulations.gov>. The NPRM will be followed at a later date by final implementing regulations, which will set an effective date for the program.

The NPRM, fact sheet, and additional information are available at: <https://home.treasury.gov/policy-issues/international/outbound-investment-program>

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