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(Original Signature of Member)

117TH CONGRESS  
2D SESSION

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

To impose sanctions on certain foreign flash memory integrated circuit companies that threaten the interests of the United States.

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IN THE HOUSE OF REPRESENTATIVES

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

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

To impose sanctions on certain foreign flash memory integrated circuit companies that threaten the interests of the United States.

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 “Defending Memory  
5       Chip Supply Chains from the Chinese Communist Party  
6       Act”.

1 **SEC. 2. IMPOSITION OF SANCTIONS ON CERTAIN FOREIGN**  
2 **ENTITIES.**

3 (a) IN GENERAL.—

4 (1) ASSET BLOCKING.—On and after the date  
5 that is 30 days after the date of the enactment of  
6 this Act, the President shall exercise all the powers  
7 granted to the President under the International  
8 Emergency Economic Powers Act (50 U.S.C. 1701  
9 et seq.) to the extent necessary to block and prohibit  
10 all significant transactions in property and interests  
11 in property of an entity described in subsection(b),  
12 if such property and interests in are in the United  
13 States, come within the United States, or are or  
14 come within the possession or control of a United  
15 States person.

16 (2) DETERMINATION OF SIGNIFICANCE.—For  
17 the purposes of this subsection, in determining if  
18 transactions are significant, the President may con-  
19 sider the totality of the facts and circumstances, in-  
20 cluding the factors set forth in section 561.404 of  
21 title 31, Code of Federal Regulations (or any cor-  
22 responding similar regulation or ruling).

23 (3) RULE OF CONSTRUCTION.—For purposes of  
24 this section, participation in an international stand-  
25 ards-setting organization or in the activities of such

1 an organization may not be construed to be trans-  
2 actions.

3 (b) ENTITIES AFFILIATED WITH A COUNTRY OF  
4 CONCERN DESCRIBED.—An entity is described in this  
5 subsection if the entity is—

6 (1) Yangtze Memory Technologies Corporation  
7 (YMTC), any of its subsidiaries, or any company in  
8 which YMTC or its subsidiaries own at least 5 per-  
9 cent; or

10 (2) an entity—

11 (A) that is engaged in the production of  
12 flash memory integrated circuits of at least 128  
13 layers; and

14 (B)(i) that receives or has received sub-  
15 sidies or investments from any national, provin-  
16 cial, county, municipal, or other government,  
17 quasi-government, or party body of a country of  
18 concern, including the Chinese Communist  
19 Party;

20 (ii) that has links to the sale, transfer,  
21 or research and development of technology  
22 for the armed forces of a country of con-  
23 cern, including the People's Liberation  
24 Army;

1 (iii) that is directly or indirectly  
2 owned or controlled by the government or  
3 ruling party of a country of concern or by  
4 another entity described in this subsection;

5 (iv) five percent or more of the out-  
6 standing voting stock or shares of which  
7 are owned, controlled, or held by the gov-  
8 ernment or ruling party of a country of  
9 concern or by another entity described in  
10 this subsection;

11 (v) that is subject to substantial influ-  
12 ence from either a country of concern or  
13 another entity described in this subsection;

14 (vi) that is domiciled in a country of  
15 concern and shares with another entity de-  
16 scribed in this subsection an employee in a  
17 position of material decisionmaking au-  
18 thority;

19 (vii) that is part of another entity  
20 that is headquartered in a country of con-  
21 cern, including a subsidiary, a holding  
22 company, a contract affiliate, or a variable  
23 interest entity; or

24 (viii) that is otherwise substantially  
25 influenced by a national of a country of

1 concern or by another entity domiciled in  
2 the country of concern.

3 (c) EXCEPTIONS.—

4 (1) INTELLIGENCE ACTIVITIES.—Sanctions  
5 under this section shall not apply to any activity  
6 subject to the reporting requirements under title V  
7 of the National Security Act of 1947 (50 U.S.C.  
8 3091 et seq.) or any authorized intelligence activities  
9 of the United States.

10 (2) EXCEPTION RELATING TO IMPORTATION OF  
11 GOODS.—

12 (A) IN GENERAL.—The authorities and re-  
13 quirements to impose sanctions authorized  
14 under this section shall not include the author-  
15 ity or requirement to impose sanctions on the  
16 importation of goods.

17 (B) GOOD DEFINED.—In this paragraph,  
18 the term “good” means any article, natural or  
19 manmade substance, material, supply or manu-  
20 factured product, including inspection and test  
21 equipment, and excluding technical data.

22 (d) WAIVER.—The President may waive the applica-  
23 tion of sanctions under this section with respect to a for-  
24 eign person for renewable periods of not more than 30  
25 days each if the President determines and reports to Con-

1 gress that such a waiver is vital to the national security  
2 interests of the United States.

3 (e) IMPLEMENTATION; PENALTIES.—

4 (1) IMPLEMENTATION.—The President shall ex-  
5 ercise the authorities provided to the President  
6 under sections 203 and 205 of the International  
7 Emergency Economic Powers Act (50 U.S.C. 1702  
8 and 1704) to the extent necessary to carry out this  
9 section.

10 (2) PENALTIES.—A person that violates, at-  
11 tempts to violate, conspires to violate, or causes a  
12 violation of subsection (a) or any regulation, license,  
13 or order issued to carry out that subsection shall be  
14 subject to the penalties set forth in subsections (b)  
15 and (c) of section 206 of the International Emer-  
16 gency Economic Powers Act (50 U.S.C. 1705) to the  
17 same extent as a person that commits an unlawful  
18 act described in subsection (a) of that section.

19 (f) DEFINITIONS.—

20 (1) IN GENERAL.—In this section:

21 (A) COUNTRY OF CONCERN.—The term  
22 “country of concern”—

23 (i) has the meaning given the term  
24 “foreign adversary” in section 8(c)(2) of  
25 the Secure and Trusted Communications

1 Networks Act of 2019 (47 U.S.C.  
2 1607(c)(2)); and

3 (ii) includes the People’s Republic of  
4 China, Russia, Iran, North Korea, Cuba,  
5 and Venezuela.

6 (B) UNITED STATES PERSON.—The term  
7 “United States person” means—

8 (i) a United States citizen or an alien  
9 lawfully admitted for permanent residence  
10 to the United States; or

11 (ii) an entity organized under the laws  
12 of the United States or any jurisdiction  
13 within the United States, including a for-  
14 eign branch of such an entity.

15 (g) SEVERABILITY.—If any provision of this Act or  
16 its application to any person or circumstance is held in-  
17 valid, the invalidity does not affect other provisions or ap-  
18 plications of this Act that can be given effect without the  
19 invalid provision or application, and to this end the provi-  
20 sions of this Act are severable.