

117TH CONGRESS  
2D SESSION

# S. 3598

To require issuers filing annual reports with the Securities and Exchange Commission to disclose whether the issuers have connections with the Chinese Communist Party, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 8 (legislative day, FEBRUARY 3), 2022

Mr. RUBIO (for himself and Mrs. BLACKBURN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To require issuers filing annual reports with the Securities and Exchange Commission to disclose whether the issuers have connections with the Chinese Communist Party, 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 “No Chinese Com-  
5 munist Subterfuge via Unregistered Regime Presence  
6 Rendered Invisible to Shareholders and Equivalent Parties  
7 Act” or the “No Chinese Communist SURPRISE Parties  
8 Act”.

1 **SEC. 2. REPORTING REQUIREMENT.**

2 (a) DEFINITIONS.—In this section—

3 (1) the term “Commission” means the Securi-  
4 ties and Exchange Commission;

5 (2) the term “covered issuer” means an issuer,  
6 including a foreign private issuer, that is required to  
7 file annual reports with the Commission under sec-  
8 tion 13(a) of the Securities Exchange Act of 1934  
9 (15 U.S.C. 78m(a));

10 (3) the term “issuer” has the meaning given  
11 the term in section 3(a) of the Securities Exchange  
12 Act of 1934 (15 U.S.C. 78c(a));

13 (4) the term “joint venture partner”, with re-  
14 spect to a covered issuer, means—

15 (A) a joint venture in which the covered  
16 issuer, or a subsidiary with respect to the cov-  
17 ered issuer, is a party; or

18 (B) any other person that is a party in a  
19 joint venture described in subparagraph (A);  
20 and

21 (5) the term “subsidiary”, with respect to a  
22 covered issuer, means a wholly or partially owned  
23 subsidiary of the covered issuer.

24 (b) REQUIREMENT.—Each covered issuer, in each an-  
25 nual report that the covered issuer files with the Commis-  
26 sion (beginning with the second annual report that the

1 covered issuer files with the Commission after the date  
2 of enactment of this Act), shall—

3 (1) disclose whether the covered issuer, or any  
4 subsidiary or joint venture partner with respect to  
5 the covered issuer, has established or maintained an  
6 organization of the Chinese Communist Party dur-  
7 ing the period covered by the report;

8 (2) if an organization of the Chinese Com-  
9 munist Party has participated in the operations of  
10 the covered issuer, or of any subsidiary or joint ven-  
11 ture partner with respect to the covered issuer, dur-  
12 ing the period covered by the report, summarize that  
13 participation; and

14 (3) disclose whether the board of directors of  
15 the covered issuer (or the equivalent body with re-  
16 spect to the covered issuer), under the laws of the  
17 jurisdiction in which the covered issuer is incor-  
18 porated or otherwise organized—

19 (A) owes a fiduciary duty to the covered  
20 issuer and shareholders of the covered issuer;  
21 and

22 (B) is subject to heightened scrutiny with  
23 respect to conflicted controller transactions.

24 (c) UPDATES TO RULES.—Not later than 1 year after  
25 the date of enactment of this Act, the Commission shall

- 1 make any updates to the rules of the Commission that
- 2 are necessary as a result of this section.

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