

EVALUATING THE OPERATIONS OF THE
COMMITTEE ON FOREIGN INVESTMENT
IN THE UNITED STATES (CFIUS)

HEARING
BEFORE THE
SUBCOMMITTEE ON NATIONAL SECURITY,
ILLICIT FINANCE, AND INTERNATIONAL
FINANCIAL INSTITUTIONS
OF THE
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES

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Wednesday, January 14, 2026

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EVALUATING THE OPERATIONS OF THE COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES (CFIUS)

Wednesday, January 14, 2026

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON NATIONAL SECURITY, ILLICIT
FINANCE, AND INTERNATIONAL FINANCIAL INSTITUTIONS,
COMMITTEE ON FINANCIAL SERVICES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 2128, Rayburn House Office Building, Hon. Warren Davidson [chairman of the subcommittee] presiding.

Present: Representatives Davidson, Lucas, Sessions, Barr, Williams of Texas, Kim, Ogles, Nunn, Beatty, Vargas, Foster, Gonzalez, Casten, and Liccardo.

Also present: Representatives Hill, Waters, and Green.

Chairman DAVIDSON. The Subcommittee on National Security, Illicit Finance, and International Financial Institutions will come to order.

Without objection, the chairman is authorized to declare a recess of the committee at any time. This hearing is titled, “Evaluating the Operations of the Committee on Foreign Investment in the United States.” Without objection, all members will have 5 legislative days within which to submit extraneous materials to the chairman for inclusion in the record.

OPENING STATEMENT OF HON. WARREN DAVIDSON, CHAIRMAN OF THE SUBCOMMITTEE ON NATIONAL SECURITY, ILLICIT FINANCE AND INTERNATIONAL FINANCIAL INSTITUTIONS, A U.S. REPRESENTATIVE FROM OHIO

Today is the committee’s annual oversight hearing on the Committee on Foreign Investment in the United States (CFIUS) and will provide members an opportunity to review the Trump Administration’s implementation of the CFIUS process and the Outbound Investment Security Program, both of which are administered by the Office of Investment Security.

The United States is the world’s top destination for foreign direct investment, with over \$5.7 trillion in total investment so far, and trillions of dollars of new commitments during this—President Trump’s current term.

Our open investment environment makes this possible, which is why successive presidents have reaffirmed it is important. In fact, foreign direct investment accounts for 10 percent or more of jobs

while foreign firms employ around 25 percent of all manufacturing workers, making investment critical to the well-being of Americans across the country.

Established in 1975 under the Department of Treasury, CFIUS seeks to preserve this open investment environment while ensuring that the very openness does not become a weapon our adversaries could use against us. The 2018 Foreign Investment Risk Review Modernization Act, otherwise known as FIRRMA, expanded its jurisdiction to include noncontrolling investments in critical technologies' infrastructure and sensitive personal data. CFIUS must rigorously scrutinize foreign investments from any source that could undermine our technology, agriculture, energy sectors, and more while enabling beneficial investments and inflows that do strengthen our economy.

At the same time, CFIUS must not become so bureaucratic that the process prioritizes answering every conceivable question over neutralizing threats. So with this in mind, I want to commend President Trump both for his America First Investment Policy, which reiterates its commitment to welcoming foreign investment, as well as his tireless efforts to secure trillions in new investment in our country.

I especially want to highlight CFIUS's Known Investor Portal pilot program, which promises to streamline investment for repeat friendly investors, allowing resources to be directed where they matter most for screening new risks.

However, reviewing inbound investments alone cannot fully protect our national security. This is why Congress enacted Representative Barr's Comprehensive Outbound Investment National Security (COINS) Act last month as part of the National District Attorneys Association (NDAA), which tasks the Office of Investment Security to build on the Outbound Investment Security Program. Now that this legislation has become law, it falls on this committee to ensure that it is implemented in a targeted and thoughtful manner while ensuring that American capital does not support military industrial bases of our adversaries, particularly the People's Republic of China.

As treasury writes an updated outbound investment rule, it is imperative that it is clear, streamlined framework so that it can ensure American investors can comply without overly burdensome bureaucratic obstacles that halts our financial sector.

As the world becomes more complex and interconnected, Office of Information Security (OIS) must ensure that U.S. national security is protected both to inbound and outbound investment fronts, and in ensuring that our processes are efficient and effective means investment screening must be transparent and clear for our friends and fellow citizens to comply with, and difficult for our adversaries to exploit. This is our task today.

I yield back and I now recognize the ranking member for her remarks.

**OPENING STATEMENT OF HON. JOYCE BEATTY, RANKING
MEMBER OF THE SUBCOMMITTEE ON NATIONAL SECURITY,
ILLCIT FINANCE AND INTERNATIONAL FINANCIAL INSTITU-
TIONS, A U.S. REPRESENTATIVE FROM OHIO**

Mrs. BEATTY. Good morning, and thank you, Mr. Chairman, for holding this hearing, and thank you to our assistant secretary for being here today, fresh on the job.

The Committee on Foreign Investment in the United States, or CFIUS, plays a pivotal role in our national security framework by ensuring that foreign direct investment transactions do not pose a threat to the United States while maintaining an open investment environment. Although CFIUS has only blocked a handful of transactions to date, its thorough vetting process is essential to protect our national security. The businesses that participate in that process rely on its clear and fair rules.

Unfortunately, under President Trump, the CFIUS review process has become unpredictable and turned into a political tool used to punish his opponents while enriching himself, his family, and his billionaire friends. We saw this with TikTok where he exploited tangible security concerns for personal and political leverage. We saw this with the Nippon Steel-U.S. Steel deal where he inserted his own name and operational controls into the new company's Articles of Incorporation.

Since taking office, we have seen it with his crypto ventures involving foreign actors that have increased his personal net worth by billions.

This repeated and blatant abuse of power does not make America safer. It only creates confusion for businesses; it scares investors and weakens our ability to compete with adversaries like China.

Every member of this subcommittee should be concerned about the President's activities and the national security risks they create, particularly on the heels of last summer's hearing where we all agreed on the importance of a clean investment security process.

We must preserve the integrity of CFIUS and ensure our national security tools remain protected and well-resourced. That includes reinstating the bipartisan supported Corporate Transparency Act rule to help national security programs like CFIUS combat anonymous shell companies used to obscure the true ownership and control beyond covered transactions. This administration, and some of my colleagues across the aisle are determined to undercut this bipartisan law, which will only make it harder for CFIUS, the Outbound Security Program, financial institutions, and national security agencies to properly assess national security risk.

Certainly we are here because of the very nature of the name of this committee, that we are committed and obligated to protect our national security.

Last, politics has no place in matters of national security, and Democrats will continue to resist efforts that would either undercut CFIUS or distort its purpose. Since our last hearing on investment security, the Comprehensive Outbound Investment National Security, or as we refer to, COINS Act was signed into law, codifying the expanding and Outbound Investment Program.

So welcome, and we will be watching the implementations of this law closely. I look forward to learning more about our investment security framework and operating and exploring ways that we can strengthen it.

Thank you again for being here, and thank you, Mr. Chairman, for holding this committee and I yield back.

Chairman DAVIDSON. I thank the ranking member.

I now recognize the chairman of the full committee, Mr. Hill, for 1 minute for an opening statement.

STATEMENT OF HON. FRENCH HILL, CHAIRMAN OF THE COMMITTEE ON FINANCIAL SERVICES, A U.S. REPRESENTATIVE FROM ARKANSAS

Chairman HILL. Thank you, Chairman Davidson, and welcome, Secretary Pilkerton. We are glad to have you today. Congratulations.

CFIUS plays a critical role in safeguarding the national security while also fostering here in the United States an open investment climate. Today we are examining how its expanded authority under FIRRMA impacts U.S. investment in emergency security challenges.

CFIUS continues to evolve to address national security threats from abroad. At the same time, CFIUS's narrow mission supports the confidence investors have in the openness and integrity of the U.S. economy. As with any national security program, ongoing oversight and evaluation of CFIUS's effectiveness are essential duties for the Members of Congress, and particularly this committee. Our discussion will focus on evaluating CFIUS's role in protecting national security while upholding that open investment climate.

CFIUS has earned bipartisan support by sticking to this mission. It does not and must not allow itself to become a tool for industrial policy and partisan agendas.

I thank the witness for being here today, and I look forward to our discussion. I yield back.

Chairman DAVIDSON. Thank you, Chairman.

Today we welcome the testimony of Hon. Chris Pilkerton, Assistant Secretary for Investment Security at the U.S. Department of Treasury.

Assistant Secretary Pilkerton, thank you for taking time to be here today. Congratulations on your confirmation. You will be recognized for 5 minutes to give an oral presentation of your written testimony. Without objection, your written statement will be made part of the record.

Assistant Secretary Pilkerton, you are now recognized.

STATEMENT OF HON. CHRIS PILKERTON, ASSISTANT SECRETARY FOR INVESTMENT SECURITY, U.S. DEPARTMENT OF THE TREASURY

Mr. PILKERTON. Good morning. Chairman Hill, Chairman Davidson, Ranking Member Beatty, and members of the subcommittee, thank you for inviting me here to testify today to provide an update on the Committee on Foreign Investment in the United States.

I come before you today having been sworn in as the Assistant Treasury Secretary for Investment Security just over a week ago

on January 5. While I am new to this role, CFIUS is currently celebrating its 50th anniversary, and I humbly accept this important charge to safeguard our country's national security while ensuring that America continues to be the world's greatest destination for investment.

In his America First Investment Policy, President Trump committed to maintaining a strong and open investment environment coupled with critical national security protections. The President's tireless work on behalf of the American people is driving trillions of dollars of investment commitments into America, bolstering our superior commercial innovations and technologies, creating jobs, building communities, and providing opportunities for many Americans. As I am sure you are all aware, the CFIUS annual report to Congress provides a more comprehensive picture of the committee's work, so I would like to use my statement here to share just some of the key program goals for 2026.

First and foremost, CFIUS's core priority remains assessing and addressing any national security risks that arise from transactions that fall within its jurisdiction. By evaluating these potential threats from adversarial actors, the committee's many interagency participants, including subject matter experts, law enforcement, and the intelligence community, serve as important gatekeepers to protect our homeland. The commitment to this guiding principle must always lead the committee's work.

Second, process efficiencies and stakeholder communication will be an important part of CFIUS. While the national security risk assessments must be thorough and dependable and will always serve as the touchstone of the program, we understand that unnecessary delays and overburdensome procedures can potentially reduce investment and limit the opportunity for job creation and local economic impact.

In this spirit, as set forth in the America First Investment Policy, President Trump directed CFIUS to create an expedited fast-track process to facilitate greater investment from allies and partners, which we are now piloting as the Known Investor Program. This is the first iteration of a program that will seek to collect detailed information from foreign investors in advance of potential transactions so we can maximize administrative efficiencies while still adhering to the integrity of process, including robust due diligence and tailored actions where necessary to protect national security. We intend to build upon this pilot over the course of this year and look forward to working with relevant parties to ensure its success.

Third, as Congress directed, filing certain types of transactions with CFIUS is mandatory, and the committee has the authority to review any transaction not voluntarily filed with CFIUS that is covered by its jurisdiction and may raise national security considerations. Accordingly, CFIUS is focused on ensuring transaction parties comply with the mandatory filing requirement, and we are prepared to act if they fail to do so. When in doubt, we encourage parties to engage proactively with CFIUS and utilize the committee as a resource in these circumstances, as addressing national security risks is typically easier for all parties involved before a transaction is closed than after.

Fourth, building on the benefits of foreign investment, which include increased jobs, wages, research and development, exports, and many more. In line with CFIUS's mandates to educate the business community and strengthen national security, we want to work with industry to better understand their supply chain and vendor needs so we can work with interagency partners, such as SelectUSA, the U.S. Small Business Administration, and the Department of War's Office for Industrial Base Policy, as well as the private sector to better inform their deployment of capital to build secure and resilient sources of supply right here in the United States.

Fifth, as Congress set forth in the Foreign Investment Risk Modernization Act in 2018, CFIUS will continue to actively work with allies and partners on their own investment security programs. This engagement to date has led to the establishment and enhancement of dozens of investment screening mechanisms around the world and will remain an important part and important tool as this administration engages the global community on critical economic and national security issues. This work will be coupled with the insights of our growing team of subject matter experts, scientists, and engineers to ensure we stay ahead of global technology trends and potential threats.

CFIUS will continue to review the committee's processes, practices, and authorities to ensure that we are well-equipped to address existing and evolving threats that can accompany foreign investment while preserving the United States' strong and open investment environment.

Thank you again for inviting me to appear today, and I look forward to your questions.

[The prepared statement of Mr. Pilkerton follows:]

Opening Statement of Chris Pilkerton
Assistant Secretary of the Treasury for Investment Security
House Financial Services Subcommittee on National Security, Illicit Finance, and
International Financial Institutions
January 14, 2026

Good morning, Chairman Davidson, Ranking Member Beatty, and Members of the Subcommittee. Thank you for inviting me to testify today to provide an update on the Committee on Foreign Investment in the United States (CFIUS).

I come before you today having been sworn in as Assistant Treasury Secretary for Investment Security on January 5. But while I am new to this role, CFIUS is currently celebrating its 50th anniversary, and I humbly accept this important charge to safeguard our country's national security, while ensuring that America continues to be the world's greatest destination for investment. In his America First Investment Policy, President Trump committed to maintaining a strong and open investment environment coupled with critical national security protections. The President's tireless work on behalf of the American people is driving trillions of dollars of investment commitments into America, bolstering our superior commercial innovations and technologies, creating jobs, building communities, and providing opportunities for many Americans.

As I am sure you are all aware, the CFIUS Annual Report to Congress provides a more comprehensive picture of the Committee's work, so I would like to use my statement here to share just some of the key program goals for 2026.

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Second, process efficiencies and stakeholder communication will be an important part of CFIUS. While the national security risk assessments must be thorough and dependable and will always serve as the touchstone for the program, we understand that unnecessary delays and overburdensome procedures can potentially reduce investment and limit the opportunity for job creation and local economic impact. In this spirit, as set forth in the America First Investment Policy, President Trump directed CFIUS to create an expedited "fast track" process to facilitate greater investment from allies and partners, which we are piloting as the "Known Investor Program". This is the first iteration of a program that will seek to collect detailed information from foreign investors in advance of potential transactions so we can maximize administrative efficiencies while still adhering to the integrity of process including robust due diligence and tailored actions where necessary to protect national security. We intend to build upon this pilot over the course of this year and look forward to working with relevant parties to ensure its success.

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Fourth, building on the benefits of foreign investment, which include increased jobs, wages, R&D, exports, and more, and in line with CFIUS's mandates to educate the business community and strengthen national security, we want to work with industry to better understand their supply chain and vendor needs so that we can work with interagency partners such as SelectUSA, the U.S. Small Business Administration, and the Department of War's Office of the Assistant Secretary for Industrial Base Policy, as well as the private sector, to better inform their deployment of capital to build secure and resilient sources of supply right here in the United States.

Fifth, as Congress set forth in the Foreign Investment Risk Review Modernization Act (FIRMA) in 2018, CFIUS will continue to actively work with allies and partners on their own investment security programs. This engagement to date has led to the establishment and enhancement of dozens of investment screening mechanisms around the world and will remain an important tool as this Administration engages the global community on critical economic and national security issues. This work will be coupled with the insights of our growing team of subject matter experts, scientists, and engineers to ensure we stay ahead of global technology trends and potential threats.

CFIUS will continue to review the Committee's processes, practices, and authorities to ensure we are well-equipped to address existing and evolving threats that can accompany foreign investment, while preserving the United States' strong and open investment environment.

Thank you again for inviting me to appear before you today, and I look forward to your questions.

Chairman DAVIDSON. Thank you. We will now turn to member questions, and I recognize myself for 5 minutes.

I support President Trump's February National Security Presidential Memorandum, which makes clear that the United States can and must encourage foreign investment while rigorously protecting our own national security. The memorandum reaffirms a core principle of America's economic leadership: Remain open for business to our allies and trusted partners, but we will not allow adversaries to exploit our openness to undermine our technological edge, our supply chains, or our overwhelming military superiority. That balance—speed for trusted investors, scrutiny for adversaries—is essential if we want the United States to remain the world's top destination for investment while keeping our national security front and center. I hope that we grow our friends, grow our allies, and diminish our enemies in this process but with the surge of commitments in foreign direct investment, efficiency becomes even more important.

So in May, CFIUS launched the Known Investor Portal. Mr. Secretary, how will you and your team ensure that information collected by the portal actually expedites reviews without becoming just another bureaucratic process?

Mr. PILKERTON. Mr. Chairman, thank you for that question. I wholeheartedly agree with you that predictability, durability, and efficiency of the process is absolutely critical.

The Known Investor Program, which is tied back to the fast-track concept in the America First Investment Policy, is currently under pilot. We are in the process of gathering information and learning new information to ensure that process is as efficient as it possibly can be. In fact, we are going to be releasing soon a request for information from the public as well to get a sense from a whole variety of stakeholders so we can ensure that we are accounting for all of that.

Under my leadership, it will not be just another bureaucratic exercise. The purpose of this exercise is to get as much data as possible so that as we conduct our national security reviews, we can have a very good understanding of the parties that we are conducting transactions with and their intentions.

Chairman DAVIDSON. Thank you so much.

In CFIUS's annual report for 2024, it states that the committee, quote, identified and considered thousands of potential non-notified transactions. Do you know how CFIUS calculated the "thousands" number, and are you satisfied with the number of voluntary filings received? I think the concern is—is there a type of transaction that is not—where you are not being notified at CFIUS? So what steps can Congress do to shore that up, or what are your concerns as you come into this role?

Mr. PILKERTON. Thank you for the question.

As I alluded to in my opening statement, we cannot conduct national security reviews of transactions that we do not know about. So non-notified transactions are going to be a priority for this administration. There is various sources that we can identify these through—open-source activities, referrals, intelligence community, law enforcement but one of the things that I intend to do is be able to travel and share some information about CFIUS and the pro-

gram writ large with the communities and with the country so that we can inform folks—so we can get more information about non-notifieds.

The important thing to recognize about non-notified transactions, as I said in my earlier statement, is if we find out about them, then we can work with the parties to see if there is a way to get to mitigation or get to a potential transaction.

Chairman DAVIDSON. Thank you. As we look forward to the challenge of looking at outbound screening as well, one of the concerns is, even on the current inbound process, it seems like every year it gets more complex and less transparent and sometimes takes longer. So to what extent is Treasury playing, kind of, quality control and making sure these are relevant questions? At some level, they kind of have to be unique to the situation even if it is a known investor, this particular investment has got its own criteria to some extent. How do you—how do you get, I guess, efficient at operating that? Because that is, I think, a concern a lot of folks in industry have, is that it is inconsistent or not a very efficient process.

Mr. PILKERTON. Thank you very much for the question.

While I have just been in the office for about a week, I already have a big whiteboard in my office that says “process, process, process,” and I want to make sure that we are minimizing the inefficiencies in the process and hearing from the public and the stakeholders to ensure that the information that we are asking for is certainly consistent with what we need to make this decision.

We engage very closely with the intelligence community, law enforcement, and of course the other committee members to make sure the information that we are gathering is useful to them. So I think that will be sort of an ever-growing process. Once again, I take your point that efficiency is critical for the predictability of these transactions.

Chairman DAVIDSON. Thank you so much.

I now recognize the gentlewoman from Ohio, Mrs. Beatty, who is the ranking member of the subcommittee.

Mrs. BEATTY. Thank you, Mr. Chairman. Again, thank you to our witness.

In September, President Trump signed an executive order announcing the formal start of the Trump Gold Card visa program whereby individuals and corporations can fast-track their U.S. residency process by making a financial contribution to the United States.

How are investments related to these so-called “golden visas” being reviewed by CFIUS for national security implications and describe in detail what is being done on this issue, please.

Mr. PILKERTON. Ranking Member Beatty, thank you very much for the question, and I appreciate you having me before the committee today.

As you are aware, there is CFIUS confidentiality across any cases that may or may not be part of the committee’s jurisdiction or under review. So I cannot speak to any particular matter.

The visa that you are referencing is being overseen by the Commerce Department, so I certainly could refer you to them. For your awareness, and I am sure as you know, Commerce is a very important part of the committee. So on any issues that they are over-

seeing, we will be working closely with them and that information will also be shared with the rest of the committee so they can help us identify any national security risks regardless of the matter before them.

Mrs. BEATTY. Okay. So you do not have anything to do with that at all. Is that what you are basically saying? I can check with Commerce to see what they would have to say.

Mr. PILKERTON. I certainly understand and appreciate that, but I cannot speak to any—

Mrs. BEATTY. You cannot tell me if you have something to do with it or not? That is a yes or no.

Mr. PILKERTON. I—

Mrs. BEATTY. I understand your point about you cannot go into detail, but you could say yes or no that you have something to do with it—in your authority or not. So is that a no? Because I am going to research it more and I think there might be something that you are looking at, but I will accept your yes or no.

Mr. PILKERTON. With all due respect, under my understanding of CFIUS confidentiality, I cannot speak to transactions that may or may not be coming through the process—

Mrs. BEATTY. So you do not know if it is coming through the process or not?

Mr. PILKERTON. I cannot speak to anything with respect to—

Mrs. BEATTY. I am not asking you to speak about it. I am simply asking you, in your role, is this something that could or would come through your process? That is not violating any confidentiality. I am not asking you to address talking about it, just if you have any belief or knowledge that it could or may come through you. That is a simple yes or no. I take that as you are not going to answer. Let me go to my second question.

You noted in your opening testimony that pursuant to President Trump's direction, CFIUS is piloting an expedited review process for lower risk transactions. What is the status of this procedure, which is through your jurisdiction? For the record, a follow up to Mr. Chairman's question is—you can say yes or no—that this will go through the notice and comment period.

Mr. PILKERTON. Yes. So with respect to the Known Investor Program, I certainly can confirm that process is in an up-and-running pilot. We anticipate that pilot to go through 2026. We are gathering information and getting lessons learned. As I referenced before, we do have a request for information that will be coming out soon to get more information. I would also anticipate that we would be putting out a lot of public guidance associated with that over the course of the year. I know it is an area of specific interest, obviously, for you and for the committee. So we want to be sure that we are not only sharing that information but also getting as much feedback as we can to make sure it is as efficient as possible.

Mrs. BEATTY. How long of a period? Is that a 60-day period? A 90-day period of the notice and comment period?

Mr. PILKERTON. I do not know if we have determined that, but I think it will probably be around 60 days. That would be my guess.

Mrs. BEATTY. Also, the Foreign Investment Risk Review Modernization Act mandates that CFIUS coordinate with allies and

partners in information sharing and investment screening efforts. Is CFIUS doing this and in what ways could the committee improve those efforts?

Mr. PILKERTON. Could you repeat the question? I am sorry. The door just opened and I—

Mrs. BEATTY. No worries. The Foreign Investment Risk Review Modernization Act mandates that CFIUS coordinate with allies and partners in information sharing and investment screening efforts. Is CFIUS doing this and what ways could the committee improve those efforts?

Mr. PILKERTON. Thank you very much for the question and thank you for repeating it.

Mrs. BEATTY. No worries.

Mr. PILKERTON. Yes. The international partner engagement for CFIUS, as I mentioned in my opening statement, is absolutely critical. Over the course of the program, particularly over the last few years, we have had a number of interactions—and it is very routine—with folks around the world to help them to develop their investment screening processes. Some of the countries that we talk with do not have any investment screening. Some only have sort of a smaller version of it and so we want to share best practices as to what we have learned as well because not only is it just sharing that information abroad, there is also a huge benefit to the United States because any country that we do business with could certainly become an unwitting vector for an adversary.

Mrs. BEATTY. Thank you. My time is up. Thank you for that detailed response.

Mr. PILKERTON. Thank you.

Chairman DAVIDSON. I thank the ranking member.

I now recognize the gentleman from Arkansas, Mr. Hill, who is the chairman of the full committee, for 5 minutes.

Chairman HILL. Thank you, Chairman Davidson, and again, welcome, Mr. Secretary.

We heard in opening comments about not wanting to undercut CFIUS's important role due to politicization, but I think many believe that President Biden politicized the CFIUS process when he rejected Nippon Steel's acquisition of U.S. Steel. In my view, this abuse undermined the national security function of CFIUS and called into question the credibility of the process.

I am glad to see in the last few months that the Trump Administration has reversed that decision and that—you mentioned in your opening statement the importance of the integrity of the system. Can you tell me what steps Treasury has taken to undo that damage and return CFIUS to its impartial national security role?

Mr. PILKERTON. Thank you very much for the question, Mr. Chairman.

Obviously, Congress has established a very clear process. As I mentioned in my opening, CFIUS is celebrating its 50th anniversary, and obviously the laws have been updated over the years, including most recently with FIRRMA, and now the COINS Act that we have from the NDAA.

It has been a key principle that when we look at a transaction, the entire committee—so you have got experts from all the different agencies looking at these transactions to determine what the

potential national security risks are and those national security risks are a whole host of different things. I know we spent a lot talking about technology and data, and obviously those are some of the large ones, but when we go through the process, we move from the area of identifying the risks to looking at what the potential mitigation strategies or controls will be. It is a standard enterprise risk management process that I have taught in academia prior to this and that is what is supposed to happen. It is the threat of the potential actor, the vulnerability of the actual transaction, and then what is that risk that we need to control for. It is a very, sort of—I am opening it as a sort of simple equation. It is obviously much more complicated than that, but that is what the process should be and will certainly continue to be under my leadership.

Chairman HILL. We will certainly be watching for that here in the committee in our oversight capacity.

Japan is one of our closest allies, no doubt, but CFIUS has still not granted Japan accepted foreign State status. Why do so many of our friendly partner nations remain subject to CFIUS hurdles when Congress gave you a tool to exempt them?

Mr. PILKERTON. Thank you very much for the question.

As you know, right now, the accepted foreign State status is limited to The Five Eyes partners. We certainly are always examining that and looking at opportunities to ensure that we are able to bring in various investments from various countries. I think Known Investor Program is certainly another way to take a look at that, and we certainly want to advance that. Japan has certainly been a strong ally and partner, and I am always happy to engage with you and—

Chairman HILL. I think we should continue the conversation because as the government moves to more of a partnership friend-shoring issue and challenge—taking the challenge of critical mineral development, the processing of those is unlikely to take place in the U.S., but it is also unlikely to take place in a lot of The Five Eyes member countries with exception, perhaps, of Australia. So I think that kind of a business combination is going to be important going forward.

On the nations that have sought consultation with you on developing their own inbound investment screening protocol, could you provide us with a list of those countries in the Western Hemisphere that you have consulted with?

Mr. PILKERTON. Just picking up on your last point about Japan, I know Japan has been increasing their investment screening, and we will be likely engaging with them to learn more and be as helpful as we can.

With respect to the number of countries that we have had in the Western Hemisphere that we have engaged with, I am happy to circle back to you on that.

Chairman HILL. That would be helpful and we are happy to receive that, if it needs to be classified in a classified setting.

Treasury continues to implement the outbound investment restrictions that were launched by the Biden Administration, and just last month, it was reported that China was trying to undo the U.S. investment assumption of CK Hutchinson's ports, which included those at the Panama Canal. That was a major outbound in-

vestment championed by the President, and so, I am concerned that it is off track. Could you, in the time I have remaining—we do not have much, so would you respond to me in writing on that subject?

Mr. PILKERTON. Yes, sir. Happy to do so.

Chairman HILL. Good. Thank you very much. Mr. Chairman, I yield back.

Chairman DAVIDSON. Thank you, Chairman.

I now recognize the gentlewoman from California, Ms. Waters, who is the ranking member of the full committee.

Ms. WATERS. Thank you very much.

Mr. Pilkerton, last year, it was announced that President Trump's World Liberty Financial completed a deal with MGX, a company based in the United Arab Emirates. The foreign firm invested \$2 billion in Binance, a shady Chinese-owned cryptocurrency exchange, where Treasury had said, and I quote, allowed money to flow to terrorists, cyber criminals, and child abusers through its platform, unquote. To fund the deal, MGX purchased \$2 billion of Trump's World Liberty Financial stablecoin USD1, effectively a hefty foreign investment in Trump's then brand new stablecoin.

Further, while it is unclear what role Binance played or continues to play in World Liberty Financial, we do know that the foreign firm has no public headquarters, and the former CEO received a pardon shortly after accepting the Trump stablecoins. Thus, we know that this sounds like a covered transaction between a U.S. business and a foreign person that would require CFIUS review.

Did CFIUS receive the required filing from the parties for this significant transaction? Did CFIUS complete a review of the transaction? If so, what was the outcome?

Mr. PILKERTON. Ranking Member Waters, thank you very much for the question.

Given the fact that there is statutory confidentiality associated with the CFIUS program, I am not permitted to speak about any matter that may or may not have come through the CFIUS program.

Ms. WATERS. So was the review done?

Mr. PILKERTON. With respect to this or any other matter, under the statutory confidentiality, I am not able to speak to any particular matter.

Ms. WATERS. What I would like to ask you is if there was a review of the transaction, could we get a briefing on it here in Financial Services?

Mr. PILKERTON. I am happy to have our legislative team work with your staff.

Ms. WATERS. I beg your pardon?

Mr. PILKERTON. I said I am happy to have our legislative team work with your staff on this.

Ms. WATERS. You will have them do the—give us the briefing?

Mr. PILKERTON. I will certainly ask my legislative team to engage with your staff on this matter.

Ms. WATERS. Who has the authority to make sure that they do it? You said you would ask. What if you get a “no?”

Mr. PILKERTON. I will talk to my legislative team, and I will certainly have them engage with your staff on this matter.

Ms. WATERS. You will do that.

Mr. PILKERTON. I absolutely will speak—

Ms. WATERS. Let the record—record such. Thank you so very much.

Mr. PILKERTON. Thank you, ma'am.

Ms. WATERS. I have another question I would like to ask you at this point, if I can just identify where that question is. I thank you for being here.

As you know, Congress passed the Outbound Investment legislation in the most recent National Defense Authorization Act, NDAA. It included language that provided exemptions that limit the coverage of passive U.S. financial investments in Chinese technology firms and sectors. This is despite numerous studies, for example, from the Morgan Stanley, the U.S. China Economic and Security Review Commission, and the Coalition for a Prosperous America that showed that U.S. firms have billions passively invested in Chinese companies, including Chinese military industrial complex companies. Thus, how does Treasury assess whether U.S. funds, particularly retirement funds, such as those managing public sector, pensions for teachers, first responders, and other American workers are being invested unbeknownst to the individual American in companies that support adversarial governments or their defense sectors?

Mr. PILKERTON. Thank you very much for the question.

The Outbound program is something, as you know, that is relatively new, over the course of the last year. Treasury has issued regulations around this but given the fact that there are certainly other ongoing questions, we also have a number of frequently asked questions that are on the website. Now we have the COINS Act that we will be able to regulate and administer, and we would anticipate that would be a new regulatory regime. In other words, new rules will be written and that will certainly go through the notice and comment process.

I think the most important thing maybe gets at the core of your question is that people have a level of predictability when they are making investments and there are very clear guidelines, particularly around the national security risks that you highlighted, and you mentioned. So when we look at China and when we look at some of the other nations that are identified in the COINS Act, those are areas that we will be looking at very closely, and we will continue to get information out there to the public and work with this committee.

Chairman DAVIDSON. The gentlewoman's time has expired.

Ms. WATERS. Thank you. I yield back.

Chairman DAVIDSON. Thank you. The gentleman from Oklahoma, Mr. Lucas, who is also the chairman of the Task Force on Monetary Policy, is now recognized for 5 minutes.

Mr. LUCAS. Thank you, Mr. Chairman, and thank you to our witnesses, the Assistant Secretary, for being here today.

The topics you deal with are some that I have been concerned about for the better part of a decade, specifically, the issue of ownership of key agricultural equities, like land and infrastructure by

foreign adversaries, has continued to raise alarm bells across the country. That is why I introduced the bipartisan Agricultural Risk Review Act to add the Secretary of Agriculture as a permanent member of CFIUS for any transaction relating to the ag industry and require CFIUS to initiate reviews of threats notified by the United States Department of Agriculture (USDA). Our annual appropriation bills have recognized the need for this language, but we must submit this practice into law.

Mr. Secretary, USDA has committed to working across agencies to ensure sensitive ag equities are not controlled by foreign adversaries. Can you provide Treasury's perspective? How does CFIUS benefit from the Secretary of Agriculture's input and would it be helpful for the Secretary to be a permanent member for transactions related to ag?

Mr. PILKERTON. Congressman, thank you very much for that question.

So under the Consolidated Appropriations Act, the USDA Secretary is a member of the committee for ag-related transactions, and I can tell you that Secretary Rollins is in the room for those conversations. Her staff is very engaged—Deputy Secretary Vaden—I have met with both of them and spent time with them because I know this is an incredibly important issue to them as it is to Secretary Bessent.

In fact, Secretary Bessent and Secretary Rollins signed a memorandum of understanding last year to enhance focus on agricultural land, biotech transactions, transportation, storage, and processing. Secretary Rollins often says food security is national security, and I certainly agree with that. Her leadership has been very important. So I look forward to working with them very closely on these issues as well as getting their insight and leadership.

Mr. LUCAS. My bill preserves CFIUS's case-by-case approach to ensure that the United States retains a friendly investment climate. Can you expand on Treasury's efforts to attract investment without compromising national security?

Mr. PILKERTON. Thank you very much for the question.

I think one example of that under the America First Investment Policy is the Known Investor Program trying to ensure that we get more information upfront so that we are making these decisions when the capital is coming through, we have more information about the underlying transaction and the investors.

We are also going to be traveling the country and spending time with various communities to ensure folks are aware of CFIUS, aware of the program, aware of the process, and we will be doing more roundtables and conferences associated with that, and then work very closely with our partners at Commerce and State who have an international investment mission of bringing foreign direct investment (FDI) back into the United States.

Mr. LUCAS. Secretary, we have a patchwork of State laws across the country dealing with the issue of foreign adversary ownership of ag equities. How is the Treasury Department thinking about the interplay between the various State laws and our Federal regulations?

Mr. PILKERTON. Thank you very much for the question, and it is an important one.

We work closely with our State partners in implementing our process. One of the things that I want to be able to do during my tenure as Assistant Secretary is to ensure that State legislators and State Chambers of Commerce, in particular, are aware of CFIUS, its role, and its jurisdiction. I can only execute on the laws that this Congress has passed, but I think that information sharing, certainly at a high level, but just understanding processes, will be very good for those relationships and hope to close the loop here.

Mr. LUCAS. In Oklahoma, under State law, we have some very strong language dealing with these kinds of issues. My State authorities are very enthusiastic about enforcing that. A lot of times, they have to be made aware of what is going on in order for them to enforce State laws, so this sharing of information is critically important. With that—

Mr. PILKERTON. That is an invitation I humbly accept, sir.

Mr. LUCAS. Absolutely. With that, Mr. Secretary, thank you for being here. You have perhaps one of the most critical roles when it comes to the future of the economy of this country.

I yield back, Mr. Chairman.

Mr. PILKERTON. Thank you.

Chairman DAVIDSON. I thank the gentleman.

The gentleman from California, Mr. Vargas, who is the ranking member of the Task Force on Monetary Policy, is now recognized for 5 minutes.

Mr. VARGAS. Thank you very much, Mr. Chairman, and I also want to thank the ranking member for this hearing. I think it is a very important one. Again, I want to thank the witness.

We did hear earlier about the politicization of government. I mean, it is ironic because right now—and I will have much more to say this afternoon at the Monetary Policy Task Force about the politicization of the Justice Department going after Chairman Powell. I mean, it is unbelievable to me. You know, it is almost as if they are eating their own. I mean, Chairman Powell is actually Republican. He is not a Democrat, but I think he is one of the most honest, straightforward people I have ever met.

I mean, if there is anyone that is above reproach in the sense of his honesty, I think it is Chairman Powell and to go after him, to try to force him to be political, I think is horrible, and something that is very damaging to our reputation as a Nation, and certainly to the Justice Department.

With all that being said, talking about reputations, Secretary, you have a very sterling one. You come very well regarded by everyone that you have worked with so far, and I was very pleased to see that you are appointed to this position. I know the reason for that is your tremendous Jesuit education and training at Fairfield University. Congratulations for that.

I do want to ask you about the Nippon Steel deal. So there was a reversal, as the chairman said earlier, of that, and I wanted to get your sense why—why did that happen? Was there politics involved in the overturning of that decision?

Mr. PILKERTON. Congressman, thank you very much for your question, and thank you for your kind words as well.

With respect to Nippon Steel, I am limited under the CFIUS confidentiality requirements as to what I can say but I would point

you to the June executive order that the President set forth setting through the resolution of the national security risks.

Mr. VARGAS. Okay. I do understand that you are quite limited—I am an attorney myself, and I do understand confidentiality and those issues. So again, I will take your word on it, and I will also follow up with the reference that you gave us.

I do want to ask, though, about emerging technologies such as AI, semiconductors, and the biotech are becoming increasingly important in the national security realm. Many of these companies hold large amounts of our personal data. What measures does CFIUS require to ensure that adversarial actors cannot access this sensitive U.S. data such as our health or biological information?

Mr. PILKERTON. Thank you very much for the question, Congressman. What—your question is really almost at the core of the program. Emerging technologies are advancing so quickly that this program has a huge responsibility to oversee that, to identify national security risks, and figure out ways to sort of move forward within this space.

So FIRRMA gave us quite a bit of latitude and authority over a lot of that technology. There has actually been an expansion of the technology as well and the COINS Act on the Outbound side.

When we see a new technology, whether it is AI or quantum, we go through a whole host of protocols. We have the entire committee process involved in that, and certainly the experts are looking at that from law enforcement and from the Intelligence Community (IC) but I take your point that because things are emerging and advancing so quickly, CFIUS has a responsibility to the program, to the administration, to the Congress, and, obviously, to the country to ensure we are staying ahead of those.

One of my priorities is to double the size of our research team to ensure that we have Ph.D. experts that are working on each of these areas as sort of a technology center of excellence so we can stay ahead of the curve.

Mr. VARGAS. How will you monitor later on for compliance—because I understand that is the initial hit—how are you going to be able to monitor it going forward?

Mr. PILKERTON. Monitor compliance with——

Mr. VARGAS. Yes.

Mr. PILKERTON. Oh. So there are a lot of different ways that we can actually look at that. We can look at the different types of protocols that might be around particular technologies. Like, so, for example, if you were looking at AI, it is usually a stack of products—looking at the particular products that an organization may be investing in or what have you. That is a very high-level explanation but at the end of the day, each of those transactions are going to be reviewed not just for technology risk, of course, because we are looking 360 all the way across the board, but we need to make sure that we are protecting our country, protecting our homeland on each——

Mr. VARGAS. My time is up. Again, I want to congratulate you and wish you good luck.

Mr. PILKERTON. Thank you very much, sir.

Chairman DAVIDSON. I thank the gentleman.

The gentleman from Texas, Mr. Sessions, is now recognized for 5 minutes.

Mr. SESSIONS. Chairman, thank you very much. Secretary, we are delighted that you are here. As you can see, this—not just subcommittee, but the members of this committee have important questions and consider that the job that you and your team does is very important.

You earlier received a question from my colleague, Mr. Lucas. I am from Waco, Texas, and have a district that is dominated by agricultural interest in products and Mr. Lucas has the same. We have spent a great deal of time attempting to work not only with the State, with the Secretary on these sorts of issues from agriculture, but also with you, because you are the beginning point where people have to, as required by law, to talk about the investments they would wish to make.

We have—both Frank and I, and I am sure most members—have come to find out that there were some perhaps intended consequences, perhaps unintended consequences, about decisions that have been made about foreign ownership of companies and contracts and properties that maybe one would not have seen altogether except the Chinese or these entities effectively used our capitalist system to go and acquire a number of things. In other words, when they made an investment, they kept going inside our system. Do you track those when someone comes and makes an investment and you decide, Well, it looks benign. It looks legitimate, but then they then use our system to go and buy more property, more land, more product?

Mr. PILKERTON. Thank you very much for the question.

The transactions that come through CFIUS are certainly tracked and when folks come through for additional transactions, that information is obviously reviewed and certainly updated—

Mr. SESSIONS. So Secretary, you are suggesting to me that you continue to track them, and they would be required under the law—even though they are originally allowed under the requirements to make a purchase—you are saying that then anytime they further make an investment, that is required under the law?

Mr. PILKERTON. I want to be clear. Just to go back to what I said because I just want to make sure I am absolutely crystal clear on this. When someone comes through on a transaction, there is underlying due diligence conducted on that person or company or what have you. Then if they come through again, then that information is certainly updated, included, and there is information from the intelligence community and law enforcement to support that.

With respect to your particular question, I am certainly happy to engage deeper with you in a different setting.

Mr. SESSIONS. I would ask that take place because I think that sets in place something that we, by and large, have not on this side been looking and tracking, but at some point we figure out, so I am very available. Mr. Lucas and I are very available, and we would be very pleased to establish that, but I think that this is important for us to understand that when a benign transaction comes in, or something we think is benign, that we still understand that. So, I want to thank you.

I think I have an additional question, but it is very germane to the question that I was asking, so I will wait. If you would please have someone in your organization get in touch with me, I would like to set this up and then ask those questions that are better off-line.

I want to thank you and your team for your service to this country. Mr. Chairman, I yield back my time.

Chairman DAVIDSON. Thank you, Mr. Sessions.

The gentleman from Illinois, Mr. Casten, is now recognized for 5 minutes.

Mr. CASTEN. Thank you for joining us today, Mr. Pilkerton. Thank you, Mr. Chairman.

So CFIUS's authority is granted by Congress to negotiate, impose, enforcing national security agreement to mitigate the risks associated with any particular transactions. Looking at your website today, it is essentially what your website says is your role. Do you agree that is the basic scope of CFIUS?

Mr. PILKERTON. Yes, sir.

Mr. CASTEN. I ask that because I want to follow up on your exchange with Mr. Vargas about the Nippon Steel-U.S. Steel deal, and I want to just focus on public information. Not trying to get you into any confidential things you cannot disclose.

Trump reversed Biden's decision to block the proposed deal between U.S. Steel and Nippon Steel, and he allowed the transaction to proceed on the condition that the parties enter into a national security agreement. The terms of that agreement, which are public, personally grant President Trump veto power over major business decisions, including off-shoring of production, changing the investment schedule, their business model, the specific products they make.

Furthermore, President Trump is listed by name—again, public information—in U.S. Steel's amended corporate charter filed with the Securities and Exchange Commission.

What I want to know is what was the process within CFIUS to authorize Donald Trump's name to appear in the filings and give him direct veto powers over major corporate decisions?

Mr. PILKERTON. Congressman, thank you very much for the question.

I will reiterate, as you know, that there is CFIUS confidentiality related to my role, which is mandated by Congress. I know you indicated that you are referencing public information, but I think it is important to lay that foundation.

With respect to the decision process that was made there, that information is contained in the June executive order.

Mr. CASTEN. So was CFIUS responsible for that or was it delegated to a CFIUS member agency?

Mr. PILKERTON. Once again, I have to rely on the confidentiality—

Mr. CASTEN. I am not asking what the decision was. I am asking who made the decision. Was it made in your office or was it not made in your office?

Mr. PILKERTON. The confidentiality provisions that CFIUS set forth by Congress are very broad, so I am not in a position to be able to speak to—

Mr. CASTEN. I am sorry that you feel the need to evade. Can you then point to any prior cases where CFIUS authorized a President to exercise a direct role over a private company's operations?

Mr. PILKERTON. So in my role, having been in this role for about a week, once again, cannot speak to any particular case——

Mr. CASTEN. So it is over the entire CFIUS——

Mr. PILKERTON. What I would like to say, if I may, is that as part of mitigation agreements, there are, from time to time, veto rights on certain types of things——

Mr. CASTEN. Let us be clear. The President as an individual is named. I am asking if there is any precedent for that in the history in CFIUS because according to Stephen Heifetz, former CFIUS attorney, he said that this is——this is unprecedented. Do you disagree with Mr. Heifetz?

Mr. PILKERTON. Without seeing the actual document that you are talking about, I cannot speak to that, but I will just say that there is a CFIUS confidentiality component here, and I am unable to speak——

Mr. CASTEN. Okay. Is CFIUS considering any other agreements that have these golden share provisions?

Mr. PILKERTON. With respect to the statutory confidentiality that is required, I am unable to speak to any particular matters that are going——

Mr. CASTEN. So for all we know, for all we know—and you cannot shut—you cannot say that they are not looking to commingle the personal interests of President Trump and the interests of private sector economies. You cannot affirmatively say that is not happening?

Mr. PILKERTON. Sir, that is not what I said.

Mr. CASTEN. I asked—are there any other golden share agreements where President Trump would be named and would be named in the Securities and Exchange Commission (SEC) filings that you are reviewing? Yes, no, or you cannot say?

Mr. PILKERTON. Under the confidentiality requirements, I cannot speak to any particular case.

Mr. CASTEN. Okay. Well, let us——let us talk more philosophically then because this is not a one-off.

Last year, the Trump Administration acquired a 10 percent stake in Intel, making the U.S. Government their largest shareholder. That is not the Republican Party that I thought I knew. I think when the government takes control of private entities it is called socialism.

Setting aside what Trump may do, that creates a massive conflict of interest for any future administration, because simply the act of trying to unwind that could put huge downward pressure—threatening to unwind that could put huge downward pressure on their share price. You used to be the compliance officer at J.P. Morgan. What is your message, as you sit here today, to corporate boards who put an emphasis on regulatory compliance, who like the rule of law, who would like to be independent of the government, and they are confronted with the threat of direct government action? Because as you sit here, you cannot tell us whether President Trump is going to do this again.

Mr. PILKERTON. Congressman, I certainly appreciate the question, and I certainly believe very strongly in regulatory compliance, very strongly in the rule of law. When it comes to the particular matter that you are talking about, I would refer you to the Department of Commerce and the team there that worked on that matter.

Mr. CASTEN. I am extremely disappointed in your answer. I yield back.

Chairman DAVIDSON. I thank the gentleman.

The gentleman from Kentucky, Mr. Barr, who is the chairman for our Subcommittee on Financial Institutions, is now recognized for 5 minutes.

Mr. BARR. Secretary Pilkerton, thank you for your service to the country. Congratulations on your appointment to this important assignment.

As of early 2026, President Trump had announced up to \$9 trillion in total foreign direct investment commitments that he negotiated. Just as an example, UAE, \$1.4 trillion investment framework; Qatar, \$1.2 trillion; Japan, \$550 billion in key industries, including energy and AI infrastructure investments; Saudi Arabia, \$600 billion investments in trade over 4 years, later expanded to almost a trillion; South Korea pledged \$350 billion in investment with an additional commitment to purchase 100 billion in U.S. energy products.

The President has been remarkably successful in just 12 months' time to negotiate massive amounts of foreign direct investment in the United States. Consistent with that, I applaud your office's Known Investor Program. How important is it that as you fulfill your national security obligations implementing CFIUS that we keep this open investment climate, especially with respect to these key investments that President Trump has negotiated?

Mr. PILKERTON. Congressman, thank you very much for your question, and thank you for your leadership on the recent outbound legislation as well.

With respect to this question, I think it is incredibly important. The America First Investment Policy made it very clear that while national security is going to remain a priority, America is open for business and America is open for business in a whole host of areas. You talk about the technology pieces, AI and quantum and other areas, but we really want to bring in business from all different areas, because, obviously, the benefit to that is not just to those business to America itself but to those communities, jobs, research and development. Obviously, it is a whole host of things.

So when it comes to that money that is actually coming in, I see it as part of my responsibility to ensure that the program is in place, whether it is a known investor or the standard CFIUS program, has all of the efficiencies that money, assuming that it passes the national security protocols, is able to come into the country and be put to work.

Mr. BARR. Well, thank you. At the end of last year, as you just noted, the President signed into law the National Defense Authorization Act, which included my legislation, the Comprehensive Outbound Investment National Security, or COINS, Act, also known as the FIGHT China Act, the Foreign Investment Guardrails to Help Thwart China Act.

The COINS Act ensures that Americans are not unknowingly funding the military industrial complex of our adversaries by codifying and enhancing the Trump Administration's America First Investment Policy and the Outbound Investment Security Program.

Your office, the Office of Investment Security, is responsible for implementing the statute and overseeing the prohibition and notification investments into certain sensitive technologies.

Treasury released frequently asked questions (FAQs) at the end of last year expressing awareness of the new obligations under the law. Under those FAQs, you have 450 days after enactment to issue regulations. What is your timeframe?

Mr. PILKERTON. So thank you for the question. Four hundred fifty days is what we have, and I have been on the job about eight. I have met with the team, and we are looking at that very closely.

As I mentioned before, the regulatory process for this will be full notice and comment. Of course, there will be overlap from the regs that are in place but based on your leadership and the work of folks around this committee, there are new components to this program, including new technologies. So we will be getting a lot of information out there.

Mr. BARR. Let me just move on really quick.

Mr. PILKERTON. Yes, sir.

Mr. BARR. The sanctions title and the list coordination provisions are administered by the Office of Foreign Assets Control (OFAC). You have the notification and prohibitions on sensitive technologies piece. How will you collaborate with OFAC on implementation of COINS?

Mr. PILKERTON. With respect to that language, we are examining that very closely. We coordinate with OFAC in our day-to-day work, as you know, and we will continue to do that closely through this process.

Mr. BARR. Thank you. Meta is currently trying to acquire Singapore-based, Chinese-founded Manus, an artificial intelligence startup. Earlier this year, BlackRock backed the acquisition of key ports in the Panama Canal. Both of these acquisitions are examples of outbound investments that actually promote U.S. national security and competitiveness.

Fortunately, Section 8521 of the NDAA includes a national interest exemption that states, quote, the Secretary is authorized to exempt from prohibition any activity determined by the President to be in the national interest of the United States.

While I recognize Treasury still needs to go through rulemaking, do you agree that there are national security benefits of certain outbound investments, and will you aim to be certain that the program is designed properly so we do not inhibit outbound investments that advance our national security?

Mr. PILKERTON. I certainly agree with that, Congressman. I think that there are certain investments that—obviously, we have to assess everything for national security concern, as you know. If there are investments that pass muster on those and present opportunities and provide benefits to the American people, once again, with the national security constraints in mind, then I think there is certainly a lot of benefit to that.

Mr. BARR. I have run out of time, but our intention in this bill was red light/green light. We embedded in the process a process for nonbinding feedback to investors so that they are given certainty and clarity about what is permitted and what is prohibited.

Not a question, just a commentary on legislative intent here. We hope you provide investors with that red light/green light.

Mr. PILKERTON. Thank you.

Mr. BARR. I yield back.

Chairman DAVIDSON. Thank you, Mr. Barr.

The gentleman from Illinois, Dr. Foster, who is also the ranking member of the Financial Institutions Subcommittee, is recognized for 5 minutes.

Mr. FOSTER. Thank you, Mr. Chair, and Mr. Secretary—Assistant Secretary Pilkerton.

At the core of CFIUS' work is its being able to understand who the beneficial owner of a covered transaction is and whether they or their affiliates have interests that run counter to the security of our country. This work requires significant due diligence that I believe was undermined by this administration's move to gut the Corporate Transparency Act, which aimed to crack down on anonymous shell companies that conceal the true beneficiaries of businesses operating in the United States.

Now, identifying the interests of businesses, it is going to become more difficult and more important with advances in artificial intelligence. Specifically, agentic AI, which is coming at us fast and it is going to really dominate the next decade in financial services, has become a primary concern of mine.

We are going to—you know, we have grown tolerant of the use of shell companies to conceal ownership within limits, but historically there has always been a human in the loop somewhere down the line. Now we are going to have money flying around under the control of AI agents signing contracts, doing deals at the speed of AI.

So other countries are looking at this, and we are starting to see international work developing the standards for communications and conversations and contracts between AI agents. Every country—every advanced country, except the United States, has an understanding that when my agent contacts your agent, they will exchange information about who the legally traceable human is that is responsible for that agent's actions.

So what is the—how is this going to work if the answer you get back, well, I am an agent and I am working for an anonymous shell corporation and I am not going to tell you who is behind it? Is that not just going to just make the United States not a player in this new ecosystem? How do you intend to handle that problem?

Mr. PILKERTON. Thank you very much for the question, Congressman.

Over the course of the CFIUS process, as I mentioned, we have a number of committee members, many of the larger Cabinet agencies. We also work very closely with the intelligence community and law enforcement and, of course, have access to a variety of different databases associated with that. So, regardless, the CFIUS process will continue to be diligent, continue to be thorough and fulsome.

So with respect to our work, we will move forward to identify national security risks of the investors of those companies as well as the transaction itself.

Mr. FOSTER. How is that even going to work in real time? You know, when—if someone from EU and Korea or Japan wants to engage in an agentic transaction. They get out their cell phone and they say, here is my legally traceable identity. You do your biometric login, and they present a secure digital ID that every citizen of the EU is going to have I think by the end of this year, every citizen of the U.K., every citizen of Korea and Japan have had for more than a decade, I believe.

So we do not have that. What we have is a hodgepodge of a handful of States that are getting mobile ID, digital driver's licenses, and that is the best we have. As a result, it seems like we are really going to not be able to play in the next stage of development, because no one is going to trust any agent that is unwilling to say, here is the legally traceable human behind the deal I am offering you.

I urge you to have a look at this and try to get ahead of the curve on this whole operation, because it is going to be important and it will be a huge—it will be a competitive disadvantage to the United States if we do not have a way of actually understanding who authorized some agent and who is going to take responsibility for that agent's action, because this is going to be the dominant activity in financial services.

Let us see. Can we expect—actually, on the specific issue of privacy, preserving secure digital credentials—this is something that the Biden Administration came in and promised they would do something to move the ball forward.

Do you have any insight into what the plan of this administration is going to be doing in terms of giving U.S. citizens the ability to prove they are who they say they are online? Is that on the agenda?

Mr. PILKERTON. With respect to data and privacy information that come through the CFIUS process, that is one of our highest levels of concern, and that was outlined in FIRRMA. We conduct analyses and put together processes and procedures to ensure that data is protected.

Once again, that is through the CFIUS process. It appears your question may be alluding to some other agencies, perhaps Department of Homeland Security (DHS) or others, and I cannot speak to that.

Mr. FOSTER. Okay, but just when our agents start talking to each other and doing deals, you cannot convene a committee to figure out even who the principals are in the deal. You have to have standards, and so you should get involved in that conversation. Thank you.

Mr. PILKERTON. Thank you.

Mr. FOSTER. I yield back.

Chairman DAVIDSON. Thanks, Mr. Foster.

The gentleman from Texas, Mr. Williams, who is also the chairman of the Small Business Committee, is now recognized for 5 minutes.

Mr. WILLIAMS of Texas. Thank you, Mr. Chairman.

Mr. Pilkerton, thank you for being here today.

The United States has long benefited from being the world's top destination for foreign investment, and that openness has helped drive jobs, innovation, economic growth. At the same time, we face increasingly sophisticated threats from adversarial nations that seek to exploit our openness to gain a strategic advantage.

Now, getting the balance right is critical—we have talked about that much today—but both for our security and our competitiveness. Mr. Pilkerton, how do you balance protecting national security while preserving the United States' reputation as the safest and the most attractive power to invest?

Mr. PILKERTON. Congressman, thank you very much for your question and thank you for your leadership on Small Business.

The question that you point out is really at the core of President Trump's America First Investment Policy. As I said in my opening statement, national security will always be the priority of the CFIUS program, but the opportunity to bring in foreign direct investment and share to the world that America is open for business is incredibly important.

The way that I can do my part in both of those things is to ensure that the program that we have at CFIUS remains robust, thorough, and understandable to the parties. It has got to be efficient. As I said before, process, process, process and that process does include the analysis of the risks and the mitigation, potentially, associated with them.

The other thing that I can do is ensure that people understand the process. As I mentioned before, I would like to be able to get out into the communities, talk to the State chambers as well as travel internationally with our State and commerce partners and make sure they understand the process so that, when they come through it, we can come and have an understanding and a conversation and ensure that it is as efficient as possible as it can be to bring those dollars into the country.

Mr. WILLIAMS of Texas. All right. Second, CFIUS has been given expanded responsibilities over the past several years, including authority over noncontrolling investments and certain real estate transactions. As foreign investment strategies evolve and threats become more complex, it is important for Congress to understand whether the current framework is keeping pace.

So looking ahead, where do you see the biggest gaps in CFIUS authority that Congress may need to address?

Mr. PILKERTON. At this time, once again, having been on the job for a week, I am conducting sort of my own risk assessment of that; working with the team and sort of finding where there may be potential gaps or things to think about.

To date, I feel that the authorities there are strong and to date, I feel like we have what we need to do our job and look at all the national security risks that are at issue. If at any point I do not, I have absolutely no hesitation to come back to this committee, because I know that there is a lot of nonpartisan interest to help advance this program. I would certainly engage with both sides of the aisle to advance that.

Mr. WILLIAMS of Texas. Thank you. My last question, I want to discuss the 2017 purchase of a trailer park located at Whiteman

Air Force Base. As you know, Whiteman is home to our Nation's B-2 Stealth bomber fleet, one of the most sensitive and strategically important assets in the U.S. military. The acquisition of a property that is less than 1 mile away from Whiteman's runway raises serious national security concerns, particularly given the potential for persistent surveillance, intelligence collection, or interference with base operations.

So quickly, this property is reportedly one of several properties that have been purchased by individuals with alleged ties to the Chinese Communist Party (CCP) intelligence. So the question is, Mr. Pilkerton, without commenting specifically, is this the kind of transaction that CFIUS would typically want to review for national security purposes?

Mr. PILKERTON. Thank you very much for the question, Congressman.

As you identified, I cannot speak to any specific type of transaction, but protecting our national security where transactions are close to military bases or sensitive sites is another priority for CFIUS. In fact, the NDAA had a component entitled Protect Our Bases Act.

Those are things that we are doing. We will certainly implement that law and work through the CFIUS process, but it is critical that we protect the sensitive sites, including military bases.

Mr. WILLIAMS of Texas. Absolutely. I yield my time back. Thank you for being here.

Mr. PILKERTON. Thank you.

Chairman DAVIDSON. Thank you, Mr. Williams.

Another gentleman from Texas, Mr. Gonzalez, is now recognized for 5 minutes.

Mr. GONZALEZ. Thank you, Mr. Chairman.

Thank you, Mr. Pilkerton, for being here with us this morning. Mr. Pilkerton, foreign investment plays a major role in the great State of Texas, as you may know. We are deeply integrated. We are a deeply integrated cross-border region economically, culturally, and financially, with families, businesses, and investors operating on both sides of the border.

While I fully understand and support the Treasury's responsibility to protect national security and combat illicit finance, I am somewhat concerned that the increasingly punitive or opaque Federal actions, whether through CFIUS reviews or heightened compliance burdens on banks and financial institutions or related Treasury tools, will have unintended consequences for communities like ours.

Actions like these will discourage legitimate foreign investment and push capital to other countries where the United States has less visibility or leverage. We already have some foreign nationals that normally used our banks moving to Canada and Europe.

My question is, how is CFIUS balancing the need to safeguard national security while maintaining an open investment posture for lawful, good-faith investments and investors to ensure capital remains in places like Texas and other places around the country?

Mr. PILKERTON. Thank you, Congressman. It is an incredibly important question and one that we look at every day.

In the America First Investment Policy by the President, he specifically called out overburdensome mitigation agreements. These are parties, as you know, that come through the process. We have identified potential risks, and then we work with the parties to determine are there controls that we can sort of put on this process so that we can mitigate those risks to a point where it is acceptable to the committee.

In my experience, I certainly understand and appreciate why those mitigation agreements are necessary, and they will continue to the extent it is applicable and appropriate for a certain act. As the President has called out the overburdensome piece, I do think we need to pay very close attention to that to ensure that folks that can come through the process and are appropriate to come through the process can do so in an efficient manner, and not just that the process works, but that they are aware of that, right.

Because, to your point, I want them to be able to take a look at the United States and land in the United States and sort of understand the process, which is one of the reasons that—

Mr. GONZALEZ. Well, my concern now is we have banks actually closing foreign deposits, closing the accounts because of the overburdensome policies that have come from this administration and prior.

We need to—I mean, Chase, which is one of the larger banks, just closed hundreds or thousands of accounts in south Texas from foreign nationals just because they just could not deal with the compliance. These were good, legitimate, solid depositors that had been banking in the United States for a long time, and we are losing them to Canada and Europe and other countries around the world.

I will be candid. Actions taken by this administration make it difficult for me to trust that the current strategy is actually supporting investment and economic stability in border regions. I would like to ask you to please take a close look at this because it is hurting States like Texas and other places and it is not in the interest of our country.

What specific steps are being taken to ensure—I know you are saying you are doing some—what specific steps are being taken to ensure that heightened scrutiny for certain jurisdictions like border States does not inadvertently penalize communities like ours and continue to promote commerce and foreign deposit in American banks? Are you all doing something strategically targeted for this purpose?

Mr. PILKERTON. I would like to make the distinction between sort of a CFIUS transaction and then perhaps the regulatory rules around these that are overseen certainly by the Treasury Department, in coordination with the OCC and others. Those are done in our Office of Domestic Finance, but I am happy to engage with them and certainly would point you to them as well. We do not oversee some of these—

Mr. GONZALEZ. Thank you. Please do so.

Second, we are seeing a very real strategic competition playing out in Latin America, particularly as BRICS countries continue to expand their economic footprint across the region.

Even after the United States supported a bailout package for Argentina, we saw Argentina deepen its economic ties with China by exporting soybeans and other commodities there, signaling an alignment with BRIC and undermining American interests.

That should be a warning sign for all of us. If our investments posture is perceived as unpredictable or overly restricted or disconnected from regional realities, we risk losing influence, not because we lack capital, but because we lack a coherent strategy that aligns security, economic growth, and partnership.

How is this administration integrating its inbound and outbound investment strategies to ensure the U.S. remains the preferred partner in the region, especially for our farmers that are getting killed just with tariffs and complications and lack of labor? Are we doing something to improve those conditions?

Chairman DAVIDSON. I would just ask that response be in writing. The gentleman's time has expired.

Mr. GONZALEZ. Thank you.

Chairman DAVIDSON. I thank the gentleman.

The gentlewoman from California, Mrs. Kim, is now recognized for 5 minutes.

Mrs. KIM. Thank you, Chairman Davidson and Ranking Member Beatty, for holding today's hearing. To you, our witness, thank you very much for joining us.

While China's investment in U.S. agricultural land has garnered much congressional attention, I would like to first focus on second-class property purchases that is greenfield investments. These are parcels of land that are meant for real estate or industry or manufacturing development and those greenfield investments near military installations and sensitive sites fall squarely under CFIUS jurisdiction. In successive reports like U.S.-China Economic Security Review Commission, it has stressed the need to review those investments.

So, Mr. Pilkerton, what is CFIUS' procedure for determining which greenfield investments the committee review, both in terms of jurisdiction and in terms of substance?

Mr. PILKERTON. Congresswoman, thank you very much for that question.

CFIUS has jurisdiction over certain greenfield investments via its real estate authority with the purchase and sale of—and leasing, rather, of land areas.

We are looking at that question very closely. There is some international information around greenfield investments, and we are assessing that to make a determination as to what our authorities would look like in that space to balance the national security risks as well as the open investment posture of the country.

Mrs. KIM. Because China's economic threat has arrived in the mainstream only in recent years, I imagine the United States has neglected the opportunity to evaluate a myriad of foreign investments. This leads me to believe that there is a substantial timeframe for which greenfield investments have not been accounted.

Do you believe that there is a reasonable timeframe to look back and conduct CFIUS greenfield review that balances both staff resources and national security?

Mr. PILKERTON. So for transactions that come through CFIUS and have been cleared, they have a certain safe harbor from re-review. That having been said, there can be renegotiation of mitigation agreements and things if there are changed circumstances. I think, to your question, as we look at this greenfield space, we will be looking to perhaps examine it more closely.

I think another point that you make that is inherent in the question is the idea of non-notified transactions. If there are transactions that we would have jurisdiction over, so if there are certain technology transactions that may have started or what have you, that is something that the administration is very, very focused on.

Mrs. KIM. Can you tell me in the last year how many greenfield investments CFIUS has looked into?

Mr. PILKERTON. I do not have that number handy, but I am happy to get back to you on that.

Mrs. KIM. Okay. Well, let us shift gears beyond greenfield investments.

I would like to discuss the implications of Chinese acquisitions of companies that have the potential to damage American interests under CFIUS jurisdiction, like last year Epic: It is an education software company that recently declared bankruptcy. That was acquired by a Chinese holding company, TAL, T-A-L, Education Group.

I know that I, along with many of my Senate colleagues, have concerns that this acquisition could result in the chance for the CCP to access the students' private data and also conduct the influence operations against American students.

So can you talk about how CFIUS determined which non-notified transactions it should request a declaration from, especially acquisitions of companies that possess the Americans' personal data? That is a great concern for many of us.

Mr. PILKERTON. No. I certainly share that concern. While I cannot speak to any particular matters, as you are aware, we need to ensure that any transaction that comes through CFIUS, there is no sort of per se prohibition per countries but we want to ensure that we are constantly evaluating some of our most critical national security risks, and I think data and privacy is one of those.

So when we look for non-notified information, when we get information that comes in, it goes through a standard review process to make a determination as to whether it should have gone through CFIUS in the first place and it kind of goes through that exact same lens that a covered transaction or filing would go through anyway, including the data piece that you mentioned.

Mrs. KIM. Thank you for your time.

I yield back.

Chairman DAVIDSON. Thank you.

The gentleman from California, Mr. Liccardo, is now recognized for 5 minutes.

Mr. LICCARDI. Thank you, Mr. Chair.

Assistant Secretary Pilkerton, thank you for your testimony today. I appreciate your recent emphasis on protecting the sensitive personal data of Americans. I think CFIUS was prescient and correct in identifying, for example, TikTok and the implicit

control of the Chinese Government of sensitive personal data of millions of Americans as a potential threat to national security.

I know you cannot talk about specific cases, but I am guessing you would also agree that was a sensible thing for CFIUS to be doing. Is that fair to say?

Mr. PILKERTON. While I cannot speak about a particular case, it is certainly very important to protect privacy data of American people.

Mr. LICCARDO. The statutory language that describes CFIUS' scope and jurisdiction describes a focus on any investment by a foreign person in any unaffiliated United States business that—I am using ellipses periods here to get to the chase—that maintains or collects sensitive personal data of U.S. citizens that may be exploited in a manner that threatens national security.

Does that sound familiar?

Mr. PILKERTON. Yes.

Mr. LICCARDO. So I would like to provide you with a hypothetical, knowing that you cannot discuss a particular case. I guess before I get there, I understand it is standard practice for you and your staff to engage in confidential briefings with Members of Congress, members of this committee about individual cases. Is that fair?

Mr. PILKERTON. There has certainly been a history of that in the past, yes.

Mr. LICCARDO. Okay. You can probably tell I am building toward that request.

I would like to provide you with a hypothetical. I want you to imagine a conglomerate media company that had the sensitive personal data of more than 100 million Americans, including what you all know is typically collected by many media or online companies around location information, viewing habits, page views, personal financial data, credit cards, et cetera.

I want you to imagine that conglomerate also had the ability to use its technology and its outlets to communicate instantly with hundreds of millions of Americans, and that there was a proposed purchase of that American media conglomerate by a group of investors. Among those investors were some foreign entities, including sovereign wealth funds.

Now, in the abstract, assuming nothing more, that you knew nothing more, that might be something that would get a on CFIUS' radar. Is that fair to say?

Mr. PILKERTON. Congressman, thank you very much for the question. I certainly appreciate that this scenario is a hypothetical.

If there is any scenario that potentially could include national security risks that the CFIUS program would have jurisdiction over, and under FIRREA components of that, maybe data privacy, that would certainly be something that potentially could be under consideration.

Mr. LICCARDO. I appreciate that, because I will push the hypothetical a little further and offer that the sovereign wealth fund was controlled by an autocratic ruler that would be investing tens of billions of dollars in equity in this proposed takeover. That autocratic ruler directed the brutal killing of a foreign journalist who worked for an American newspaper in 2018, according to United

States intelligence reports that were published. That autocratic ruler and his nation spies on activists, journalists, and foreign entities using technological tools like Pegasus and Predator. According to independent international reports, various non-governmental organizations (NGOs) and that ruler engaged in a pattern of what Facebook reported to be, quote, coordinated inauthentic behavior in 2019 when Facebook took down 350 of its phony accounts that were used in a mass disinformation campaign to manipulate public behavior.

Would any of those kinds of facts be the kinds of facts that would be relevant in a consideration of CFIUS exerting its review and perhaps intervention?

Mr. PILKERTON. Sir, any transaction that comes through CFIUS, we do make an assessment of the parties, of the transaction, their history, any other underlying national security risks.

So without speaking to any particular scenario, that would be something that would be standard in any transaction that we would see that we would have jurisdiction over.

Mr. LICCARDO. You might have already suspected that I am referring—that particular ruler is Mohammed bin Salman, who is the head of Saudi Arabia and, obviously, they have a sovereign wealth fund that is involved in this proposed takeover of a very important media property in the United States, Warner Brothers Discovery, as part of the Paramount deal. I know this is far from anywhere near a finish line.

I would like to request a confidential briefing of this matter and CFIUS' role. I have today submitted a letter to the CEO of Paramount who is involved in that potential takeover, urging them to voluntarily submit to CFIUS and your review, because I think it is a matter of national security.

Would you be willing to grant the request for a meeting?

Mr. PILKERTON. Once again, with respect to confidentiality, I am unable to confirm whether any transaction is or is not part of the CFIUS portfolio. So I would like to be clear about that.

Second, I am happy to have the legislative team at Treasury engage with your staff.

Mr. LICCARDO. Thank you very much, sir.

I yield.

Chairman DAVIDSON. I thank the gentleman.

The gentleman from Tennessee, Mr. Ogles, is now recognized for 5 minutes.

Mr. OGLES. Thank you, Mr. Chairman.

If I may, one of our colleagues from the other side criticized the Trump Administration and their 10 percent stake in Intel without mentioning the strategic value that—what role that may play in national security.

I want to look backward to an obvious example of precedents. So if you go to late 2008 and 2009, you had the Troubled Asset Relief Program, officially known as TARP, where the Treasury took stake in multiple corporations at a time of economic difficulty because it was of strategic value both from an economic but a national security standpoint.

For example, General Motors' \$50 billion, which was at that time about a 60.8 percent stake in the company in equities. Chrysler

was \$12 billion, which was later sold to Fiat, which was a 9.9 percent stake.

Then you look to the financial services industry, which would obviously be the jurisdiction of this committee, where Citigroup and Bank of America received \$45 billion in equity purchases and then AIG had a very complicated structured purchase agreement of \$182 billion, which roughly was a 79.9 percent stake.

So there is a historic precedence for Treasury getting involved when it is to the benefit of the United States of America and failing to mention that—and I serve as the chairman of Homeland Security Cyber Subcommittee, where we deal with these types of conversations on equities and foreign interests and how it affects our country. Obviously our biggest adversary is China.

That being said, I want to thank the chairman, Mr. Pilkerton for being here. You know, we need a defining moment in the global economy, a moment when our prosperity and our security is inseparable.

The Committee on Foreign Investment in the United States, or CFIUS, is one of the Nation's most important lines of defense. Its job is to scrutinize foreign capital that could intentionally or inadvertently undermine American national security. That mission has never been more vital. Again, when you look at the AI and the cyberspace, interconnectivity here is almost unfathomable.

For years, the People's Republic of China has blurred the lines between commercial activity and State power. Unlike Western markets, where private companies operate independently of government direction, China's corporate sector exists within a political system that compels the cooperation with the Chinese Communist Party's strategic objectives: Beijing's Made in China 2025 industrial plan.

Its dominance of key supply chains, from rare earth minerals to semiconductors, and an expansive industrial subsidy are all aligned to exploit open economies while denying reciprocal access to ours.

This is not a benign investment. It is a long-term strategy to acquire sensitive technologies, critical infrastructure, and intellectual property that can be used to China's advantage in future conflict or economic leverage.

At the same time, the Islamic Republic of Iran has repeatedly used opaque corporate structures and front entities to evade sanctions and funneled hard currency into its military and security apparatus. Tehran's network of proxies across the Middle East, its sponsorship of terrorism, and its systematic efforts to gain access to Western capital and technology pose a clear and present threat to U.S. interests.

Iranian actors have used complex ownership chains to mask control of entities that operate across borders, a strategy that without vigilant scrutiny could allow hostile regimes to penetrate or influence American technology and infrastructure markets.

CFIUS must remain robust, discerning, and unafraid to use its full statutory authority to scrutinize transactions involving entities tied to these regimes.

I want to underscore, Mr. Chairman, as someone who sits on the Cyber Subcommittee—I serve as chairman, I spend a lot of time in the Sensitive Compartmented Information Facility (SCIF) in a clas-

sified setting—we are attacked daily by China, by Iran, by North Korea. They want access to our markets. They steal our technologies and it is imperative that we support CFIUS in its mission.

Mr. Secretary, Assistant Secretary, the Chinese Communist Party requires companies under its jurisdiction to cooperate with State intelligence and security services, regardless of how these companies present themselves abroad. Given that reality, does CFIUS treat transactions involving Chinese-controlled entities as presumptively high risk even when those entities claim to be a private or are routed through third countries? Sir?

Mr. PILKERTON. Congressman, thank you for the question. As you know, under the CFIUS program, there is no per se prohibition from a particular country. That having been said, with respect to China, I am aware of some of the distinct risks that you are talking about.

I think taking it at a higher level with respect to the impact of things like cyber, like impact on military technologies, intelligence technologies, those areas are particularly important for the committee and we rely upon the entire committee around the table to help us and inform us of those national security risks so we can make a determination as to whether they exist, whether we can mitigate, or whether to prohibit a transaction.

Mr. OGLES. Thank you.

Mr. Chairman, I yield back.

Chairman DAVIDSON. Thank you.

The gentleman from Iowa, Mr. Nunn, is now recognized for 5 minutes.

Mr. NUNN. Well, thank you, Mr. Chairman, and thank you for CFIUS for being with us here today.

I am going to be very clear: The U.S. homeland is not for sale. That means not our military bases, not our family farms, not our key industries.

My home State of Iowa has seen agricultural espionage before. Chinese spies were stopped at Des Moines Airport for stealing seeds, literally going to a farm field and pulling them out of a test unit but because of good work here in the United States, we were able to stop those agents at the Des Moines Airport before they fled back to China. Now they can do it blatantly overline.

The challenge here is that, as I sit on the China Select Committee and understand the CCP's tactics to penetrate the U.S. market and establish a presence here in the United States, we need a CFIUS program that works. We welcome foreign investment in the United States, but there needs to be a more thorough and transparent process for understanding and addressing the entities of concern.

I think of CFIUS like airport security in a lot of very good ways. We want to move legitimate travelers or legitimate investment into the United States successfully while quickly stopping and identifying those threats before they can enter the United States and take root, as I noted with the Chinese.

Right now, we are making everyone wait in that same, tragic, slow line. As a result, I call on Treasury and CFIUS several times to Congress to review and address the national security issue which we flagged, the Bitmain and Cango active in the digital asset

space. This is iRobot and other robotics that are now flowing back to Beijing.

The challenge here is not only could you have a Roomba that could map your entire area and report that back, but the very fact that the Chinese are using lawfare to be able to acquire sensitive proprietary information, whether it be corn seeds or robotics, and take that back to replicate inside Beijing. This is a concern that affects all of us.

Mr. Pilkerton, I appreciate your leadership as Assistant Secretary for Investment Security at Treasury. I think Members of Congress want to make sure that we have got clear insight into the CFIUS review process, particularly where it is most appropriate.

I want to ask some specific questions here, and I appreciate the conversation today. Is there a reason that we on the Financial Services Committee cannot get updates on our requests, specifically Treasury's response to my letter about Bitmain and the work that CFIUS said is a matter that we cannot share anything?

Can we get into a SCIF? Can we understand what is going on? Can you help provide the clarity to this body so that we can better address legislative solutions with you?

Mr. PILKERTON. Congressman, I certainly appreciate the question. I am not familiar with your letter, but happy to engage with our legislative team to come back and speak with your staff. You raise a couple of really important points that I would like to speak to, if I may.

The first is the engagement of this committee is very important. As I stated before, the ability to be able to come to you and work with you to see if there are authorities or things that the program might need to be able to ensure that national security remains the number one and the abilities and processes are in place there is going to be incredibly important. I feel very strongly that we have that now.

You made reference to the agricultural area. Earlier in 2025, Secretary Bessent signed a memorandum of understanding (MOU) with Secretary Rollins to focus particularly in areas of ag land, biotech, transportation, storage and processing.

So just for you and your constituents, I want you to know that is an area I have spoken to Secretary Rollins about personally, Deputy Secretary Vaden, and it is very high on our radar, and we are excited to have them as part of the committee for those transactions.

Mr. NUNN. I am very encouraged to hear that feedback. I think that is a move in the right direction.

When we look at—I think there are 330 transactions annually that your team reviews, that is no small accomplishment. At the same time, I want to make sure that there are prioritizations happening within there. I have to assess that CFIUS is doing some level of elevation for key things that are really critical to the United States.

Can you speak to us on how that process is working now so we can go after these top-tier bad actors first versus looking at everything in a monolithic approach?

Mr. PILKERTON. Sure. So from a process perspective, going back to your sort of airport analogy, we have the Known Investor Pro-

gram that is under development. It is still under a pilot but the idea there is when we look at the people that are engaged in a transaction and the actual transaction itself, we have to assess both of those components for the national security risk.

Our hope and goal are that under the Known Investor Program, we will be able to get a better understanding of the parties from as much information as we can get now that will continually be updated, as you would imagine, but that process will be as efficient as possible.

Mr. NUNN. Thank you. I would like to make sure that we not only encourage this pilot program but those who want to invest do have a clean, safe pathway to do it, and those who are dangerous are priorities at the top. This is something we should be working on together.

Thank you, Mr. Chair.

Chairman DAVIDSON. Thanks, Mr. Nunn.

The gentleman from Texas, Mr. Green, is now recognized for 5 minutes.

Mr. GREEN. Thank you, Mr. Chairman.

Mr. Chairman, Ranking Member, I have in my hand a bill styled the Preemption of Real Property Discrimination Act. This legislation would preempt States from producing unacceptable laws related to real property transactions as they relate to persons who may have a foreign background. I will say more about that at some other time.

What is important to say is this: This legislation is legislation that would preempt the 50 States from each having their own laws related to individuals who are from other countries buying property.

I am honored to tell you that Hon. Judy Chu is a co-lead on this legislation. It was introduced in a previous Congress, and today I plan to introduce it again.

Fifty States, 50 different laws. CFIUS has the authority to deal with these transactions. Fifty States, 50 different laws.

Will you kindly explain, sir, whether you think we should have 50 States with 50 different laws? Some may have a ceiling that is quite high. Others may have a floor.

Your response, please.

Mr. PILKERTON. Thank you, Congressman, for the question.

In the CFIUS program that I have gotten the honor to lead focuses, obviously, on the Federal CFIUS laws. Now, in implementing that program, we work very closely with State actors to ensure we understand their concerns and are able to engage accordingly.

Mr. GREEN. Let me ask you this, sir, if I may. I appreciate your interacting with them, but if it is only an interaction and they are allowed to do whatever they choose, we still have 50 States with the ability to promulgate 50 different laws.

Mr. PILKERTON. Thank you very much for that question. I just wanted to finish up saying that I not only will be engaging with the States but also with the chambers of commerce so they understand the Federal CFIUS program.

With respect to the CFIUS program that I lead, I can only execute the laws on the Federal side. I have not seen your legislation but, obviously, I will focus on what I can do.

Mr. GREEN. I will be proud to have you review it but 50 States with 50 different laws is unacceptable. I think we need to preempt—CFIUS should have the authority to do this and if we need additional laws, other than what I will be introducing along with Hon. Judy Chu, I will be more than pleased to look at producing the laws to do this.

This would undermine CFIUS to have these 50 States engaging in this process at will, but there is something more sinister that is taking place right now. It creates xenophobia when a State like Texas produces its law and you are relying on realtors to enforce the law. There is a certain amount of xenophobia that is taking place, and people are worried about their ability to engage in a legal transaction.

I am going to give you a vignette that I have a personal relationship with. I buy property, and I was purchasing a piece of property and dealing with the typical methodology by which one makes the purchase. At the closing, the persons who were assisting us wanted me to sign a document indicating that the seller is not a foreign national. I do not know the seller's origin. I know nothing about the seller. As a matter of fact, never met the man. It was a man. Never met him.

Somehow there was an expectation that I would sign a document saying that he was not a foreign national. That is the kind of confusion that these laws can create, because people are desiring to be law-abiding and make sure that they do that which is within the law.

I am a very strong believer and advocate for equality, liberty, and justice for all, as we extol it in the Pledge of Allegiance. This behavior of allowing 50 different States to produce laws comparable to what we have in Texas is unacceptable. I think this bill is going to be very helpful.

Finally, Mr. Chairman, thank you for giving me this second to say this. I support protecting our military installations, but I do not think we have to produce a law that will allow an American citizen to buy that land and prevent a foreign person. I want to protect us from anyone living near those sensitive sites. Does not matter to me where you are from. It is the sensitive site that judges, that I judge.

Thank you very much, Mr. Chairman.

Chairman DAVIDSON. The gentleman's time has expired. All time for questions has expired.

I would like to thank you, Mr. Assistant Secretary Pilkerton, for your testimony today.

Without objection, all members will have 5 legislative days to submit additional written questions for the witness to the chairman. Questions will be forwarded to the witness for his response.

Assistant Secretary Pilkerton, please respond no later than February 18 if we get those to you.

[The information referred to can be found in the appendix.]

This hearing stands adjourned.

[Whereupon, at 11:48 a.m., the subcommittee was adjourned.]

APPENDIX

MATERIALS SUBMITTED FOR THE RECORD

House Financial Services Committee
National Security, Illicit Finance, and International Financial Institutions Subcommittee

January 14, 2026, Hearing Entitled:

**Evaluating the Operations of the Committee on Foreign
Investment in the United States (CFIUS)**

Statement for the Record

Submitted by the

Coalition for a Prosperous America

January 21, 2026

The Coalition for a Prosperous America (CPA) is grateful for this opportunity to submit this statement for the record of the Committee's recent hearing Evaluating the Operations of the Committee on Foreign Investment in the United States (CFIUS).

The national and economic security threats of capital flows into and from our nation's adversaries, with special attention to the People's Republic of China, has been a priority of CPA since the inception of CPA's China Capital Markets Project in 2019.

Outbound Investment

In partnership with the Prague Security Studies Institute (PSSI), www.pssi.cz, CPA has produced a series of groundbreaking studies of case studies documenting the alarming extent to which U.S. asset managers and index providers are actively funneling billions of dollars of U.S. investor capital to Chinese Communist Party (CCP) companies, including Chinese firms that have been sanctioned by the U.S. government for human rights abuses and that are helping to modernize China's People's Liberation Army (PLA).

CPA Reports

Vanguard/FTSE Russell Report

This report, titled "Case Study for Congress: Vanguard & FTSE Russell – How Wall Street Funds the CCP & PLA with U.S. Investor Capital," provides analytic evidence that Vanguard, which has roughly \$8 trillion in global assets under management, is investing the retirement and investment dollars of the American people in bad actor Chinese "A-Share" companies at a level unmatched in the U.S.¹

BlackRock/MSCI Report

This report, titled "Case Study for Congress: BlackRock & MSCI: How Wall Street's Offshore Companies Fund the CCP & PLA," provides analytic evidence that BlackRock, the world's largest asset manager, and MSCI, the world's foremost index provider, are investing in Chinese

military companies and companies sanctioned by the U.S. government for their involvement in Beijing's ongoing use of forced labor and genocide against the Uyghurs.²

Report on Wall Street Joint Ventures with Chinese Banks

This report, titled "Inside the Wire: Wall Street's Joint Ventures with the Chinese Communist Party," reveals how U.S. financial giants — including BlackRock and Goldman Sachs — have formed joint ventures (JVs) with state banks controlled by the CCP, giving Beijing unprecedented influence over major U.S. financial firms and Wall Street executives.³

Report on China's Project to Dominate Space

This joint report by CPA and PSSI, titled Ground Game of Authoritarian Space Powers, examines how China, with the support of U.S. investors, is pursuing a new space race not only to the Moon and in orbit, but also on the ground. The study details how Beijing is pursuing a program of "space sector capture" to penetrate and control the space sectors of more than 120 countries through agreements with ostensibly private Chinese companies that, in effect, act as fronts for the People's Liberation Army (PLA).⁴

Fox Nation Documentaries

CPA also has partnered with the Fox Nation network in the production of a series of documentaries vividly exposing the CCP/PLA's nefarious activities on various fronts, including the project to dominate space on the ground, in orbit, and on the moon, and the U.S. financial industry's complicity in funding those projects. We believe these well-researched films are required viewing for U.S.-China policy makers, and have arranged for the Committee to have access to them via the links provided.

Underwriting the Enemy

EP 1: The Price of Greed ⁵

UTE 2: Surveillance State ⁶

UTE 3: Countdown to Invasion ⁷

UTE 4: All About the Fees ⁸

UTE 5: United Front ⁹

UTE 6: The Chairmen ¹⁰

The Enemy Above

"In this follow-up to her acclaimed series Underwriting the Enemy, Maria Bartiromo uncovers China's military offensive in space. For decades, the Chinese Communist Party has been quietly advancing its space program. Now, Xi Jinping's strategy threatens to dominate the final frontier — putting the United States and its allies at risk. Featuring exclusive insights from leaders in the U.S. Space Force, defense innovators, and global security experts, The Enemy Above reveals what's at stake — and how the U.S. plans to fight back."¹¹

The State of Play

In these and other projects, CPA has urged action in response to the enormous threats to U.S. national and economic security arising from investments by U.S. persons in Chinese companies and in the Chinese Government itself, and by extension, the People's Liberation Army (PLA) and the Chinese Communist Party (CCP).

There have been some successes. CPA urged exclusion of Chinese stocks from the Federal Thrift Savings Plan, a policy that now has been adopted.

Various executive orders have sought to limit U.S. public and private flows to companies on various sanctions lists and in technology and other sectors with national security importance. These included Executive Order 14105 in the prior administration, which recently was codified, broadened, and strengthened in "COINS Act" included in the National Defense Authorization Act for Fiscal Year 2026. In the current Administration, President Trump issued the "America First Investment Policy" via a Presidential Memorandum to all federal agencies on February 21, 2025 (AFIP).

In AFIP, the President announced the "United States will also use all necessary legal instruments to further deter United States persons from investing in the PRC's military-industrial sector." The President further announced that Executive Order 14105 was under review under a review that will "consider new or expanded restrictions on United States outbound investment in the PRC in [certain technology] sectors" and "will consider applying restrictions on investment types including private equity, venture capital, greenfield investments, corporate expansions, and investments in publicly traded securities, from sources including pension funds, university endowments, and other limited-partner investors.'

However, with the Subcommittee's timely CFIUS review, we must ask, nearly a year later, where are we? CPA would argue that, notwithstanding the significant achievement of the enactment of the COINS provisions of the 2026 NDAA, COINS and the related executive orders have not addressed the larger picture of how the American capital markets are directly and substantially supporting the activities of the Chinese Communist Party and People's Liberation Army through:

investments in –

- Chinese companies, and their subsidiaries, listed on various U.S. sanctions lists;
- Sovereign bonds issued by the People's Republic of China;
- Chinese companies issuing "A Shares" listed on the Shanghai and Shenzhen exchanges;
- Chinese companies issuing "H Shares" listed on the Hong Kong exchange;
- "Variable interest entities" with tenuous relationships with associated Chinese firms;

enabled by the U.S. financial houses (and accomplices like the index providers), who –

- include these instruments in their mutual funds and other offerings

- underwrite initial public offerings listed on the Hong Kong exchange, which now is effectively subsumed into mainland China, earning the associated fees
- Engage in joint ventures with the largest Chinese banks to make their offerings available to Chinese retail investors

We submit that none of these activities should be permitted by U.S. law.

One must ask why, when Congress and the Administration have determined that U.S. technology may not be exported to a Chinese company because it is effectively acting as a military company under China's Military-Fusion strategy, why is it nevertheless permissible to export U.S. capital to that company, in direct support of those activities? That is, to send U.S. capital to support the PLA?

Worse, why is it permissible to use U.S. capital to purchase sovereign bonds of the Chinese government, which includes the PLA and which is effectively an extension of the CCP?

And why is it permissible to send U.S. capital to companies listed on Chinese domestic exchanges without investor disclosures and who, directly, and indirectly, support maintaining the CCP in power?

These are bad actors, engaged genocide and other domestic and international human rights abuses, and economic and military imperialism, often in close partnership with their counterparts in North Korea, Russia, and Iran. Sending trillions of dollars of U.S. capital to them makes the United States complicit in these activities.

There is much bipartisan support for ending that complicity.

Why, then, has the law not been changed? We would argue that Wall Street and Chinese interests have actively sought to prevent the enactment of meaningful reforms. There are trillions of dollars of profits and fees at stake in maintaining these arrangements. We also would argue that in the long run the damage of this support for China and its partner adversaries will outweigh the financial gain; however, that is a long view that Wall Street firms have thus far proven incapable of. It falls on the members of this Committee and of the Congress to take the lead.

Inbound Investment

Then there is the case of inbound investment, as Chinese actors seek to buy up technology and other assets vital to U.S. national security. Ironically, they often are doing so with outbound investment our financial institutions have so generously provided them with.

CFIUS is charged with balancing the goal of opening the U.S. economy to foreign investment while preventing foreign investment that threatens U.S. national security. As the President stated in AFIP:

Investment at all costs is not always in the national interest, however. Certain foreign adversaries, including the People's Republic of China (PRC), systematically direct and facilitate investment in United States companies and assets to obtain cutting-edge technologies, intellectual property, and leverage in strategic industries. . . . PRC-affiliated investors are targeting the crown jewels of United States technology, food supplies, farmland, minerals, natural resources, ports, and shipping terminals.

Furthermore, China is actively seeking to dominate sectors essential to U.S. national security through greenfield investments, including cases where the investment is presented as being in one sector, and later changed to include another that is of national security concern.

The Committee and witnesses have expressed concern over how to balance the interests of welcoming foreign investment and protecting national security.

CPA's view is that the current practice of CFIUS screening of individual transactions is both detrimental to the goal of welcoming investment and insufficient to prevent investments being inimical to national security. We therefore recommend an approach that is sectoral – encompassing sectors identified as of national security concern through a Section 232 investigation, and categorical – applying to entities with defined ties to adversary nations, i.e., “foreign entities of concern.” More specifically, we recommend enactment of a “Prohibition of Certain Inbound Investments by Foreign Entities of Concern,” providing that

Any investment that –

- Is reportable under the International Investment and Trade in Services Survey Act (22 U.S.C. 3101-3108); and
- Is made by a “foreign entity of concern” as such term is defined in the One Big Beautiful Bill Act;
- Is made in an enterprise engaged in the production of articles that are subject to a presidential action adjusting imports pursuant to section 232 of the Trade Expansion Act of 1962

is prohibited, unless the Committee on Foreign Investment in the United States has made a determination that such investment is in the national and economic security interest of the United States.

The definition of a reportable investment would include any investment in an enterprise that later enters into a business in a sector covered by a Section 232 investigation or determination, and likely would need to grandfather investments in businesses that later become subject to a Section 232 investigation or determination.

Future Collaboration

We strongly support the Committee's identification of the national security implications of both outbound and inbound U.S. investment flows. It is our hope that the extensive research and documentary production we have shared thus far will be of assistance to the Committee in that work, and would be pleased to offer further research, analysis, and recommendations to secure enactment of legislation effectively addressing these concerns.

* * *

ENDNOTES

¹ CPA report details how Vanguard and FTSE Russel funnel billions of U.S. investor capital to the CCP and PLA-linked companies (10/12/23)
<https://prosperousamerica.org/cpa-report-details-how-vanguard-and-ftse-russell-funnel-billions-of-u-s-investor-capital-to-the-ccp-and-pla-linked-companies/>

Vanguard funds invest in China military groups, report says (0/12/23)
https://www.ft.com/content/a37c6b7c-bec1-457b-8125-a3dbe2a8a275?accessToken=zwAGB4SYWzKYkdOifGt8vsFFe9OBJaPb4qjldQ.MEYCIQDmRxkl_YNpSq6l9cNh5NbSrQ0S7kGdOqNPc7GLP2KOWlhANOZawSze4wH0GEPvH2VP2hV_iV7crA0Eqv_lualXC1q&sharetype=gift&token=83e82dcb-5f41-4871-ad8a-2ab2e15a6d28

² CPA Report Details How BlackRock and MSCI Funnel Billions of U.S. Investor Capital to CCP And PLA-Linked Companies (05/01/24)
<https://prosperousamerica.org/cpa-report-details-how-blackrock-and-msci-funnel-billions-of-u-s-investor-capital-to-ccp-and-pla-linked-companies/>

BlackRock in China: Nuclear buildup underwritten in part by leading Wall Street firm, report says (4/30/24)
<https://www.washingtontimes.com/news/2024/apr/30/blackrock-in-china-nuclear-buildup-underwritten-in/>

³ CPA Report Exposes Wall Street's Dangerous Ties with Chinese Communist Party-Controlled Banks
<https://prosperousamerica.org/cpa-report-exposes-wall-streets-dangerous-ties-with-chinese-communist-party-controlled-banks/>

⁴ New Report Shows China's Plan to Dominate the World Space Market, Supported by U.S. Investors
<https://prosperousamerica.org/new-report-shows-chinas-plan-to-dominate-the-world-space-market-supported-by-u-s-investors/>

Ground Game of Authoritarian Space Powers – Underwritten by U.S. Investors?
https://www.pssi.cz/download/docs/11652_ground-game-of-authoritarian-space-powers-underwritten-by-u-s-investors.pdf

⁵ <https://app.frame.io/presentations/50cd74db-a33b-4ec3-af1a-69db94c6c1bf>

⁶ <https://app.frame.io/presentations/c87ce29c-d5ce-4ad8-befb-099f8f20b4f1>

⁷ <https://app.frame.io/presentations/049d5fa1-2f2e-4a39-ad56-b2577acaf0e7>

⁸ <https://app.frame.io/presentations/ddfce383-c641-4e5b-89c3-5d5f6831958b>

⁹ <https://app.frame.io/presentations/6b42568e-e13c-47dc-84e8-0739637038a1>

¹⁰ <https://app.frame.io/presentations/a0405e73-e8c3-46fc-9447-4e0849a9ad79>

¹¹ <https://app.frame.io/presentations/8e55a310-109c-484c-a832-ef660ccb5450>



January 20, 2026

The Honorable Warren Davidson
Chairman
Subcommittee on National Security, Illicit Finance
and International Financial Institutions
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Joyce Beatty
Ranking Member
Subcommittee on National Security, Illicit Finance
and International Financial Institutions
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Davidson and Ranking Member Beatty,

Thank you for convening the hearing entitled "Evaluation the Operations of CFIUS" on January 14, 2025. I appreciate your consideration of including the attached white paper in the hearing record.

My company, Quantifind, specializes in helping organizations leverage AI technology for uncovering risk patterns in unstructured data. Our Graphyte platform has been successfully deployed in major enterprises, including Tier 1 banks, Fortune 50 companies, and several federal government agencies, including the U.S. Department of Defense and, with respect to CFIUS, the Department of Justice.

Foreign adversaries have become more sophisticated in their efforts to exploit American innovation and proprietary data, and to influence political outcomes. Adversarial capital now appears in many forms, including direct and indirect investment, shell companies, hidden beneficial ownership, and complex venture capital structures with opaque limited partners. The true source of capital is frequently obscured, making traditional screening methods insufficient for detecting and mitigating foreign threats.

The U.S. must modernize our methods to protect our innovation ecosystem from malign foreign influence. CFIUS adoption of AI technologies to enhance transaction screening is vital for continued U.S. leadership in critical and emerging technologies, such as AI, quantum computing, biotechnology, advanced communications, and microelectronics. AI can conduct large-scale network screening with extremely high accuracy, dramatically reducing false positives while uncovering hidden threats. By leveraging extensive training data, contextual analysis of vast document collections, and predictive feature extraction, AI enables CFIUS to make informed, selective, and timely decisions. This approach balances the need for vigilance with the imperative to support American entrepreneurship and economic leadership.

Thank you for your attention to this critical matter implicating U.S. technological leadership and national security. Quantifind looks forward to supporting Congress as it works to ensure that CFIUS has the tools its needs to ensure that our country remains both open to investment and resilient against adversarial capital.

Sincerely,

Ari Tuchman
Chief Executive Officer

Quantifind
July 2025
Ari Tuchman, PhD

CFIUS and AI Technology

Foreign adversaries are increasingly sophisticated in their efforts to exploit American innovation and proprietary data, and to influence political outcomes. In particular, PRC investors can exert influence on their portfolio companies, pressuring companies to prioritize initiatives, accessing prototype technology, and gaining unique access to proprietary information rights. The Committee of Foreign Investment in the United States (CFIUS) was formed to safeguard against such foreign influence, with a focus on critical technologies. The efficacy of CFIUS relies on accurate detection of both adversarial capital and critical and emerging technologies. These tasks confront challenges in scale and opacity, but AI technologies can address them effectively.

Adversarial capital takes many forms, including direct investment, investment through a shell company or hidden beneficial owner, a corporate grant for engineering development, or a venture fund with opaque limited partners. These sources of capital might be paired with appointing a director on a corporate board, contractual requirements to share IP, or indirect measures such as social conversations. Often, adversarial capital will intentionally be hidden behind shell companies. The beneficial ownership of the organization supplying capital and its extended network must be analyzed to detect the extension of foreign threat.

Critical and emerging technologies (CET) such as AI, quantum, robotics, biotechnology, communications, energy, microchips, manufacturing, space and hypersonics, represent the vanguard of American innovation. However, emerging companies often position their innovation only for their immediate markets. This can hide other critical applications that might be otherwise categorized as CET. For example, high finesse mirrors might be classified as optical components rather than quantum or biotechnology related technologies. Company expertise and vertical specialization must be extracted from scientific publications, trading partners and relationships.

The Challenge: Network, Scale and False Positives

There are tens of millions of private companies in the United States, and there are likely tens of millions more business endeavors that are literally working out of a garage pursuing an idea. Companies obtain a wide range of investments to grow and flourish. Even limiting this universe to those companies that are venture or angel investor-backed still translates into over 50,000 new investment rounds each year. Venture capital groups can each have dozens of limited partners, dozens more advisors, and investments in hundreds of other small companies that may create an intricate sphere of influence over companies.

Malign foreign capital is rarely in plain view and often can only be ascertained with large scale expanded network screening. This comprises automatically screening investors, beneficial owners, business partners, and related entities. Many influential parties are not listed in any “gold standard” database, many beneficial owners of the investments are obfuscated, foreign influential parties are hidden behind shell companies, and most of the relationships between companies are, at best, discoverable through media reports.

A network analysis increases the number of entities that must be screened, often by two orders of magnitude. Furthermore, any errors in classifying risk at the entity level compound with each degree of freedom. Inaccuracies in resolving an entity or risk exponentially grow as related parties are screened. Thus, comprehensive screening can lead to intolerable false positives, which can have a chilling economic effect. Unnecessarily putting certain investors or partners on an alert list either with mistaken name matching, or overzealous policy, can materially, and unnecessarily, disadvantage American companies in obtaining funding. Slowing down investments can destroy a fragile, early-stage innovative company. Therefore, the vigilance and expansiveness of screening must be balanced with the demand for selectivity and accuracy.

The data sources that can begin to shed light on this nested maze of investors are messy, largely unstructured, and often come from potentially unreliable sources and multiple foreign languages. Thus, the scale of screening and reference sources rapidly becomes intractable.

The Solution: AI Technologies to Conduct Efficient Network Screening

AI technologies enable large network screening of hidden foreign threat with extremely high accuracy to reduce false positives. These solutions require extensive training data, contextual parsing of large-scale document collections, and predictive feature extraction.

To extract information accurately and understand the technology risk to US interests, the following AI capabilities are needed to effectively perform CFIUS network screening:

1. **Entity Extraction and Resolution:** Identify and disambiguate an entity from disparate data sources and recognize how different spellings and colloquial naming can be conflated.
2. **Network Discovery:** Identify relationships between companies and investors from diverse data sets and determine the nature of that relationship. Network analysis must reliably extend to multiple steps outward in the network, or “graph.”
3. **Risk Factors:** Identify risk factors for criminal activity, adversarial actors, or predictive features that might indicate an increased propensity for association with such criminal activity or adversarial actors.
4. **Risk Relevance:** Associate predictive risk factors with the correct entity, even when co-occurring in ambiguous, unstructured text.

5. **Technology Trends:** Extract paradigm shifting technologies from early literature, mapping these to potential raw materials required for scalable production (e.g., elements are required for quantum computers).
6. **Graph:** Data fusion from structured and unstructured, and public and commercial sources, to provide rapid and accurate network screening. This graph can be customized with distinct data sets, relationship types, and risk factors, which pertain specifically to FOCI (Foreign Ownership Control Influence) and critical supply chains, including manufacturers and merchant vessels. The graph will enable CFIUS practitioners to rapidly extract and visualize related business entities and capital sources that are connected in an end-to-end supply chain for critical technologies.



Explore a comprehensive network graph to make scalable FOCI threat decisions and reduce exposure.

Federal public policy should reflect the vital nature of network screening and the need to conduct such analysis with state-of-the-art AI capabilities that promote accuracy and efficiency in screening.

About Quantifind: Established in 2009, Quantifind specializes in AI technology for uncovering risk patterns in unstructured data. Its Graphyte platform was developed over a decade and has been successfully deployed in major enterprises, including Tier 1 banks, Fortune 50 companies, the U.S. Department of Defense and, specifically for CFIU applications, at the Department of Justice

Congress of the United States
Washington, DC 20515

January 14, 2026

David Ellison
Chairman and Chief Executive Officer
Paramount, a Skydance Corporation
1515 Broadway
New York, New York 10036

Dear Mr. Ellison,

Over the last few months, I have observed Paramount Skydance's (Paramount) reported efforts to acquire Warner Bros. Discovery (Warner) with increasing alarm. Public reporting and recent SEC disclosures indicate that three foreign sovereign wealth funds have substantially supported Paramount's bid, including one controlled by Crown Prince Mohammed bin Salman, who, according to a declassified 2021 report of the U.S. Director of National Intelligence, ordered the murder of U.S. resident and *Washington Post* journalist Jamal Khashoggi.¹ Given the nature and reach of Warner's news and other media companies, which hold the sensitive personal data of more than 100 million American citizens, I believe this acquisition raises serious national-security, data-protection, and editorial-independence concerns that warrant full transparency and regulatory scrutiny.

A merger of this scale, involving two of the nation's most influential media companies, carries implications far beyond ordinary commercial consolidation. Warner's platforms reach tens of millions of American households through CNN, HBO, Max, Warner Bros. Pictures, Discovery, and numerous digital and cable properties. They also shape the news, entertainment, and cultural content consumed by the American public, and hold sensitive personal and financial data of millions of Americans. Any transaction providing foreign investors with governance rights, access to non-public data, or indirect influence over content distribution creates vulnerabilities that foreign governments could exploit.

Under Section 4565 of Title 50 of the U.S. Code CFIUS jurisdiction to review acquisitions arises under either of two grounds: a transaction that conveys "control" of the business to foreign actors, or an acquisition that could give non-controlling foreign entities access to Americans' "sensitive personal data." CFIUS regulations define "control" broadly, and the law does not require the acquisition of a majority interest in the U.S. business. Rather, CFIUS concerns arise

¹[Assessing the Saudi Government's Role in the Killing of Jamal Khashoggi](#), Office of the Director of National Intelligence, 2021.

where a foreign actor's minority interests confer a significant ability to influence "important matters" related to the American entity. The law alternatively authorizes CFIUS review where foreign entities could obtain access to Americans' "sensitive personal data," including viewing histories, behavioral profiles, frequently used passwords, credit card and financial data, and personal device and location information.

Updated SEC filings indicate that Paramount's evolving financing structure continues to include substantial foreign participation,² including Abu Dhabi-owned L'imad Holding Company PSJC, the Qatar Investment Authority, and the Saudi Public Investment Fund ("PIF"). Saudi Crown Prince bin Salman controls the PIF.³

Against this backdrop, I respectfully seek clear answers to the following questions:

- What concrete structural, contractual, and governance protections will ensure that foreign investors—particularly state-linked entities such as sovereign wealth funds—have no ability, directly or indirectly, to influence editorial decisions, content, news coverage, or distribution priorities?
- What assurances can Paramount provide that foreign investors will have no access to Americans' private data, proprietary audience analytics, internal communications, or financial information? Who will monitor and enforce compliance with any firewalls, and how will they do so?
- What is the full range of commitments—formally or informally—that you or Paramount have made to these sovereign-wealth funds and their ultimate benefactors in return for committing tens of billions of dollars to this transaction? Please provide all information regarding side agreements, information rights, consultation rights, or strategic understandings beyond passive financial returns.
- Will Paramount commit to full disclosure of the equity and debt financing structure, including ultimate beneficial ownership, investor rights, and governance arrangements, to both regulators and Congress?

Notably, Warner Bros. Discovery itself has raised parallel concerns. In its January 7, 2025, Form SC 14D-9/A, Warner's Board stated that "the regulatory risks associated with the December 1 offer may be exacerbated by Paramount's undisclosed equity syndication," and emphasized that CFIUS and the President retain broad authority to review foreign investments, regardless of a bidder's assertions that review is unnecessary.

²[SCHEDULE TO/A, Tender Offer Statement Pursuant to Section 14\(d\)\(1\) or 13\(e\)\(1\) of the Securities Exchange Act of 1934 \(Amendment No. 7\)](#), Securities and Exchange Commission, 2026

³ [Trump Organization deepens Gulf push with \\$10bn in Saudi projects](#), Financial Times, January 11, 2026

Given the stakes involved, I urge Paramount to voluntarily submit this transaction for full CFIUS review, irrespective of whether Paramount believes such review is technically required. Voluntary filing would demonstrate good faith, enhance public trust, and provide assurance of the vetting of national-security, private data, and influence risks. Thank you for your prompt attention to this matter. I respectfully request a prompt response to this letter by Friday, January 23.

Sincerely,



Sam P. Liccardo
Member of Congress

FRENCH HILL, AR
CHAIRMAN



MAXINE WATERS, CA
RANKING MEMBER

United States House of Representatives
One Hundred Nineteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

February 2, 2026

The Honorable Chris Pilkerton
Assistant Secretary for Investment Security
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Assistant Secretary Pilkerton:

Thank you for testifying before the Subcommittee on National Security, Illicit Finance, and International Financial Institutions of the House Committee on Financial Services on January 14, 2026, at the hearing titled "Evaluating the Operations of the Committee on Foreign Investment in the United States (CFIUS)." Per the instructions announced by the Chairman at the conclusion of the hearing, Members submitted additional questions for your response. Please respond to the questions below and submit your response by February 25, 2026.

Should you or your staff have questions or need additional information, please contact Kyle Smithwick or Svent Bossart at (202) 225-7502.

Sincerely,

A handwritten signature in blue ink that reads "French Hill".

French Hill
Chairman

FRENCH HILL, AR
CHAIRMAN



MAXINE WATERS, CA
RANKING MEMBER

United States House of Representatives
One Hundred Nineteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Questions for the Record
Subcommittee on National Security, Illicit Finance, and International Financial
Institutions Hearing Titled: “Evaluating the Operations of the Committee on Foreign
Investment in the United States (CFIUS).”
January 14, 2026

From Chairman Hill:

Mitigation

In 2024, the Government Accountability Office (GAO) reported that over the last decade, the number of national security agreements has quadrupled while agreements have become increasingly complex.

1. How is Treasury as chair of CFIUS addressing the rising workload and complexity of national security agreements to ensure that it can properly monitor and enforce compliance with those agreements?

National security agreements are an important part of the Committee’s authorities, enabling CFIUS to maintain the United States’ strong and open investment environment while protecting national security. Treasury is committed to upholding CFIUS’s statutory obligation to implement mitigation measures that are effective, verifiable, and enforceable when a transaction presents a risk to national security and mitigation can resolve that risk.

Using the authorities and resources provided by Congress, including those in the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA), Treasury has an established and active compliance and enforcement function. This function includes professionals with relevant legal and compliance experience, tools and procedures to assist in monitoring and compliance activities, and other efforts to encourage and support compliance-oriented approaches at mitigated companies.

Additionally, as I noted during my testimony, process efficiencies and stakeholder communication are an important part of our CFIUS work. Treasury is focused on reducing overly burdensome mitigation, as President Trump highlighted in the

America First Investment Policy, and we continue to seek ways to appropriately streamline mitigation.

2. In 2025, Treasury took steps to implement a GAO recommendation to periodically review active national security agreements and phase out those that were no longer necessary, notably committing to review each active agreement not less than every two years for possible termination. Can you provide an update on the number and outcomes of the reviews to date, as well as an explanation of Treasury's approach to prioritizing which agreements to review?

As required by law, the Committee periodically reviews mitigation agreements and terminates or otherwise amends them if a threat no longer requires mitigation through the agreement. Based on the most recent data publicly available, as of the end of 2024, the Committee was monitoring 242 mitigation agreements and conditions. CFIUS terminated 25 mitigation agreements in 2024, and four mitigation agreements and conditions were materially modified. CFIUS considers a number of factors in determining which mitigation agreements to prioritize for review and termination or modification, including changed circumstances in the U.S. business, with respect to the foreign person involved in the transaction, or otherwise with respect to need for the mitigation (for example, if the U.S. Government customer no longer requires supply of a product or service covered by a mitigation agreement).

3. GAO reported in 2024 that CFIUS experienced challenges reaching consensus on certain enforcement actions and recommended that Treasury work with the other member agencies to develop a committee-wide process for making enforcement decisions, including assessing penalties. As of January 2026, this recommendation has not been implemented. What steps is Treasury taking to implement this recommendation and ensure that CFIUS takes decisive action in response to potentially threatening breaches of national security agreements?

Monitoring compliance with mitigation agreements and taking enforcement action when appropriate is a priority for CFIUS. GAO is apprised of the Committee's efforts, including the work that Treasury has done to develop enforcement procedures and our ongoing work with the Committee on formalizing them. More broadly, Treasury regularly works with the full Committee on enforcement actions. Additionally, the Committee has strengthened its compliance, monitoring, and enforcement efforts in recent years, including by hiring staff dedicated to carrying out this work, issuing enforcement and penalty guidelines, and updating CFIUS's regulations to enhance our penalty and enforcement authorities.

Excepted Investors

4. We understand that the "excepted investor" regulations have not materially reduced CFIUS-related private sector burdens. We further understand that the lack of burden reduction is a result of the complexity and stringent qualification

requirements. To what extent is CFIUS seeking to make changes to make this exemption more useful?

The concept of an excepted foreign state (EFS) was first introduced in CFIUS's regulations published in 2020 to implement FIRRMA's direction to limit the application of certain provisions to the investments of certain categories of foreign persons. At that time, three countries were identified as an EFS. In 2022, CFIUS made a determination with respect to a fourth country. These countries have established and are effectively utilizing robust processes to analyze foreign investments for national security risks and to facilitate coordination with the United States on matters relating to investment security.

We will continue to consider the EFS concept and other approaches to ensure that the Committee operates as effectively and efficiently as possible while continuing our core mission to protect U.S. national security while also welcoming foreign investment.

State Level Investment Restrictions

5. Is it Treasury's position that FIRRMA currently preempts state investment prohibitions and restrictions?

The mission of CFIUS, as authorized by Congress including through the changes made by FIRRMA, is to review certain transactions by foreign persons and take action in certain circumstances to protect the national security of the United States. With its robust tools, coordination across the U.S. Government, and support from the intelligence community, CFIUS is best positioned to carry out this mission with respect to each transaction before it. We are also engaging with state and local partners to raise awareness of CFIUS and its authorities, as well as to hear their perspectives.

Outbound Investment Security Program (OISP) Implementation

Compliance

Ensuring that investors have clarity on their legal obligations is a critical priority of this Committee.

6. Throughout OISP implementation, investors have routinely told our Committee that they have struggled to understand what investments are off limits and that Treasury does not provide sufficient clarity in this regard. This problem could be solved through an entity-based approach, not the Biden Administration's use of sectors. At a time when the U.S. acquisition of Chinese ports in the Panama Canal – a deal championed by the President – as well as a U.S. company's outbound investment in Manus AI are being threatened by the Chinese government, why is OIS supporting the Biden Administration's approach which makes it even harder for Americans to take over Chinese assets?

The Outbound Investment Security Program (OISP) is intended to address the national security threat to the United States posed by the People's Republic of China's (PRC) exploitation of certain U.S. investments, including certain intangible benefits, to advance the development of key technologies and products with U.S. national security implications. The OISP focuses on entities involved in specific technologies within the categories of semiconductors and microelectronics, quantum information technologies, and artificial intelligence and that have a nexus to the PRC. Treasury remains attentive to areas where clarity could assist stakeholders and regularly engages with U.S. industry participants to receive feedback on the OISP. Informed by stakeholder feedback, Treasury has published numerous Frequently Asked Questions on its website, and these continue to be updated, most recently in December 2025.

In addition, the implementing regulations for the OISP exempt a U.S. person's full buyout of the interests of a person of a country of concern in an entity, where the entity would no longer constitute a covered foreign person following the transaction. This exemption carves out from coverage a transaction where intangible benefits of a U.S. person will not transfer to a covered foreign person, because following a U.S. person's full buyout of an entity, a person of a country of concern will no longer have any interest in the entity.

With the recent enactment of the Comprehensive Outbound Investment National Security Act of 2025 (COINS Act) as part of the National Defense Authorization Act (NDAA) for Fiscal Year 2026, the Office of Investment Security (OIS) is now working to implement the approach codified in legislation.

7. Would OISP be improved by a hold-harmless provision predicated upon good faith compliance?

Recognizing that there may be circumstances where a U.S. person faces obstacles to conducting due diligence on a PRC entity, Treasury deliberately structured the obligations of a U.S. person to apply if – and only if – such person has knowledge of relevant facts or circumstances related to a transaction. A U.S. person has knowledge if the U.S. person possesses actual knowledge that a fact or circumstance exists or is substantially certain to occur, if the U.S. person possesses an awareness of a high probability of a fact or circumstance's existence or future occurrence, or if the U.S. person could have possessed such information through a reasonable and diligent inquiry. To provide clarity, Treasury included in regulation an illustrative list of the factors it will consider in assessing whether a U.S. person undertook a "reasonable and diligent inquiry." Such factors incorporate information that should be ascertainable, as well as contractual assurances that should be obtainable through reasonable due diligence in a transaction. This approach accounts for circumstances where a U.S. person may face obstacles to conducting due diligence, while preserving the necessary flexibility to consider the individual facts and

circumstances of a transaction when assessing whether a “reasonable and diligent inquiry” has occurred.

Countries of Concern

Relative to Title VIII of the Defense Production Act, the Administration requested that the Congress define “country of concern” to include Russia, Iran, Cuba, and North Korea. The United States already maintains comprehensive sanctions programs on these countries which substantially curtail outbound investment.

8. What gaps in the current sanctions regimes does the Administration envision will be covered by the inclusion of these countries under OISP?

The OISP is intended to address the national security threat to the United States posed by the exploitation of certain U.S. investments by countries of concern to advance their development of key technologies and products with national security implications. The OISP is intended to be complementary and not duplicative of other tools the United States has to address national security concerns, including U.S. sanctions. The OISP is focused on certain types of transactions that could be exploited by countries of concern which seek to develop and exploit sensitive or advanced technologies or products critical for military, intelligence, surveillance, or cyber-enabled capabilities.

OIS is now working to implement Subtitle C of the COINS Act, which defines countries of concern as the People’s Republic of China, including the Hong Kong and Macau Special Administrative Regions, the Republic of Cuba, the Islamic Republic of Iran, the Democratic People’s Republic of Korea, the Russian Federation, and the Bolivarian Republic of Venezuela under the regime of Nicolas Maduro Moros.

9. Can you confirm that the Administration does not intend to use this authority to launch a parallel, sectoral-based sanctions regime for technology in addition to entity-based sanctions administered by OFAC?

Treasury will implement the COINS Act as directed by and under Congressional oversight provided for in the legislation. Treasury will keep Congress informed of program developments.

10. This potential overlap and confusion speaks for consolidating these efforts under OFAC, which has decades of experience in this field. How can Congress maintain confidence in CFIUS if Treasury spreads OIS thin and turns it into an OFAC Lite?

Over the 50 years since CFIUS was first established, Treasury, with bipartisan support from Congress, has expanded and devoted additional resources to enhancing our operational and analytical capabilities. Because of the resources and authorities provided by Congress, OIS has been able to hire talented staff with legal,

compliance, technology, finance, and other specialty backgrounds. We have built and implemented sophisticated tools, platforms, and methodologies for assessing and addressing national security risks, and particularly those national security risks stemming from cross-border investment. During this time, OIS has developed unique expertise in both cross-border investment and technologies relevant to national security—this expertise is also relevant to assessing national security risks that may accompany outbound investment. OIS maintains a separate team dedicated to running the OISP that is drawing on the lessons from 50 years of administering CFIUS but does not detract from the resources required for CFIUS. That team will also carry out the work under Subtitle C of the COINS Act. I look forward to working with Congress to ensure the successful administration of both CFIUS and the OISP.

Scoping

Section 809(7)(B)(ii) and Section 809(10)(B)(ii) of the Defense Production Act grant the Secretary discretion to add technologies “that enable the military, intelligence, surveillance, or cyber-enabled capabilities of a country of concern” to OISP. It is clear from the plain reading of the statute that Congress intends these provisions to cover only those technologies that directly support advances in military and closely adjacent functions, not broader spheres of economic competition or industrial policy objectives.

11. Does Treasury share this reading of the statute?

12. What test will Treasury use to determine whether a given technology “enable[s] the military, intelligence, surveillance, or cyber-enabled capabilities of a country of concern.”?

In response to Questions 11 and 12: The existing OISP regulations cover three sectors of national security technologies and products: semiconductors and microelectronics, quantum information technologies, and artificial intelligence. Subtitle C of the COINS Act includes new definitions of “notifiable technology” and “prohibited technology” that also cover high-performance computing and supercomputing and hypersonic systems, as well as a process by which the Secretary can prescribe regulations to define the technical parameters of those technologies or add or define categories to this list. We are in the early stages of implementing Subtitle C of the COINS Act, but as we move forward, we will evaluate technologies that enable the military, intelligence, surveillance, or cyber-enabled capabilities of a country of concern.

FRENCH HILL, AR
CHAIRMAN



MAXINE WATERS, CA
RANKING MEMBER

United States House of Representatives
One Hundred Nineteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

February 2, 2026

The Honorable Chris Pilkerton
Assistant Secretary for Investment Security
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Assistant Secretary Pilkerton:

Thank you for testifying before the Subcommittee on National Security, Illicit Finance, and International Financial Institutions of the House Committee on Financial Services on January 14, 2026, at the hearing titled "Evaluating the Operations of the Committee on Foreign Investment in the United States (CFIUS)." Per the instructions announced by the Chairman at the conclusion of the hearing, Members submitted additional questions for your response. Please respond to the questions below and submit your response by February 25, 2026.

Should you or your staff have questions or need additional information, please contact Kyle Smithwick or Svent Bossart at (202) 225-7502.

Sincerely,

A handwritten signature in blue ink that reads "French Hill".

French Hill
Chairman

From Ranking Member Waters:

1. The Corporate Transparency Act was enacted in 2021 with strong bipartisan support. This is a law designed to break the anonymity provided by shell companies which are used by bad actors to hide their true ownership and control behind the entities. This includes those individuals and entities that may wish to avoid scrutiny or action by the Committee on Foreign Investment in the United States (CFIUS). Your predecessor testified last Congress to the import for CFIUS of being able to know who truly owns or controls the parties to the reviewed transactions.
 - a. Do you agree that it is essential for CFIUS to have the ability to see and identify any anonymous individuals or entities associated with these transactions?

Consistent with its statutory mandate, a core part of CFIUS's work is to identify and collect information on the foreign individuals and entities involved in the transactions under review to inform its assessment of the threat the foreign person may pose in a given transaction.

- b. How does Treasury ensure that CFIUS is adequately identifying transactions where foreign persons might control or acquire sensitive U.S. businesses through U.S.-based shell companies?

Treasury has a robust process for identifying transactions where no voluntary notice has been filed by the parties and no safe harbor has been granted under Section 721. This process includes interagency referrals, tips from the public, classified reporting, media reports, voluntary self-disclosures, congressional notifications, and multiple commercial databases. Treasury has dedicated staffing, training, resources, and outreach to support this critical effort—strengthening and sharpening the Committee's ability to identify and assess whether non-notified transactions merit further review.

Once a transaction that is within CFIUS jurisdiction is under review, the Committee can take action to address any national security risk arising from the transaction. If CFIUS determines that there is a risk to national security due to a foreign person's ties to a third country, CFIUS can take action to address that risk through an enforceable agreement with the transaction parties or enforceable conditions imposed on the parties. CFIUS may also refer the transaction to the President. The President may suspend or prohibit the transaction, including by requiring divestment.

- c. Has Treasury identified any gaps in the current CFIUS review process that allow adversarial foreign nationals to conceal ownership through shell or front companies?

In recent years, Treasury’s Office of Investment Security (OIS) has used the authorities and resources that Congress provided to build and implement sophisticated tools, data sets, and methodologies for assessing and addressing national security risks. We also have employed cutting-edge information technology platforms to securely manage and facilitate novel aspects of CFIUS’s work. I am committed to evaluating and improving, as appropriate, processes and procedures to ensure we identify and address relevant transactions.

- d. In light of the recent Presidential divestment order involving EMCORE Corporation and the Chinese-owned shell company HieFo, what steps is Treasury taking to prevent similar undisclosed transactions from bypassing CFIUS review?

CFIUS, through its non-notified team, actively works to find transactions that may be covered transactions under CFIUS jurisdiction and may raise national security considerations but were not voluntarily filed with CFIUS.

CFIUS uses various methods to identify non-notified and non-declared transactions including interagency referrals, tips from the public, classified reporting, media reports, voluntary self-disclosures, congressional notifications, and multiple commercial databases. CFIUS continues to advance its targeted approach for identifying and actioning non-notified and non-declared transactions, including through hiring additional staff, evaluating new tools and datasets, and regularly coordinating across CFIUS member agencies.

- 2. As you know, Congress passed the “outbound investment” legislation in the most recent National Defense Authorization Act (NDAA). It included language that provided exemptions that limit the law’s coverage of passive U.S. financial investments in Chinese technology firms and sectors. This is despite numerous studies, for example, from the Morgan Stanley, the U.S.-China Economic and Security Review Commission, and the Coalition for a Prosperous America, that show that U.S. firms have billions passively invested in Chinese companies, including Chinese Military Industrial-Complex companies.
 - a. Thus, how does Treasury assess whether U.S. funds – particularly retirement funds such as those managing public-sector pensions for teachers, first responders, and other American workers – are being invested, unbeknownst to the individual Americans, in companies that support adversarial governments or their defense sectors?
 - b. How closely does Treasury monitor the national security risks associated with passive capital flows to companies and sovereign bonds linked to adversarial nations like China or Russia?
 - c. Given that benchmark providers such as MSCI and FTSE Russell decide which foreign companies and government bonds are included in

global indices, does Treasury have visibility into foreign interference or pressure on these firms' decision-making?

- d. Does Treasury coordinate with the SEC or Department of Labor to ensure that index funds and benchmark structures align with U.S. national security objectives?
- e. Are there current regulatory or statutory gaps that limit Treasury's ability to track or manage these passive investment flows?
- f. What tools or data does Treasury currently use to trace U.S. capital flowing through index funds to prohibited or sensitive foreign sectors, such as Chinese semiconductors or surveillance technology?

For Questions 2(a)-(f). In implementing the Outbound Investment Security Program (OISP), Treasury sought to maintain the goals of both open investment and the protection of national security by focusing on U.S. investments that present a likelihood of conveying both capital and intangible benefits that can be exploited to accelerate the development of sensitive technologies or products critical for the military, intelligence, surveillance, or cyber-enabled capabilities of countries of concern in ways that threaten the national security of the United States.

Treasury closely monitors foreign investment flows and works with the investment community to ensure awareness and familiarity with the OISP.

My office is also closely monitoring compliance with the OISP in collaboration with interagency partners and using a variety of sources, including commercial databases and public and classified reporting, to identify transactions that may be covered by the OISP.

With the recent enactment of the NDAA, OIS is now working to implement provisions included in Subtitle C of the COINS Act of 2025 which further enhance the authorities of the program.

3. If national security concerns arise during a CFIUS review, CFIUS can negotiate and impose mitigation agreements or conditions on the parties to address concerns identified. A lead agency is tasked with monitoring compliance.
 - a. How is the lead agency chosen and does the choice of agency impact the outcomes for CFIUS reviews? (Has CFIUS done any evaluations of the effectiveness of mitigation oversight and if so, what did those evaluations find?)

Lead agencies are designated by the Secretary of the Treasury, as Chairperson of the Committee, to have primary responsibility alongside Treasury for activity related to the specific transaction, such as leading a case review and investigation

and negotiating and monitoring parties' compliance with mitigation agreements. Lead agencies are identified based on an individual department or agency's equities in a given transaction.

Treasury works with CFIUS member agencies and transaction parties to develop mitigation measures that are effective, verifiable, and enforceable, in accordance with CFIUS's statutory obligations. Monitoring compliance with mitigation agreements is a core function of the Committee—Treasury and other member agencies have staff dedicated to carrying out this work, regularly conducting site visits among other compliance activities. Where appropriate, instances of noncompliance are investigated and enforcement actions pursued.

- b. Are the supporting agencies sufficiently resourced to fully participate in the review and oversight of the mitigation process?

Staffing and resources are critical for CFIUS to be able to fulfill its mission. While Treasury has a team dedicated to compliance and monitoring, we also rely on interagency partners. To that end, we periodically discuss staffing levels needed to address monitoring and enforcement and anticipated staffing needs with member agencies.

4. You noted during the hearing that the Trump Administration is actively developing an expedited review process for lower-risk transactions. What is the projected timeframe for this new process to become effective, and will this revised process go through a notice and-comment period before that time? Finally, will Congress be consulted on the details of the new review process *before* the rule for the program is issued to the public?

Consistent with the America First Investment Policy, the Known Investor Program is intended to facilitate greater investment in U.S. businesses from ally and partner sources. As we work to achieve that goal and create efficiencies in our processes, we remain focused on ensuring that we do not diminish our ability to identify and address national security risks arising from covered transactions.

On February 6, 2026, Treasury issued a Request for Information (RFI) seeking public input on the Known Investor Program and how CFIUS may streamline aspects of its foreign investment review process, while maintaining its rigorous analysis that identifies and addresses national security risk that can accompany foreign investment. The period to submit written comments on the RFI will conclude on March 18, 2026.

We anticipate further steps during 2026 and will keep Congress informed, as appropriate.

5. In FIRREA, Congress gave CFIUS additional authorities to review transactions in critical technologies. What is the Committee's approach to protecting U.S. critical technologies in ways that promote U.S. competitiveness and a market-

driven economy while addressing national security concerns, particularly about PRC investment in the United States and use of its industrial policies and related tactics to acquire sensitive U.S. capabilities?

CFIUS is committed to protecting national security while preserving the longstanding open investment policy of the United States. The authorities that Congress provided in FIRRMA gave CFIUS important tools to address foreign investment into U.S. businesses with critical technologies, including through jurisdiction over non-passive, non-controlling transactions involving critical technologies and mandatory filings for certain transactions. Additionally, CFIUS regularly considers whether a covered transaction involves technologies that are fundamental to United States technological leadership and therefore national security.

6. It has been seven years since the enactment of FIRRMA, which is sufficient time to be able to take a retrospective view on it. How sufficient are CFIUS' current authorities to achieve policy objectives, including with respect to mitigating risks of PRC state-directed strategic investments?

CFIUS continues to process a high volume of transactions, identify transactions that were not submitted to CFIUS that may raise national security considerations, and employ mitigation, monitoring, and enforcement tools to protect U.S. national security interests. Treasury reviews on an ongoing basis its processes, practices, and authorities, and will continue to make any updates as needed and appropriate to ensure that the Committee's consideration of national security risks remains robust alongside changes to the national security landscape. These efforts include assessing CFIUS's statutory authorities, and we will work with Congress to identify and make any necessary changes.

7. Please describe CFIUS coordination with allies and partners on information sharing and investment screening efforts, as mandated by FIRRMA, and in what ways could CFIUS improve those efforts? The response should include specific examples of these interactions. Also, given Donald Trump's actions to treat allies like adversaries and adversaries like allies, are actions, such as military and economic threats against NATO allies regarding Greenland, undermining opportunities to collaborate in a manner that benefits American national security?

As Congress set forth in FIRRMA, CFIUS actively works with allies and partners on their own investment security programs. This engagement to date has led to the establishment and enhancement of dozens of investment screening mechanisms around the world and will remain an important tool as this Administration engages the global community on critical economic and national security issues. This work spans the globe and involves sharing best practices, discussing common risk scenarios, and providing technical assistance, among other areas for collaboration and exchange.

8. In September 2022, President Biden issued Executive Order 14083, which expanded the national security factors considered by CFIUS. New factors included were the examination of a transaction's effect on resilience of U.S. critical supply chains and technological leadership; aggregate industry investment trends; cybersecurity risks; and risks to U.S. person's sensitive data. In what specific ways has the E.O. affected or should it affect CFIUS reviews in practice?

Executive Order 14083 elaborates and expands on the existing list of statutory factors that CFIUS considers, as appropriate, when reviewing transactions for national security risks, and describes potential national security implications in key areas. Each of the factors requires particular attention from CFIUS to protect U.S. national security and continues to be part of the Committee's consideration when reviewing transactions.

9. One of the factors that CFIUS must consider as a result of President Biden's executive order is a transaction's effects on U.S. critical supply chains. In our global, interconnected world, it is sometimes necessary to partner with firms in other countries to make the most of the resources that we have at home in the United States. How does CFIUS think strategically about this, especially with regard to our relationship with China?

CFIUS reviews each transaction on a case-by-case basis, applying a risk-based approach that considers threat, vulnerability, and consequence. Any foreign control of a supply chain critical to national security is something that CFIUS carefully considers in the context of any CFIUS transaction. In addition, CFIUS carefully considers the circumstances of the specific foreign investor and U.S. business involved and the consequences to U.S. national security that could reasonably result from the transaction.

10. On September 19, 2025, President Trump signed Executive Order 14351, "The Gold Card," and announced the formal start of the Trump Gold Card visa program. Under this program, individuals and corporations can fast-track their U.S. residency process by making a financial contribution to the United States. This new program can serve to satisfy the "exceptional ability" requirements of the current visa pathways for individuals with extraordinary or exceptional ability. How are investments related to these so-called "golden visas" being reviewed by CFIUS for national security implications? How does a foreign person's ability to buy U.S. residency and citizenship affect CFIUS review, when such a visa holder is the party to a covered transaction? Please describe in detail what is being done on this issue.

Consistent with its statutory mandate, CFIUS reviews covered transactions on a case-by-case basis, applying a risk-based approach that considers threat, vulnerability, and consequence. In general, we take into consideration the specific foreign investor and U.S. business involved and the consequences to U.S. national security that could reasonably result from the transaction.

11. In the last annual report, Treasury said that it was hiring subject-matter experts for the first time in a variety of advanced technologies, such as cybersecurity and natural sciences.

- a. Is it advisable for other CFIUS agencies to also hire technical expertise in these disciplines, to retain a sense of a committee of equals, and so that other committee members do not have to rely on Treasury technical expertise?

The Committee benefits from technical expertise found across the federal government. Treasury's hiring of additional staff with background in advanced technology is intended to supplement and not supplant the technical expertise that exists at other CFIUS member agencies, and other federal agencies that participate in the CFIUS process on a case-by-case basis. Our growing team of subject matter experts, scientists, and engineers will help ensure the Committee stays ahead of global technology trends and potential threats.

- b. Have DOGE and similar cuts to government agencies potentially impact the ability of the federal government to properly and efficiently review CFIUS transactions?

I cannot speak to other departments and agencies, but OIS has maintained our ability to meet statutory deadlines and grow our team, and we will continue to execute CFIUS's mission consistent with the Administration's government efficiency objectives.

- c. Has Treasury hired any subject matter experts recently?

OIS has been able to hire talented staff with legal, compliance, technology, finance, and other specialty backgrounds with the resources and authorities provided by Congress. I look forward to working with Congress to ensure we have the staff needed to fulfill our critical missions.

12. The Comprehensive Outbound Investment National Security Act of 2025 ("COINS Act") was recently signed into law through the National Defense Authorization Act (NDAA). This provision establishes a statutory framework to prohibit or require notification of certain outbound investments by U.S. investments by U.S. persons in technology sectors deemed sensitive to national security.

- a. Will the outbound program continue with the existing regulations as Treasury develops implementing regulations for the new Statutory outbound authorities?
- b. When does Treasury anticipate the new regulations will be noticed?

- c. In what ways does Treasury anticipate the new rules to differ from current ones?

For Questions 12(a)-(c). Subtitle C of the COINS Act, enacted as part of the FY26 NDAA, provides the OISP with a statutory framework and makes enhancements to the program. While Treasury is drafting regulations to implement the changes mandated by Subtitle C of the COINS Act, the existing OISP remains in effect.

Treasury and our interagency colleagues are working expeditiously to implement the changes to the program mandated by Subtitle C of the COINS Act, consistent with the timeframe set out in the law.

13. With the new requirements created by the “COINS Act,” have any investors received national security waivers for otherwise prohibited investors? If so, what criteria were used to make those determinations?

While Treasury is drafting regulations to implement the changes mandated by Subtitle C of the COINS Act, U.S. persons remain subject to the existing OISP regulations.

The existing regulations provide for a national interest exemption that can be requested by a U.S. person on its own behalf or on behalf of its controlled foreign entity. The Secretary of the Treasury, in consultation with the Secretary of Commerce, the Secretary of State, and the heads of other relevant agencies, as appropriate, may determine that a covered transaction is in the national interest of the United States and therefore exempt such transaction from the applicable provisions of 31 CFR part 850. Any determination that a national interest exemption is warranted will be based on a consideration of the totality of the relevant facts and circumstances and may be informed by the following considerations, among others:

- **The transaction’s effect on critical U.S. supply chain or critical infrastructure needs;**
- **Domestic production needs in the United States for projected national defense requirements;**
- **The United States’ technological leadership globally in areas affecting U.S. national security; and**
- **The impact on U.S. national security from prohibiting a given transaction.**

14. FIRRMA authorized a filing fee collection mechanism for CFIUS’ review of transactions, which Treasury established in August 2020. Treasury has noted that the revenue generated from the filing fees offsets expenses associated with CFIUS’ activities. Could you please explain how this system is working? How is fee revenue contributing to overall CFIUS operations? How is revenue from fees allocated within Treasury and other CFIUS member agencies?

Pursuant to FIRRMA, CFIUS collects a filing fee with respect to each covered transaction for which a written notice is submitted to the Committee under subsection (b)(1)(C)(i) of Section 721. The fee amount is set in regulations and is based on the value of the transaction under CFIUS review. The fees are deposited into the CFIUS Fund (established pursuant to subsection (p)(1) of Section 721) and are solely for use in carrying out activities under Section 721. Pursuant to FIRRMA, Treasury administers the CFIUS Fund and may transfer amounts to CFIUS members for the purpose of addressing emerging needs in carrying out activities under Section 721. Treasury has an established process with CFIUS member agencies to consider CFIUS Fund allocations to benefit the work of the Committee.

15. FIRRMA authorized the creation of an abbreviated notification process, known as declarations, for parties to an investment transaction. The abbreviated declarations allow for a shorter application and review process than full filings. According to CFIUS' latest annual report for 2024, of the 116 declaration filings submitted to the Committee in 2024, CFIUS concluded action on 91 of these cases, while requesting that parties file a full notice for 17 of the cases. Could you please explain the criteria that is being used to allow these declarations instead of full filings? Are there instances in which large, strategically significant investments involving U.S. national security concerns are using declarations instead of full filings? Could you provide us a breakdown of the value of deals and the sectors/subsectors involved?

CFIUS conducts a robust review focused on identifying and addressing national security risk for every covered transaction that comes before it—regardless of whether it is submitted as a declaration or notice. Transaction parties may choose to submit a declaration or a notice for any transaction. The declaration process entails an abbreviated form and timeline for CFIUS review as compared to the notice process. If CFIUS determines in the course of assessing a declaration that additional time and diligence is necessary to conduct its national security analysis, CFIUS can request that parties file a notice at the conclusion of the declaration process. Information on covered transaction declarations is available in the CFIUS Annual Report submitted to Congress as well as the public version available on the CFIUS website.

16. In November 2025, William and Mary's AidData published a study, Chasing China: Learning to Play by Beijing's Global Lending Rules. The report showed how the United States was the largest recipient of People's Republic of China (PRC) overseas investment, including monies under the PRC's One Belt, One Road initiative. The report highlighted the role of PRC government funding for strategic investments to realize technology goals laid out in PRC government technology and industry plans. The report also discussed the various ways in which the PRC government used financial investments and complex corporate structures over a period of time to eventually acquire U.S. and European companies with strategic technology capabilities. What is your view of PRC investment in the United States? What is your view of PRC financial investments

in strategic sectors and companies in the United States?

CFIUS operates within the open investment policy of the United States—that is, to welcome and encourage foreign investment consistent with the protection of U.S. national security. A core component of CFIUS’s risk analysis with respect to any foreign investor is being able to verify its distance and independence from foreign adversaries. This is done on a case-by-case basis, and where a risk is identified, CFIUS has the tools and processes to address it.

17. As you look to implement the Act, how will you view U.S. corporate research and development (R&D) activities in China? Even though R&D centers might be wholly- foreign owned, some experts say that such R&D investments are helping build PRC capabilities by training PRC talent and sharing R&D breakthroughs. For example, in May 2025, U.S. semiconductor firm Nvidia announced a new R&D center in China. Some colleagues in the Senate have raised potential national economic security concerns about such investments (e.g., Letter to Jensen Huang, President and CEO, NVIDIA Corporation, dated May 29, 2025, <https://www.banking.senate.gov/newsroom/minority/banks-warren-press-nvidia-on-national-security-risks-of-shanghai-randd-facility>). Will such an investment be covered or potentially excepted from notification requirements as an investment Nvidia is making in an affiliate in China?

The OISP is focused on certain types of 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. Some of these transactions are prohibited and other transactions must be notified to the Treasury Department. As we implement Subtitle C of the COINS Act over the coming months, we will remain attentive to the types of investments being made in countries of concern and further discuss with Congress, as appropriate.

FRENCH HILL, AR
CHAIRMAN



MAXINE WATERS, CA
RANKING MEMBER

United States House of Representatives
One Hundred Nineteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

February 2, 2026

The Honorable Chris Pilkerton
Assistant Secretary for Investment Security
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Assistant Secretary Pilkerton:

Thank you for testifying before the Subcommittee on National Security, Illicit Finance, and International Financial Institutions of the House Committee on Financial Services on January 14, 2026, at the hearing titled "Evaluating the Operations of the Committee on Foreign Investment in the United States (CFIUS)." Per the instructions announced by the Chairman at the conclusion of the hearing, Members submitted additional questions for your response. Please respond to the questions below and submit your response by February 25, 2026.

Should you or your staff have questions or need additional information, please contact Kyle Smithwick or Svent Bossart at (202) 225-7502.

Sincerely,

A handwritten signature in blue ink that reads "French Hill".

French Hill
Chairman

From Rep. Nunn:

1. As we look at the emerging challenges facing CFIUS, it is clear that the volume and complexity of financial transactions are increasing rapidly. Can you speak to how the Office of Investment Security is utilizing Artificial Intelligence and machine learning tools? I am interested in understanding how you are currently integrating these technologies to modernize your workflows and keep pace with the evolving threat landscape.
2. Under FIRRMA, CFIUS has expanded jurisdiction to review a variety of investments and transactions relating to sensitive technologies and critical technologies. However, identifying ownership and adversarial linkages in complex, multi-layered supply chains is incredibly difficult and data intensive. How is your office utilizing AI tools designed to ingest and analyze massive amounts of open-source data to conduct these investigations? Specifically, I would like to know if your current toolkit allows you to proactively monitor for obscure adversarial presences deep within U.S. supply chains that might otherwise escape manual review. If not, how can Congress help facilitate this?

In response to Questions 1 and 2: Treasury's Office of Investment Security (OIS) has access to certain artificial intelligence (AI) technologies and products, and we adhere to Treasury's AI strategy and compliance plan that set forth the structures necessary for the effective, transparent, and accountable use of AI across Treasury, as well as the strict confidentiality requirements set out in Section 721 of the Defense Production Act of 1950 (Section 721).

In recent years, OIS has used the authorities and resources that Congress provided to build and implement sophisticated tools, platforms, and methodologies for assessing and addressing national security risks. We also have employed cutting-edge information technology platforms to securely manage and facilitate novel aspects of CFIUS's work.

3. Recent reports suggest the expansion of digital asset mining operations in the U.S. by Cango Inc., which had been headquartered in Hong Kong and now lists Dallas as its headquarters, and is listed on the New York Stock Exchange, and Bitmain Technologies Ltd., which is based in Beijing. This situation warrants careful review due to its national security impact on our energy security, grid stability, control of digital asset mining hash rate, and foreign-manufactured digital asset mining hardware that is used in the United States. These companies appear to be scaling operations in the U.S. through complex ownership structures and financing arrangements that may not be fully transparent to

regulators or the public. Would you and the CFIUS team please look into and review this foreign investment concern, including:

- a. Any potential affiliation between Cango and the CCP,
- b. reports on Bitmain's potential acquisition of Cango,
- c. estimates that Cango may utilize over 250MW of U.S. power generation assets,
- d. reports of Bitmain exploring direct ownership of U.S. power generation assets which could raise long-term strategic considerations, and
- e. the broader policy implication of permitting foreign-manufactured Application Specific Integrated Circuit (ASIC) machines critical to digital asset mining to enter and operate within the U.S. market.

Thank you for raising this matter with the Committee. When a transaction falls within CFIUS's statutory jurisdiction, CFIUS thoroughly considers the national security effects of each transaction according to the analysis required by statute—that is, an assessment of the threat, vulnerabilities, and consequences to national security related to the transaction—and takes appropriate action.

FRENCH HILL, AR
CHAIRMAN



MAXINE WATERS, CA
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1500 Pennsylvania Avenue, NW
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Sincerely,

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French Hill
Chairman

From Rep. Casten:

There are concerns about the growing dominance of Chinese entities in mining hardware and mining rigs, and the national security risks this concentration may pose to the U.S. As you may know, Bitcoin mining is powered by specialized hardware. Today, more than 90% of Application-Specific Integrated Circuit (ASIC) mining equipment is manufactured by three Chinese companies: Bitmain Technologies Ltd., MicroBT, and Canaan Inc. This concentration creates a significant strategic dependency, particularly as mining operations increasingly integrate with U.S. energy grids and data centers. This could pose risks to U.S. grid stability or U.S. data integrity.

1. How does CFIUS view this potential threat? Are there any ongoing assessments of the national security risks associated with foreign entities operating mining facilities within the U.S., with specific focus on those located near critical infrastructure or sensitive sites?
2. Is CFIUS conducting any assessments of the risks posed by foreign manufactured cryptocurrency mining hardware and embedded firmware, including any potential vectors that could pose risks to electric grid stability or data integrity? If so, what actions is CFIUS considering taking?

For Questions 1 and 2. CFIUS takes seriously the potential national security risk present in certain transactions by foreign persons, including those involving digital asset mining operations. When a transaction is identified and falls within CFIUS's statutory jurisdiction, CFIUS thoroughly considers the national security effects of each transaction pursuant to a timeline mandated in statute and takes appropriate action. Among other factors, CFIUS assesses the risk associated with the presence of specialized equipment used to conduct digital asset mining operations, including whether it is foreign-sourced, and whether the location of such operations is in proximity to military installations or other sensitive U.S. Government sites.

CFIUS actively monitors foreign investments in the United States that are not voluntarily submitted to CFIUS for review ("non-notified transactions") and when CFIUS determines that a non-notified transaction may be covered under CFIUS jurisdiction and may raise national security considerations, CFIUS contacts the transaction parties and where appropriate, requests a filing be submitted by the parties.