119TH CONGRESS
1ST SESSION

S. 2552

To amend the securities laws to prohibit brokers and dealers with certain connections to the People's Republic of China from being members of a national securities association, to prohibit investment advisers with certain connections to the People's Republic of China from registering with the Securities and Exchange Commission, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 30, 2025

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

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A BILL

To amend the securities laws to prohibit brokers and dealers with certain connections to the People's Republic of China from being members of a national securities association, to prohibit investment advisers with certain connections to the People's Republic of China from registering with the Securities and Exchange Commission, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "PRC Broker-Dealers and Investment Advisers Moratorium Act".

SEC. 2. PROHIBITIONS.

(a) BROKER OR DEALER MEMBERSHIP IN A NATIONAL SECURITIES ASSOCIATION.—

(1) IN GENERAL.—Section 15A of the Securities Exchange Act of 1934 (15 U.S.C. 78o–3) is amended by adding at the end the following:

"(o) PROHIBITION ON MEMBERSHIP RELATED TO CHINESE OWNERSHIP.—

"(1) DEFINITIONS.—In this subsection:

"(A) AFFILIATE.—The term 'affiliate' has the meaning given the term in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841).

"(B) CONTROL.—The term 'control' means beneficially owning, either directly or through 1 or more companies, more than 25 percent of the voting securities of an entity.

"(C) U.S. PERSON.—The term 'U.S. person' means—

"(i) a United States citizen or an alien lawfully admitted for permanent residence to the United States; or "(ii) an entity organized under the laws of the United States or any jurisdiction within the United States, including a foreign branch of such an entity.

"(2) PROHIBITION.—A broker or dealer shall be prohibited from being a member of a national securities association if the broker or dealer—

"(A) is controlled by an entity organized under the laws of, or otherwise subject to the jurisdiction of, the People's Republic of China;

"(B) is controlled by a national of the People's Republic of China who resides in the People's Republic of China; or

"(C) has an affiliate organized under the laws of, or otherwise subject to the jurisdiction of, the People's Republic of China that provides the broker or dealer with essential services, including software development or support, product development, or customer service.

"(3) EXAMINATION AUTHORITY.—A national securities association shall have such examination authority over a member that is a broker or dealer as the association determines to be necessary to ensure compliance with this subsection, including the right to examine the books and facilities of a broker or dealer located in a foreign country.''.

(2) TERMINATION.—On the date that is 5 years after the date of enactment of this Act, section 15A of the Securities Exchange Act of 1934 (15 U.S.C. 78o–3) is amended by striking subsection (o), as added by paragraph (1) of this subsection.

(b) INVESTMENT ADVISER REGISTRATION.—

(1) IN GENERAL.—Section 203 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–3) is amended by adding at the end the following:

''(o) PROHIBITION ON REGISTRATION RELATED TO CHINESE OWNERSHIP.—

''(1) DEFINITIONS.—In this subsection:

''(A) AFFILIATE.—The term 'affiliate' has the meaning given the term in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841).

''(B) CONTROL.—The term 'control' means beneficially owning, either directly or through 1 or more companies, more than 25 percent of the voting securities of an entity.

''(C) U.S. PERSON.—The term 'U.S. person' means—

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

"(ii) an entity organized under the laws of the United States or any jurisdiction within the United States, including a foreign branch of such an entity.

"(2) PROHIBITION.—A person shall be prohibited from being registered as an investment adviser if the person—

"(A) is controlled by an entity organized under the laws of, or otherwise subject to the jurisdiction of, the People's Republic of China;

"(B) is controlled by a national of the People's Republic of China who resides in the People's Republic of China; or

"(C) has an affiliate organized under the laws of, or otherwise subject to the jurisdiction of, the People's Republic of China that provides the broker or dealer with essential services, including software development or support, product development, or customer service.

"(3) EXAMINATION AUTHORITY.—The Commission shall have such examination authority over an investment adviser as the Commission determines to be necessary to ensure compliance with this subsection, including the right to examine the books and facilities of an investment adviser in a foreign country.''.

(2) TERMINATION.—On the date that is 5 years after the date of enactment of this Act, section 203 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–3) is amended by striking subsection (o), as added by paragraph (1) of this subsection.

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