

The amendment (No. 1589) was agreed to as follows:

(Purpose: In the nature of a substitute)

Strike all after the enacting clause and insert the following:

#### SECTION 1. SHORT TITLE.

This Act may be cited as the “Holding Foreign Companies Accountable Act”.

#### SEC. 2. DISCLOSURE REQUIREMENT.

Section 104 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7214) is amended by adding at the end the following:

“(i) DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.—

“(1) DEFINITIONS.—In this subsection—

“(A) the term ‘covered issuer’ means an issuer that is required to file reports under section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)); and

“(B) the term ‘non-inspection year’ means, with respect to a covered issuer, a year—

“(i) during which the Commission identifies the covered issuer under paragraph (2)(A) with respect to every report described in subparagraph (A) filed by the covered issuer during that year; and

“(ii) that begins after the date of enactment of this subsection.

“(2) DISCLOSURE TO COMMISSION.—The Commission shall—

“(A) identify each covered issuer that, with respect to the preparation of the audit report on the financial statement of the covered issuer that is included in a report described in paragraph (1)(A) filed by the covered issuer, retains a registered public accounting firm that has a branch or office that—

“(i) is located in a foreign jurisdiction; and

“(ii) the Board is unable to inspect or investigate completely because of a position taken by an authority in the foreign jurisdiction described in clause (i), as determined by the Board; and

“(B) require each covered issuer identified under subparagraph (A) to, in accordance with the rules issued by the Commission under paragraph (4), submit to the Commission documentation that establishes that the covered issuer is not owned or controlled by a governmental entity in the foreign jurisdiction described in subparagraph (A)(i).

“(3) TRADING PROHIBITION AFTER 3 YEARS OF NON-INSPECTIONS.—

“(A) IN GENERAL.—If the Commission determines that a covered issuer has 3 consecutive non-inspection years, the Commission shall prohibit the securities of the covered issuer from being traded—

“(i) on a national securities exchange; or

“(ii) through any other method that is within the jurisdiction of the Commission to regulate, including through the method of trading that is commonly referred to as the ‘over-the-counter’ trading of securities.

“(B) REMOVAL OF INITIAL PROHIBITION.—If, after the Commission imposes a prohibition on a covered issuer under subparagraph (A), the covered issuer certifies to the Commission that the covered issuer has retained a registered public accounting firm that the Board has inspected under this section to the satisfaction of the Commission, the Commission shall end that prohibition.

“(C) RECURRENCE OF NON-INSPECTION YEARS.—If, after the Commission ends a prohibition under subparagraph (B) or (D) with respect to a covered issuer, the Commission determines that the covered issuer has a non-inspection year, the Commission shall prohibit the securities of the covered issuer from being traded—

“(i) on a national securities exchange; or

“(ii) through any other method that is within the jurisdiction of the Commission to regulate, including through the method of

trading that is commonly referred to as the ‘over-the-counter’ trading of securities.

“(D) REMOVAL OF SUBSEQUENT PROHIBITION.—If, after the end of the 5-year period beginning on the date on which the Commission imposes a prohibition on a covered issuer under subparagraph (C), the covered issuer certifies to the Commission that the covered issuer will retain a registered public accounting firm that the Board is able to inspect under this section, the Commission shall end that prohibition.

“(4) RULES.—Not later than 90 days after the date of enactment of this subsection, the Commission shall issue rules that establish the manner and form in which a covered issuer shall make a submission required under paragraph (2)(B).”.

#### SEC. 3. ADDITIONAL DISCLOSURE.

(a) DEFINITIONS.—In this section—

(1) the term “audit report” has the meaning given the term in section 2(a) of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201(a));

(2) the term “Commission” means the Securities and Exchange Commission;

(3) the term “covered form”—

(A) means—

(i) the form described in section 249.310 of title 17, Code of Federal Regulations, or any successor regulation; and

(ii) the form described in section 249.220f of title 17, Code of Federal Regulations, or any successor regulation; and

(B) includes a form that—

(i) is the equivalent of, or substantially similar to, the form described in clause (i) or (ii) of subparagraph (A); and

(ii) a foreign issuer files with the Commission under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) or rules issued under that Act;

(4) the terms “covered issuer” and “non-inspection year” have the meanings given the terms in subsection (i)(1) of section 104 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7214), as added by section 2 of this Act; and

(5) the term “foreign issuer” has the meaning given the term in section 240.3b-4 of title 17, Code of Federal Regulations, or any successor regulation.

(b) REQUIREMENT.—Each covered issuer that is a foreign issuer and for which, during a non-inspection year with respect to the covered issuer, a registered public accounting firm described in subsection (i)(2)(A) of section 104 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7214), as added by section 2 of this Act, has prepared an audit report shall disclose in each covered form filed by that issuer that covers such a non-inspection year—

(1) that, during the period covered by the covered form, such a registered public accounting firm has prepared an audit report for the issuer;

(2) the percentage of the shares of the issuer owned by governmental entities in the foreign jurisdiction in which the issuer is incorporated or otherwise organized;

(3) whether governmental entities in the applicable foreign jurisdiction with respect to that registered public accounting firm have a controlling financial interest with respect to the issuer;

(4) the name of each official of the Chinese Communist Party who is a member of the board of directors of—

(A) the issuer; or

(B) the operating entity with respect to the issuer; and

(5) whether the articles of incorporation of the issuer (or equivalent organizing document) contains any charter of the Chinese Communist Party, including the text of any such charter.

The bill (S. 945), as amended, was ordered to be engrossed for a third read-

ing, was read the third time, and passed.

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

#### EXECUTIVE CALENDAR—Continued

Mr. SASSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. KENNEDY). Without objection, it is so ordered.

#### CHINA

Mr. SASSE. Mr. President, I had not planned to make a floor speech right now, but I wanted to commend you on both your legislation and on an important point that I think you enumerated both for this body and for the Americans watching.

First of all, good piece of legislation. I supported it. I wanted it to move out of the Banking Committee and get to the floor. It is important legislation. Congratulations, and thanks for your leadership.

Second of all, as you began your speech, you distinguished between the Chinese people and the Chinese Communist Party. I think many of us are worried that the No. 1 long-term national security threat this country faces is the technology race with the Chinese Communist Party and the way that they use fake private sector companies to steal from U.S. public and private sector entities.

When we talk about the problems—those of us who would consider ourselves China hawks—we regularly end up using a shorthand, “China,” when we have all spent a lot of time in the SCIF and in private, and we know we mean the Chinese Communist Party, but we don’t always adequately qualify that for people who may be entering the debate or new to the debate or looking to politicize the debate.

So I think it was very important, the points that you made that our enemy here is not the 1.4 billion Chinese people; our opponent here is the Chinese Communist Party, which is only about 90 million people—6 or 7 percent of the population—and even a lot of those people don’t actually believe Communist propaganda and nonsense about the fact that so many of their people and people beyond their borders are not perceived by the Chinese Communist Party as actually having dignity. Some people just join the party because they need to for local reasons—to get ahead or to maintain their property or their entities.

So the Chinese Communist Party is a tiny subset of what is happening in China, and our battle, our fight, our problems are not with the Chinese people; they are with the Chinese Communist Party.

One of the ways I learned this lesson was by having used a shorthand for

Vladimir Putin a few times in the past, and I said “Russia” when I meant “Vladimir Putin.”

I think the American people stand interested not just in the future of the Chinese people but also of the Russian people, and both these countries are led by some really bad actors.

One time I made a speech here on the floor about some of the terrible things Vladimir Putin was doing to oppress his people and to meddle in our election and other elections.

After the speech, which I thought covered the points I needed to cover, Gary Kasparov, the former world chess champion, came and said: Can I talk to you?

We went to lunch, and he said: If you actually want to fight against Vladimir Putin—because freedom-loving people in the United States and in Russia should be opposed to Vladimir Putin—it would be helpful that you not, in disparaging Vladimir Putin, say a whole bunch of bad stuff about the word “Russia” and you accidentally—he said to me—referred to our problem as “Russia” when you meant “Putin.”

I think I have learned that lesson with regard to Russia, but I think a lot of us around here don’t always sufficiently distinguish between China and the Chinese Communist Party.

So I just wanted to affirm and underscore your message—not just good legislation that is good for Americans, is good for investors in the United States and abroad, is good for a level playing field, but as we oppose the bad actions of the Chinese Communist Party—their intellectual property theft and their manipulation of currency and numbers and public health data and on and on and on—our opponent is not the Chinese people, and we should say that both so the American people understand it and so that the Chinese people understand it. So I commend you on the way you introduced your legislation today.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Ms. MCSALLY). The clerk will call the roll. The bill clerk proceeded to call the roll.

Mr. MENENDEZ. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MENENDEZ. Madam President, I rise today to engage in a colloquy with Senators CASSIDY, COLLINS, and my fellow Senator from New Jersey, Senator BOOKER, and I ask unanimous consent that they be acknowledged in that order and that they be allowed to complete their remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### SMART ACT

Mr. MENENDEZ. Madam President, as our Nation grapples with the COVID-19 pandemic, our State, county, and municipal governments have been on the frontlines taking a leading role in responding to this crisis. As a result,

they have been squeezed on both sides of the ledger, spending billions of dollars in unforeseen costs on emergency response while watching as revenues dry up due to necessary stay-at-home orders and the closure of non-essential businesses.

The emergency protective measures have been effective at flattening the curve and have no doubt saved thousands of lives, but they also came with a cost. All revenue sources are down. Sales tax revenue has plummeted with businesses closed. Highway trust funds won’t have the resources to do basic road maintenance. Downtown parking meters are going empty due to people observing social distancing. Building permits and municipal court fees have fallen.

Unless we act soon, we will see mass layoffs, devastating tax increases, and a breakdown in public safety and essential services. Already, the Bureau of Labor Statistics reported that State and local governments laid off 1 million public employees in April. This challenge is true for every State, county, city, and town in the country.

The State Municipal Assistance for Response and Transition, or SMART Act, is the bold, bipartisan, and commonsense solution we need to give our communities a fighting chance and stop the economy from free-falling. It provides \$500 billion in flexible Federal dollars that will help our communities dramatically expand the testing capacity and contact tracing we need to contain the virus—a necessary step in restoring consumer confidence and to restart the economy. It will help stave off massive layoffs, tax hikes, and deep, painful cuts to essential services. It will keep our police officers, firefighters, public health workers, teachers, and other essential employees on the job during this critical time, because it is not just about defeating COVID-19; we still need to keep our streets safe, our children learning, the trash picked up, the roads maintained, and the buses and trains running on time.

I hear some of my colleagues speak from this floor, calling not for unity but for division. They callously ignore the pleas for help from their fellow Americans, comforted by the selfish but mistaken belief that their communities are immune to the fiscal Armageddon facing our communities. Let me be clear. When your revenues drop 30 percent overnight, it really doesn’t matter how fiscally responsible or conservative your State budget is; no one can prepare for that.

Moody’s just reported that States like Ohio and Arizona are facing the fiscal shock of losing 20 percent of their entire budget, and West Virginia, 40 percent. This is not a red State or blue State issue; this is a red, white, and blue issue. It is an American priority.

In December of 1862, during the height of the Civil War, President Lincoln wrote the following message to

Congress: “In times like the present, men should utter nothing for which they would not willingly be responsible through time and eternity.”

I believe that history will look kindly upon those who stood for unity and compromise over demagoguery, those who put the well-being of the country over scoring partisan points, those who stuck out their necks and took a political risk for no other reason than it was the right thing to do.

I am proud of the bipartisan coalition we have built, and I want to thank each of my colleagues for their work and their commitment to rebuilding our communities—Senator CASSIDY, who has led this effort with me, Senator HYDE-SMITH; Senator MANCHIN, Senator COLLINS, and my partner in New Jersey, Senator BOOKER.

With that, I turn to my friend from Louisiana, the distinguished Senator who exemplifies these qualities and has been an incredible partner in crafting this legislation and building this coalition over the past month.

Mr. CASSIDY. Madam President, I thank Senator MENENDEZ and return the compliment. We have worked through a lot of issues to find a bill that meets a valid, public purpose that can pass on a bipartisan basis in both Chambers. I thank Senator MENENDEZ for working with me on that.

The title of this bill is the “SMART Act,” but in retrospect, I wish we had renamed it “the Thin Blue Line Act” because this is about helping cities and States preserve essential services such as police, fire, and education for the reopening of our economy.

Let’s just kind of review. The Federal Government asked that State and local governments shut down their economy in order to control the coronavirus, and just like those small businesses closed at the behest of the government authority, so did State and local governments close, if you will, at the behest of the Federal authority. But what that did is it devastated the tax basis.

Moody’s, which Senator MENENDEZ already alluded to, the independent agency that looks at the finances of cities and States, has said that if your State is dependent upon income tax, upon sales tax, upon tourism, and upon proceeds from energy, you have been hammered. Your tax base has fallen dramatically, and with the dramatic fall of that tax base comes a dramatic fall in the ability to support the thin blue line—the educators, the firefighters, the you name it, the essential services that are essential to the reopening of our economy when we come out the backside of this epidemic.

Now, it has already happened. Moody’s predicts that 3 million of these essential workers will be laid off. I am told that 1 million already have been. You can read about universities laying people off, but let’s go back to the thin blue line.

The city of Shreveport, LA, just put out a budget in which there is a \$20