

## **Highlights of Brown-Toomey Banking, Housing, and Urban Affairs Committee Amendment to the “Endless Frontier Act”**

**Executive summary:** The Brown-Toomey amendment addresses critical concerns about China in the national security and financial services arena, including pressing for intensified use of existing sanctions authorities against Chinese violators (on Hong Kong, human rights, cyber espionage, illicit trade with North Korea, fentanyl production and distribution, and other issues) and providing for broad new mandatory sanctions on Chinese actors engaged in cyberattacks against the U.S., or in the theft of intellectual property from U.S. firms. It underscores the need for effective implementation of new anti-money laundering and corporate transparency laws to combat China’s abuses of anonymous shell companies, provides for a review of export controls on items that could be used to support human rights abuses in China, and urges firms to adopt a corporate code of conduct for operating in China. It also mandates new Congressional reporting requirements on a range of issues, including on whether and to what extent Chinese state-owned enterprises engaged in malign behavior have recently received U.S. taxpayer-funded assistance, to inform future policymaking.

### **Sanctions/Protecting U.S. National Security**

**Use of Existing Sanctions Authorities:** Urges the intensified use of existing mandatory sanctions authorities, including those related to human rights and forced labor, Hong Kong, economic espionage, fentanyl production and distribution, illicit trade with North Korea, and other issues.

**Sanctions to Combat Cyber Attacks Against the U.S.:** Designed to provide new tools to combat Chinese cyberattacks against U.S. targets, requires a review and mandatory imposition of tough sanctions on Chinese actors engaged in cyberattacks against U.S. government or private sector networks, including an asset freeze and visa ban for individuals determined to be involved, and a range of sanctions from a specified menu for entities (and their corporate officers) determined to be knowingly involved in or facilitating this malign activity.

**Sanctions to Combat Intellectual Property Theft:** This measure would require imposition of sanctions against persons or entities in China determined by the President to be knowingly involved in or benefitting from significant acts of intellectual property theft from U.S. persons or firms.

**Preventing Anonymous Shell Company Abuses by China:** Outlines the rationale behind the recently-enacted Anti-Money Laundering Act of 2020, and Corporate Transparency Act of 2020, and urges their effective implementation, including provisions designed to combat abuses of anonymous shell companies by Chinese entities such as China’s military.

**Strengthening Export Controls:** Requires a 180-day review of export controls on items that could be used to facilitate human rights abuses, and a determination on whether further crime control or end use/end user export controls are necessary to mitigate the risks of such abuses. Establishes authority for end use controls related to human rights abuses.

### **Congressional Reporting Requirements**

Includes a range of new reporting requirements designed to shape future policymaking, including on potential violations of antitrust and competition laws in the U.S. by Chinese companies; on Chinese officials involved in human rights abuses; on the presence of Chinese entities in U.S. capital markets; on U.S.-China currency matters; on the development in China of alternative cross-border payment systems and financial messaging services; on the use of dual use technologies by Chinese governmental actors; on exposure of the U.S. to the financial system of China; on the importance of maintaining investment reciprocity with China, and other matters.