

116TH CONGRESS
2D SESSION

S. 3798

To impose sanctions with respect to foreign persons involved in the erosion of certain obligations of China with respect to Hong Kong, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 21, 2020

Mr. TOOMEY (for himself, Mr. VAN HOLLEN, Mr. TILLIS, and Mr. BLUMENTHAL) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To impose sanctions with respect to foreign persons involved in the erosion of certain obligations of China with respect to Hong Kong, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Hong Kong Autonomy Act”.

6 (b) **TABLE OF CONTENTS.**—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.

Sec. 3. Findings.

- Sec. 4. Sense of Congress regarding Hong Kong.
- Sec. 5. Identification of foreign persons involved in the erosion of the obligations of China under the Joint Declaration or the Basic Law and foreign financial institutions that conduct significant transactions with those persons.
- Sec. 6. Sanctions with respect to foreign persons that contravene the obligations of China under the Joint Declaration or the Basic Law.
- Sec. 7. Sanctions with respect to foreign financial institutions that do business with foreign persons that contravene the obligations of China under the Joint Declaration or the Basic Law.
- Sec. 8. Waiver, termination, and congressional review process.
- Sec. 9. Rule of construction.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) ALIEN; NATIONAL; NATIONAL OF THE
 4 UNITED STATES.—The terms “alien”, “national”,
 5 and “national of the United States” have the mean-
 6 ings given those terms in section 101 of the Immi-
 7 gration and Nationality Act (8 U.S.C. 1101).

8 (2) APPROPRIATE CONGRESSIONAL COMMIT-
 9 TEES AND LEADERSHIP.—The term “appropriate
 10 congressional committees and leadership” means—

11 (A) the Committee on Armed Services, the
 12 Committee on Banking, Housing, and Urban
 13 Affairs, the Committee on Foreign Relations,
 14 the Committee on Homeland Security and Gov-
 15 ernmental Affairs, the Committee on the Judi-
 16 ciary, the Select Committee on Intelligence, and
 17 the majority leader and the minority leader of
 18 the Senate; and

19 (B) the Committee on Armed Services, the
 20 Committee on Financial Services, the Com-

1 mittee on Foreign Affairs, the Committee on
2 Homeland Security, the Committee on the Judi-
3 ciary, the Permanent Select Committee on In-
4 telligence, and the Speaker and the minority
5 leader of the House of Representatives.

6 (3) BASIC LAW.—The term “Basic Law” means
7 the Basic Law of the Hong Kong Special Adminis-
8 trative Region of the People’s Republic of China.

9 (4) CHINA.—The term “China” means the Peo-
10 ple’s Republic of China.

11 (5) ENTITY.—The term “entity” means a part-
12 nership, joint venture, association, corporation, orga-
13 nization, network, group, or subgroup, or any other
14 form of business collaboration.

15 (6) FINANCIAL INSTITUTION.—The term “fi-
16 nancial institution” means a financial institution
17 specified in section 5312(a)(2) of title 31, United
18 States Code.

19 (7) FOREIGN FINANCIAL INSTITUTION.—

20 (A) IN GENERAL.—Except as provided in
21 subparagraph (B), the term “foreign financial
22 institution” means any foreign entity that is en-
23 gaged in the business of accepting deposits,
24 making, granting, transferring, holding, or
25 brokering loans or credits, or purchasing or

1 selling foreign exchange, securities, commodity
2 futures or options, or procuring purchasers and
3 sellers thereof, as principal or agent, includ-
4 ing—

- 5 (i) a depository institution;
- 6 (ii) a bank;
- 7 (iii) a savings bank;
- 8 (iv) a money service business;
- 9 (v) a trust company;
- 10 (vi) a securities broker or dealer;
- 11 (vii) a commodity futures and options
12 broker or dealer;
- 13 (viii) a forward contract or foreign ex-
14 change merchant;
- 15 (ix) a securities or commodities ex-
16 change;
- 17 (x) a clearing corporation;
- 18 (xi) an investment company;
- 19 (xii) an employee benefit plan;
- 20 (xiii) a dealer in precious metals,
21 stones, or jewels; and
- 22 (xiv) any holding company, affiliate,
23 or subsidiary of an entity specified in any
24 of clauses (i) through (xiii).

1 (B) EXCEPTIONS.—The term “foreign fi-
2 nancial institution” does not include—

3 (i) an international financial institu-
4 tion, as defined in section 1701(c) of the
5 International Financial Institutions Act
6 (22 U.S.C. 262r(c));

7 (ii) the International Fund for Agri-
8 cultural Development;

9 (iii) the North American Development
10 Bank; or

11 (iv) any other international financial
12 institution specified by the Office of For-
13 eign Assets Control of the Department of
14 the Treasury.

15 (8) FOREIGN PERSON.—The term “foreign per-
16 son”—

17 (A) means—

18 (i) any citizen or national of a foreign
19 country; or

20 (ii) any entity not organized under the
21 laws of the United States or a jurisdiction
22 within the United States; and

23 (B) does not include the government of a
24 foreign country.

1 (9) HONG KONG.—The term “Hong Kong”
2 means the Hong Kong Special Administrative Re-
3 gion of the People’s Republic of China.

4 (10) JOINT DECLARATION.—The term “Joint
5 Declaration” means the Joint Declaration of the
6 Government of the United Kingdom of Great Britain
7 and Northern Ireland and the Government of the
8 People’s Republic of China on the Question of Hong
9 Kong, done at Beijing on December 19, 1984.

10 (11) KNOWINGLY.—The term “knowingly”,
11 with respect to conduct, a circumstance, or a result,
12 means that a person has actual knowledge, or should
13 have known, of the conduct, the circumstance, or the
14 result.

15 (12) PERSON.—The term “person” means an
16 individual or entity.

17 (13) SIGNIFICANT TRANSACTION.—The term
18 “significant transaction” means a transaction deter-
19 mined by the Secretary of the Treasury to be signifi-
20 cant on the basis of the following factors—

21 (A) the size, number, and frequency of the
22 transaction;

23 (B) the nature of the transaction;

24 (C) whether the transaction is part of a
25 pattern of conduct;

1 (D) the nexus between the transaction and
2 a person subject to sanctions under this Act;
3 and

4 (E) the impact of the transaction on the
5 objectives of this Act.

6 (14) UNITED STATES PERSON.—The term
7 “United States person” means—

8 (A) any citizen or national of the United
9 States;

10 (B) any alien lawfully admitted for perma-
11 nent residence in the United States;

12 (C) any entity organized under the laws of
13 the United States or any jurisdiction within the
14 United States (including a foreign branch of
15 such an entity); or

16 (D) any person located in the United
17 States.

18 **SEC. 3. FINDINGS.**

19 Congress makes the following findings:

20 (1) The Joint Declaration and the Basic Law
21 clarify certain obligations and promises that the
22 Government of China has made with respect to the
23 future of Hong Kong.

24 (2) The obligations of the Government of China
25 under the Joint Declaration were codified in a le-

1 gally-binding treaty, signed by the Government of
2 the United Kingdom of Great Britain and Northern
3 Ireland and registered with the United Nations.

4 (3) The obligations of the Government of China
5 under the Basic Law originate from the Joint Dec-
6 laration, were passed into the domestic law of China
7 by the National People’s Congress, and are widely
8 considered by citizens of Hong Kong as part of the
9 de facto legal constitution of Hong Kong.

10 (4) Foremost among the obligations of the Gov-
11 ernment of China to Hong Kong is the promise that,
12 pursuant to Paragraph 3b of the Joint Declaration,
13 “the Hong Kong Special Administrative Region will
14 enjoy a high degree of autonomy, except in foreign
15 and defence affairs which are the responsibilities of
16 the Central People’s Government”.

17 (5) The obligation specified in Paragraph 3b of
18 the Joint Declaration is referenced, reinforced, and
19 extrapolated on in several portions of the Basic Law,
20 including Articles 2, 12, 13, 14, and 22.

21 (6) Article 22 of the Basic Law establishes that
22 “No department of the Central People’s Government
23 and no province, autonomous region, or municipality
24 directly under the Central Government may interfere
25 in the affairs which the Hong Kong Special Admin-

1 administrative Region administers on its own in accord-
2 ance with this Law.”.

3 (7) The Joint Declaration and the Basic Law
4 make clear that additional obligations shall be un-
5 dertaken by China to ensure the “high degree of au-
6 tonomy” of Hong Kong.

7 (8) Paragraph 3c of the Joint Declaration
8 states, as reinforced by Articles 2, 16, 17, 18, 19,
9 and 22 of the Basic Law, that Hong Kong “will be
10 vested with executive, legislative and independent ju-
11 dicial power, including that of final adjudication”.

12 (9) On multiple occasions, the Government of
13 China has undertaken actions that have contravened
14 the letter or intent of the obligation described in
15 paragraph (8) of this section, including the fol-
16 lowing:

17 (A) In 1999, the Standing Committee of
18 the National People’s Congress overruled a de-
19 cision by the Hong Kong Court of Final Appeal
20 on the right of abode.

21 (B) On multiple occasions, the Government
22 of Hong Kong, at the advice of the Government
23 of China, is suspected to have not allowed per-
24 sons entry into Hong Kong allegedly because of

1 their support for democracy and human rights
2 in Hong Kong and China.

3 (C) The Liaison Office of China in Hong
4 Kong has, despite restrictions on interference in
5 the affairs of Hong Kong as detailed in Article
6 22 of the Basic Law—

7 (i) openly expressed support for can-
8 didates in Hong Kong for Chief Executive
9 and Legislative Council;

10 (ii) expressed views on various policies
11 for the Government of Hong Kong and
12 other internal matters relating to Hong
13 Kong; and

14 (iii) on April 17, 2020, asserted that
15 both the Liaison Office of China in Hong
16 Kong and the Hong Kong and Macau Af-
17 fairs Office of the State Council “have the
18 right to exercise supervision . . . on affairs
19 regarding Hong Kong and the mainland,
20 in order to ensure correct implementation
21 of the Basic Law”.

22 (D) The National People’s Congress has
23 passed laws requiring Hong Kong to pass laws
24 banning disrespectful treatment of the national
25 flag and national anthem of China.

1 (E) The State Council of China released a
2 white paper on June 10, 2014, that stressed
3 the “comprehensive jurisdiction” of the Govern-
4 ment of China over Hong Kong and indicated
5 that Hong Kong must be governed by “patri-
6 ots”.

7 (F) The Government of China has directed
8 operatives to kidnap and bring to the mainland,
9 or is otherwise responsible for the kidnapping
10 of, residents of Hong Kong, including business-
11 man Xiao Jianhua and bookseller Gui Minhai.

12 (G) The Government of Hong Kong, acting
13 with the support of the Government of China,
14 introduced an extradition bill that would have
15 permitted the Government of China to request
16 and enforce extradition requests for any indi-
17 vidual present in Hong Kong, regardless of the
18 legality of the request or the degree to which it
19 compromised the judicial independence of Hong
20 Kong.

21 (H) The spokesman for the Standing Com-
22 mittee of the National People’s Congress said,
23 “Whether Hong Kong’s laws are consistent
24 with the Basic Law can only be judged and de-
25 cided by the National People’s Congress Stand-

1 ing Committee. No other authority has the
2 right to make judgments and decisions.”.

3 (10) Paragraph 3e of the Joint Declaration
4 states, as reinforced by Article 5 of the Basic Law,
5 that the “current social and economic systems in
6 Hong Kong will remain unchanged, as so will the
7 life-style.”.

8 (11) On multiple occasions, the Government of
9 China has undertaken actions that have contravened
10 the letter or intent of the obligation described in
11 paragraph (10) of this section, including the fol-
12 lowing:

13 (A) In 2002, the Government of China
14 pressured the Government of Hong Kong to in-
15 troduce “patriotic” curriculum in primary and
16 secondary schools.

17 (B) The governments of China and Hong
18 Kong proposed the prohibition of discussion of
19 Hong Kong independence and self-determina-
20 tion in primary and secondary schools, which
21 infringes on freedom of speech.

22 (C) The Government of Hong Kong man-
23 dated that Mandarin, and not the native lan-
24 guage of Cantonese, be the language of instruc-
25 tion in Hong Kong schools.

1 (D) The governments of China and Hong
2 Kong agreed to a daily quota of mainland im-
3 migrants to Hong Kong, which is widely be-
4 lieved by citizens of Hong Kong to be part of
5 an effort to “mainlandize” Hong Kong.

6 (12) Paragraph 3e of the Joint Declaration
7 states, as reinforced by Articles 4, 26, 27, 28, 29,
8 30, 31, 32 33, 34, and 39 of the Basic Law, that
9 the “rights and freedoms, including those of person,
10 of speech, of the press, of assembly, of association,
11 of travel, of movement, of correspondence, of strike,
12 of choice of occupation, of academic research and of
13 religious belief will be ensured by law” in Hong
14 Kong.

15 (13) On multiple occasions, the Government of
16 China has undertaken actions that have contravened
17 the letter or intent of the obligation described in
18 paragraph (12) of this section, including the fol-
19 lowing:

20 (A) On February 26, 2003, the Govern-
21 ment of Hong Kong introduced a national secu-
22 rity bill that would have placed restrictions on
23 freedom of speech and other protected rights.

24 (B) The Liaison Office of China in Hong
25 Kong has pressured businesses in Hong Kong

1 not to advertise in newspapers and magazines
2 critical of the governments of China and Hong
3 Kong.

4 (C) The Hong Kong Police Force selec-
5 tively blocked demonstrations and protests ex-
6 pressing opposition to the governments of China
7 and Hong Kong or the policies of those govern-
8 ments.

9 (D) The Government of Hong Kong re-
10 fused to renew work visa for a foreign jour-
11 nalist, allegedly for hosting a speaker from the
12 banned Hong Kong National Party.

13 (E) The Justice Department of Hong
14 Kong selectively prosecuted cases against lead-
15 ers of the Umbrella Movement, while failing to
16 prosecute police officers accused of using exces-
17 sive force during the protests in 2014.

18 (F) On April 18, 2020, the Hong Kong
19 Police Force arrested 14 high-profile democracy
20 activists and campaigners for their role in orga-
21 nizing a protest march that took place on Au-
22 gust 18, 2019, in which almost 2,000,000 peo-
23 ple rallied against a proposed extradition bill.

24 (14) Articles 45 and 68 of the Basic Law assert
25 that the selection of Chief Executive and all mem-

1 bers of the Legislative Council of Hong Kong should
2 be by “universal suffrage.”

3 (15) On multiple occasions, the Government of
4 China has undertaken actions that have contravened
5 the letter or intent of the obligation described in
6 paragraph (14) of this section, including the fol-
7 lowing:

8 (A) In 2004, the National People’s Con-
9 gress created new, antidemocratic procedures
10 restricting the adoption of universal suffrage
11 for the election of the Chief Executive of Hong
12 Kong.

13 (B) The decision by the National People’s
14 Congress on December 29, 2007, which ruled
15 out universal suffrage in 2012 elections and set
16 restrictions on when and if universal suffrage
17 will be implemented.

18 (C) The decision by the National People’s
19 Congress on August 31, 2014, which placed
20 limits on the nomination process for the Chief
21 Executive of Hong Kong as a condition for
22 adoption of universal suffrage.

23 (D) On November 7, 2016, the National
24 People’s Congress interpreted Article 104 of the

1 Basic Law in such a way to disqualify 6 elected
2 members of the Legislative Council.

3 (E) In 2018, the Government of Hong
4 Kong banned the Hong Kong National Party
5 and blocked the candidacy of pro-democracy
6 candidates.

7 (16) The ways in which the Government of
8 China, at times with the support of a subservient
9 Government of Hong Kong, has acted in contraven-
10 tion of its obligations under the Joint Declaration
11 and the Basic Law, as set forth in this section, are
12 deeply concerning to the people of Hong Kong, the
13 United States, and members of the international
14 community who support the autonomy of Hong
15 Kong.

16 **SEC. 4. SENSE OF CONGRESS REGARDING HONG KONG.**

17 It is the sense of Congress that—

18 (1) the United States continues to uphold the
19 principles and policy established in the United
20 States-Hong Kong Policy Act of 1992 (22 U.S.C.
21 5701 et seq.) and the Hong Kong Human Rights
22 and Democracy Act of 2019 (Public Law 116–76;
23 22 U.S.C. 5701 note), which remain consistent with
24 China’s obligations under the Joint Declaration and

1 certain promulgated objectives under the Basic Law,
2 including that—

3 (A) as set forth in section 101(1) of the
4 United States-Hong Kong Policy Act of 1992
5 (22 U.S.C. 5711(1)), “The United States
6 should play an active role, before, on, and after
7 July 1, 1997, in maintaining Hong Kong’s con-
8 fidence and prosperity, Hong Kong’s role as an
9 international financial center, and the mutually
10 beneficial ties between the people of the United
11 States and the people of Hong Kong.”; and

12 (B) as set forth in section 2(5) of the
13 United States-Hong Kong Policy Act of 1992
14 (22 U.S.C. 5701(5)), “Support for democratiza-
15 tion is a fundamental principle of United States
16 foreign policy. As such, it naturally applies to
17 United States policy toward Hong Kong. This
18 will remain equally true after June 30, 1997.”;

19 (2) although the United States recognizes that,
20 under the Joint Declaration, the Government of
21 China “resumed the exercise of sovereignty over
22 Hong Kong with effect on 1 July 1997”, the United
23 States supports the autonomy of Hong Kong in fur-
24 therance of the United States-Hong Kong Policy Act
25 of 1992 and the Hong Kong Human Rights and De-

1 mocracy Act of 2019 and advances the desire of the
2 people of Hong Kong to continue the “one country,
3 two systems” regime, in addition to other obligations
4 promulgated by China under the Joint Declaration
5 and the Basic Law;

6 (3) in order to support the benefits and protec-
7 tions that Hong Kong has been afforded by the Gov-
8 ernment of China under the Joint Declaration and
9 the Basic Law, the United States should establish a
10 clear and unambiguous set of penalties with respect
11 to foreign persons determined by the Secretary of
12 State to be involved in the contravention of the obli-
13 gations of China under the Joint Declaration and
14 the Basic Law and the financial institutions trans-
15 acting with those foreign persons;

16 (4) the Secretary of State should provide an un-
17 classified assessment of the reason for imposition of
18 certain economic penalties on entities, so as to per-
19 mit a clear path for the removal of economic pen-
20 alties if the sanctioned behavior is reversed and
21 verified by the Secretary of State;

22 (5) relevant Federal agencies should establish a
23 multilateral sanctions regime with respect to foreign
24 persons involved in the contravention of the obliga-

1 tions of China under the Joint Declaration and the
2 Basic Law; and

3 (6) in addition to the penalties on foreign per-
4 sons, and financial institutions transacting with
5 those foreign persons, for the contravention of the
6 obligations of China under the Joint Declaration and
7 the Basic Law, the United States should take steps,
8 in a time of crisis, to assist permanent residents of
9 Hong Kong who are persecuted or fear persecution
10 as a result of the contravention by China of its obli-
11 gations under the Joint Declaration and the Basic
12 Law to become eligible to obtain lawful entry into
13 the United States.

14 **SEC. 5. IDENTIFICATION OF FOREIGN PERSONS INVOLVED**

15 **IN THE EROSION OF THE OBLIGATIONS OF**
16 **CHINA UNDER THE JOINT DECLARATION OR**
17 **THE BASIC LAW AND FOREIGN FINANCIAL IN-**
18 **STITUTIONS THAT CONDUCT SIGNIFICANT**
19 **TRANSACTIONS WITH THOSE PERSONS.**

20 (a) IN GENERAL.—Not later than 90 days after the
21 date of the enactment of this Act, and annually thereafter,
22 if the Secretary of State determines that a foreign person
23 is materially contributing to, has materially contributed
24 to, or attempts to materially contribute to the failure of
25 the Government of China to meet its obligations under the

1 Joint Declaration or the Basic Law, the Secretary of State
2 shall submit to the appropriate congressional committees
3 and leadership a report that includes—

4 (1) an identification of the foreign person;

5 (2) a clear explanation for why the foreign per-
6 son was identified and a description of the activity
7 that resulted in the identification; and

8 (3) an identification of any foreign financial in-
9 stitution that knowingly conducts a significant
10 transactions with the foreign person.

11 (b) EXCLUSION OF CERTAIN INFORMATION.—

12 (1) INTELLIGENCE.—The Secretary of State
13 shall not disclose the identity of a person in a report
14 submitted under subsection (a) if the Director of
15 National Intelligence determines that such disclosure
16 could compromise an intelligence operation, activity,
17 source, or method of the United States.

18 (2) LAW ENFORCEMENT.—The Secretary of
19 State shall not disclose the identity of a person in
20 a report submitted under subsection (a) if the Attor-
21 ney General, in coordination, as appropriate, with
22 the Director of the Federal Bureau of Investigation,
23 the head of any other appropriate Federal law en-
24 forcement agency, and the Secretary of the Treas-

1 ury, determines that such disclosure could reason-
2 ably be expected—

3 (A) to compromise the identity of a con-
4 fidential source, including a State, local, or for-
5 eign agency or authority or any private institu-
6 tion that furnished information on a confiden-
7 tial basis;

8 (B) to jeopardize the integrity or success
9 of an ongoing criminal investigation or prosecu-
10 tion;

11 (C) to endanger the life or physical safety
12 of any person; or

13 (D) to cause substantial harm to physical
14 property.

15 (3) NOTIFICATION REQUIRED.—If the Director
16 of National Intelligence makes a determination
17 under paragraph (1) or the Attorney General makes
18 a determination under paragraph (2), the Director
19 or the Attorney General, as the case may be, shall
20 notify the appropriate congressional committees and
21 leadership of the determination and the reasons for
22 the determination.

23 (c) EXCLUSION OF FOREIGN PERSONS AND FOREIGN
24 FINANCIAL INSTITUTIONS.—

1 (1) FOREIGN PERSONS.—The President may
2 exclude a foreign person from the report under sub-
3 section (a) if the material contribution (as described
4 in subsection (d)) that merited inclusion in that re-
5 port—

6 (A) does not have a significant and lasting
7 negative effect that contravenes the obligations
8 of China under the Joint Declaration and the
9 Basic Law;

10 (B) is not likely to be repeated in the fu-
11 ture; and

12 (C) has been reversed or otherwise miti-
13 gated through positive countermeasures taken
14 by that foreign person.

15 (2) FOREIGN FINANCIAL INSTITUTIONS.—The
16 President may exclude a foreign financial institution
17 from the report under subsection (a) if the signifi-
18 cant transaction or significant transactions of the
19 foreign financial institution that merited inclusion in
20 that report—

21 (A) does not have a significant and lasting
22 negative effect that contravenes the obligations
23 of China under the Joint Declaration and the
24 Basic Law;

1 (B) is not likely to be repeated in the fu-
2 ture; and

3 (C) has been reversed or otherwise miti-
4 gated through positive countermeasures taken
5 by that foreign financial institution.

6 (d) FORM OF REPORT.—Each report under sub-
7 section (a) shall be submitted in unclassified form but may
8 include a classified annex.

9 (e) TIMING OF REPORT.—

10 (1) IN GENERAL.—Each report under sub-
11 section (a), to the extent practicable, shall be sub-
12 mitted with the annual report under section 301 of
13 the United States-Hong Kong Policy Act of 1992
14 (22 U.S.C. 5731).

15 (2) RULE OF CONSTRUCTION.—Nothing in this
16 subsection shall be construed to terminate the re-
17 quirement to submit the report under subsection (a)
18 upon the termination of the requirement to submit
19 the annual report under section 301 of the United
20 States-Hong Kong Policy Act of 1992 (22 U.S.C.
21 5731).

22 (f) MATERIAL CONTRIBUTIONS RELATED TO OBLI-
23 GATIONS OF CHINA DESCRIBED.—For purposes of this
24 section, a foreign person materially contributes to the fail-
25 ure of the Government of China to meet its obligations

1 under the Joint Declaration or the Basic Law if the per-
 2 son—

3 (1) took action that resulted in the inability of
 4 the people of Hong Kong—

5 (A) to enjoy freedom of assembly, speech,
 6 press, or independent rule of law; or

7 (B) to participate in democratic outcomes;
 8 or

9 (2) otherwise took action that reduces the high
 10 degree of autonomy of Hong Kong.

11 **SEC. 6. SANCTIONS WITH RESPECT TO FOREIGN PERSONS**
 12 **THAT CONTRAVENE THE OBLIGATIONS OF**
 13 **CHINA UNDER THE JOINT DECLARATION OR**
 14 **THE BASIC LAW.**

15 (a) IMPOSITION OF SANCTIONS.—

16 (1) IN GENERAL.—On and after the date on
 17 which a foreign person is included in a report under
 18 section 5(a)(1), the President may impose sanctions
 19 described in subsection (b) with respect to that for-
 20 eign person.

21 (2) MANDATORY SANCTIONS.—On and after the
 22 date on which a foreign person is included in 2 re-
 23 ports submitted under section 5(a)(1), the President
 24 shall impose sanctions described in subsection (b)
 25 with respect to that foreign person.

1 (b) SANCTIONS DESCRIBED.—The sanctions de-
2 scribed in this subsection with respect to a foreign person
3 are the following:

4 (1) PROPERTY TRANSACTIONS.—The President
5 may, pursuant to such regulations as the President
6 may prescribe, prohibit any person from—

7 (A) acquiring, holding, withholding, using,
8 transferring, withdrawing, transporting, or ex-
9 porting any property that is subject to the ju-
10 risdiction of the United States and with respect
11 to which the foreign person has any interest;

12 (B) dealing in or exercising any right,
13 power, or privilege with respect to such prop-
14 erty; or

15 (C) conducting any transaction involving
16 such property.

17 (2) EXCLUSION FROM THE UNITED STATES
18 AND REVOCATION OF VISA OR OTHER DOCUMENTA-
19 TION.—In the case of a foreign person who is an in-
20 dividual, the President may direct the Secretary of
21 State to deny a visa to, and the Secretary of Home-
22 land Security to exclude from the United States, the
23 foreign person, subject to regulatory exceptions to
24 permit the United States to comply with the Agree-
25 ment regarding the Headquarters of the United Na-

1 tions, signed at Lake Success June 26, 1947, and
2 entered into force November 21, 1947, between the
3 United Nations and the United States, or other ap-
4 plicable international obligations.

5 **SEC. 7. SANCTIONS WITH RESPECT TO FOREIGN FINANCIAL**
6 **INSTITUTIONS THAT DO BUSINESS WITH FOR-**
7 **EIGN PERSONS THAT CONTRAVENE THE OB-**
8 **LIGATIONS OF CHINA UNDER THE JOINT**
9 **DECLARATION OR THE BASIC LAW.**

10 (a) IMPOSITION OF SANCTIONS.—With respect to any
11 financial institution included in a report under section
12 5(a)(3)—

13 (1) not later than one year after the submittal
14 of the report, the President shall impose not fewer
15 than five of the sanctions described in subsection
16 (b); and

17 (2) not later than 2 years after the submittal
18 of the report, the President shall impose each of the
19 sanctions described in subsection (b).

20 (b) SANCTIONS DESCRIBED.—The sanctions that
21 may imposed with respect to a foreign financial institution
22 included in the report under section 5(a)(3) are the fol-
23 lowing:

24 (1) LOANS FROM UNITED STATES FINANCIAL
25 INSTITUTIONS.—The United States Government

1 may prohibit any United States financial institution
2 from making loans or providing credits to the for-
3 eign financial institution.

4 (2) PROHIBITION ON DESIGNATION AS PRIMARY
5 DEALER.—Neither the Board of Governors of the
6 Federal Reserve System nor the Federal Reserve
7 Bank of New York may designate, or permit the
8 continuation of any prior designation of, the foreign
9 financial institution as a primary dealer in United
10 States Government debt instruments.

11 (3) PROHIBITION ON SERVICE AS A REPOSI-
12 TORY OF GOVERNMENT FUNDS.—The foreign finan-
13 cial institution may not serve as agent of the United
14 States Government or serve as repository for United
15 States Government funds.

16 (4) FOREIGN EXCHANGE.—The President may,
17 pursuant to such regulations as the President may
18 prescribe, prohibit any transactions in foreign ex-
19 change that are subject to the jurisdiction of the
20 United States and in which the foreign financial in-
21 stitution has any interest.

22 (5) BANKING TRANSACTIONS.—The President
23 may, pursuant to such regulations as the President
24 may prescribe, prohibit any transfers of credit or
25 payments between financial institutions or by,

1 through, or to any financial institution, to the extent
2 that such transfers or payments are subject to the
3 jurisdiction of the United States and involve any in-
4 terest of the foreign financial institution.

5 (6) PROPERTY TRANSACTIONS.—The President
6 may, pursuant to such regulations as the President
7 may prescribe, prohibit any person from—

8 (A) acquiring, holding, withholding, using,
9 transferring, withdrawing, transporting, import-
10 ing, or exporting any property that is subject to
11 the jurisdiction of the United States and with
12 respect to which the foreign financial institution
13 has any interest;

14 (B) dealing in or exercising any right,
15 power, or privilege with respect to such prop-
16 erty; or

17 (C) conducting any transaction involving
18 such property.

19 (7) RESTRICTION ON EXPORTS.—The President
20 may restrict or prohibit exports of goods, technology,
21 or services, directly or indirectly, from the United
22 States to the foreign financial institution.

23 (8) BAN ON INVESTMENT IN EQUITY OR
24 DEBT.—The President may, pursuant to such regu-
25 lations or guidelines as the President may prescribe,

1 prohibit any United States person from investing in
2 or purchasing significant amounts of equity or debt
3 instruments of the foreign financial institution.

4 (9) EXCLUSION OF CORPORATE OFFICERS.—

5 The President may direct the Secretary of State to
6 deny a visa to, and the Secretary of Homeland Secu-
7 rity to exclude from the United States, any alien
8 that the President determines is a corporate officer
9 or principal of, or a shareholder with a controlling
10 interest in, the foreign financial institution.

11 (10) SANCTIONS ON PRINCIPAL EXECUTIVE OF-

12 FICERS.—The President may impose on the prin-
13 cipal executive officer or officers of the foreign fi-
14 nancial institution, or on individuals performing
15 similar functions and with similar authorities as
16 such officer or officers, any of the sanctions de-
17 scribed in paragraphs (1) through (8) that are appli-
18 cable.

19 (c) TIMING OF SANCTIONS.—The President may im-

20 pose sanctions required under subsection (a) with respect
21 to a financial institution included in a report under section
22 5(a)(3) beginning on the day on which the financial insti-
23 tution is included in that report.

1 **SEC. 8. WAIVER, TERMINATION, AND CONGRESSIONAL RE-**
2 **VIEW PROCESS.**

3 (a) NATIONAL SECURITY WAIVER.—Unless a dis-
4 approval resolution is enacted under subsection (d), the
5 President may waive the application of sanctions under
6 section 6 or 7 with respect to a foreign person or foreign
7 financial institution if the President—

8 (1) determines that the waiver is in the national
9 security interest of the United States; and

10 (2) submits to the appropriate congressional
11 committees and leadership a report on the deter-
12 mination and the reasons for the determination.

13 (b) TERMINATION OF SANCTIONS AND REMOVAL
14 FROM REPORT.—Unless a disapproval resolution is en-
15 acted under subsection (d), the President may terminate
16 the application of sanctions under section 6 or 7 with re-
17 spect to a foreign person or foreign financial institution
18 and remove that foreign person or foreign financial insti-
19 tution from the report required under section 5(a) if the
20 Secretary of State determines that the actions taken by
21 the foreign person or foreign financial institution that led
22 to the imposition of sanctions—

23 (1) do not have a significant and lasting nega-
24 tive effect that contravenes the obligations of China
25 under the Joint Declaration and the Basic Law;

1 (2) are not likely to be repeated in the future;
2 and

3 (3) have been reversed or otherwise mitigated
4 through positive countermeasures taken by that for-
5 eign person or foreign financial institution.

6 (c) TERMINATION OF ACT.—

7 (1) REPORT.—

8 (A) IN GENERAL.—Not later than July 1,
9 2046, the President, in consultation with the
10 Secretary of State, the Secretary of the Treas-
11 ury, and the heads of such other Federal agen-
12 cies as the President considers appropriate,
13 shall submit to Congress a report evaluating the
14 implementation of this Act and sanctions im-
15 posed pursuant to this Act.

16 (B) ELEMENTS.—The President shall in-
17 clude in the report submitted under paragraph
18 (1) an assessment of whether this Act and the
19 sanctions imposed pursuant to this Act should
20 be terminated.

21 (2) TERMINATION.—This Act and the sanctions
22 imposed pursuant to this Act shall remain in effect
23 unless a termination resolution is enacted under sub-
24 section (d) after July 1, 2047.

25 (d) CONGRESSIONAL REVIEW.—

1 (1) RESOLUTIONS.—

2 (A) DISAPPROVAL RESOLUTION.—In this
3 section, the term “disapproval resolution”
4 means only a joint resolution of either House of
5 Congress—

6 (i) the title of which is as follows: “A
7 joint resolution disapproving the waiver or
8 termination of sanctions with respect to a
9 foreign person that contravenes the obliga-
10 tions of China with respect to Hong Kong
11 or a foreign financial institution that pro-
12 vides services to that person.”; and

13 (ii) the sole matter after the resolving
14 clause of which is the following: “Congress
15 disapproves of the action under section 8
16 of the Hong Kong Autonomy Act relating
17 to the application of sanctions imposed
18 with respect to a foreign person that con-
19 travenes the obligations of China with re-
20 spect to Hong Kong, or a foreign financial
21 institution that provides services to that
22 person, on _____ relating to
23 _____.”, with the first blank
24 space being filled with the appropriate date
25 and the second blank space being filled

1 with a short description of the proposed
2 action.

3 (B) TERMINATION RESOLUTION.—In this
4 section, the term “termination resolution”
5 means only a joint resolution of either House of
6 Congress—

7 (i) the title of which is as follows: “A
8 joint resolution terminating sanctions with
9 respect to foreign persons that contravene
10 the obligations of China with respect to
11 Hong Kong and foreign financial institu-
12 tions that provide services to those per-
13 sons.”; and

14 (ii) the sole matter after the resolving
15 clause of which is the following: “The
16 Hong Kong Autonomy Act and any sanc-
17 tions imposed pursuant to that Act shall
18 terminate on _____.”, with the blank
19 space being filled with the termination
20 date.

21 (C) COVERED RESOLUTION.—In this sub-
22 section, the term “covered resolution” means a
23 disapproval resolution or a termination resolu-
24 tion.

1 (2) INTRODUCTION.—A covered resolution may
2 be introduced—

3 (A) in the House of Representatives, by
4 the majority leader or the minority leader; and

5 (B) in the Senate, by the majority leader
6 (or the majority leader’s designee) or the mi-
7 nority leader (or the minority leader’s des-
8 ignee).

9 (3) FLOOR CONSIDERATION IN HOUSE OF REP-
10 REPRESENTATIVES.—If a committee of the House of
11 Representatives to which a covered resolution has
12 been referred has not reported the resolution within
13 10 calendar days after the date of referral, that
14 committee shall be discharged from further consider-
15 ation of the resolution.

16 (4) CONSIDERATION IN THE SENATE.—

17 (A) COMMITTEE REFERRAL.—

18 (i) DISAPPROVAL RESOLUTION.—A
19 disapproval resolution introduced in the
20 Senate shall be—

21 (I) referred to the Committee on
22 Banking, Housing, and Urban Affairs
23 if the resolution relates to an action
24 that is not intended to significantly

1 alter United States foreign policy with
2 regard to China; and

3 (II) referred to the Committee on
4 Foreign Relations if the resolution re-
5 lates to an action that is intended to
6 significantly alter United States for-
7 eign policy with regard to China.

8 (ii) TERMINATION RESOLUTION.—A
9 termination resolution introduced in the
10 Senate shall be referred to the Committee
11 on Banking, Housing, and Urban Affairs
12 and the Committee on Foreign Relations.

13 (B) REPORTING AND DISCHARGE.—If a
14 committee to which a covered resolution was re-
15 ferred has not reported the resolution within 10
16 calendar days after the date of referral of the
17 resolution, that committee shall be discharged
18 from further consideration of the resolution and
19 the resolution shall be placed on the appro-
20 priate calendar.

21 (C) PROCEEDING TO CONSIDERATION.—
22 Notwithstanding Rule XXII of the Standing
23 Rules of the Senate, it is in order at any time
24 after the Committee on Banking, Housing, and
25 Urban Affairs or the Committee on Foreign Re-

1 lations, as the case may be, reports a covered
2 resolution to the Senate or has been discharged
3 from consideration of such a resolution (even
4 though a previous motion to the same effect has
5 been disagreed to) to move to proceed to the
6 consideration of the resolution, and all points of
7 order against the resolution (and against con-
8 sideration of the resolution) are waived. The
9 motion to proceed is not debatable. The motion
10 is not subject to a motion to postpone. A mo-
11 tion to reconsider the vote by which the motion
12 is agreed to or disagreed to shall not be in
13 order.

14 (D) RULINGS OF THE CHAIR ON PROCE-
15 DURE.—Appeals from the decisions of the Chair
16 relating to the application of the rules of the
17 Senate, as the case may be, to the procedure re-
18 lating to a covered resolution shall be decided
19 without debate.

20 (E) CONSIDERATION OF VETO MES-
21 SAGES.—Debate in the Senate of any veto mes-
22 sage with respect to a covered resolution, in-
23 cluding all debatable motions and appeals in
24 connection with the resolution, shall be limited
25 to 10 hours, to be equally divided between, and

1 controlled by, the majority leader and the mi-
2 nority leader or their designees.

3 (5) RULES RELATING TO SENATE AND HOUSE
4 OF REPRESENTATIVES.—

5 (A) TREATMENT OF SENATE RESOLUTION
6 IN HOUSE.—In the House of Representatives,
7 the following procedures shall apply to a cov-
8 ered resolution received from the Senate (unless
9 the House has already passed a resolution relat-
10 ing to the same proposed action):

11 (i) The resolution shall be referred to
12 the appropriate committees.

13 (ii) If a committee to which a resolu-
14 tion has been referred has not reported the
15 resolution within 2 calendar days after the
16 date of referral, that committee shall be
17 discharged from further consideration of
18 the resolution.

19 (iii) Beginning on the third legislative
20 day after each committee to which a reso-
21 lution has been referred reports the resolu-
22 tion to the House or has been discharged
23 from further consideration thereof, it shall
24 be in order to move to proceed to consider
25 the resolution in the House. All points of

1 order against the motion are waived. Such
 2 a motion shall not be in order after the
 3 House has disposed of a motion to proceed
 4 on the resolution. The previous question
 5 shall be considered as ordered on the mo-
 6 tion to its adoption without intervening
 7 motion. The motion shall not be debatable.
 8 A motion to reconsider the vote by which
 9 the motion is disposed of shall not be in
 10 order.

11 (iv) The resolution shall be considered
 12 as read. All points of order against the res-
 13 olution and against its consideration are
 14 waived. The previous question shall be con-
 15 sidered as ordered on the resolution to
 16 final passage without intervening motion
 17 except 2 hours of debate equally divided
 18 and controlled by the sponsor of the reso-
 19 lution (or a designee) and an opponent. A
 20 motion to reconsider the vote on passage of
 21 the resolution shall not be in order.

22 (B) TREATMENT OF HOUSE RESOLUTION

23 IN SENATE.—

24 (i) RECEIVED BEFORE PASSAGE OF
 25 SENATE RESOLUTION.—If, before the pas-

1 sage by the Senate of a covered resolution,
2 the Senate receives an identical resolution
3 from the House of Representatives, the fol-
4 lowing procedures shall apply:

5 (I) That resolution shall not be
6 referred to a committee.

7 (II) With respect to that resolu-
8 tion—

9 (aa) the procedure in the
10 Senate shall be the same as if no
11 resolution had been received from
12 the House of Representatives;
13 but

14 (bb) the vote on passage
15 shall be on the resolution from
16 the House of Representatives.

17 (ii) RECEIVED AFTER PASSAGE OF
18 SENATE RESOLUTION.—If, following pas-
19 sage of a covered resolution in the Senate,
20 the Senate receives an identical resolution
21 from the House of Representatives, that
22 resolution shall be placed on the appro-
23 priate Senate calendar.

24 (iii) NO SENATE COMPANION.—If a
25 covered resolution is received from the

1 House of Representatives, and no com-
2 panion resolution has been introduced in
3 the Senate, the Senate procedures under
4 this subsection shall apply to the resolution
5 from the House of Representatives.

6 (C) APPLICATION TO REVENUE MEAS-
7 URES.—The provisions of this paragraph shall
8 not apply in the House of Representatives to a
9 covered resolution that is a revenue measure.

10 (6) RULES OF HOUSE OF REPRESENTATIVES
11 AND SENATE.—This subsection is enacted by Con-
12 gress—

13 (A) as an exercise of the rulemaking power
14 of the Senate and the House of Representa-
15 tives, respectively, and as such is deemed a part
16 of the rules of each House, respectively, and su-
17 persedes other rules only to the extent that it
18 is inconsistent with such rules; and

19 (B) with full recognition of the constitu-
20 tional right of either House to change the rules
21 (so far as relating to the procedure of that
22 House) at any time, in the same manner, and
23 to the same extent as in the case of any other
24 rule of that House.

1 **SEC. 9. RULE OF CONSTRUCTION.**

2 Nothing in this Act shall be construed as an author-
3 ization of military force against China.

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