



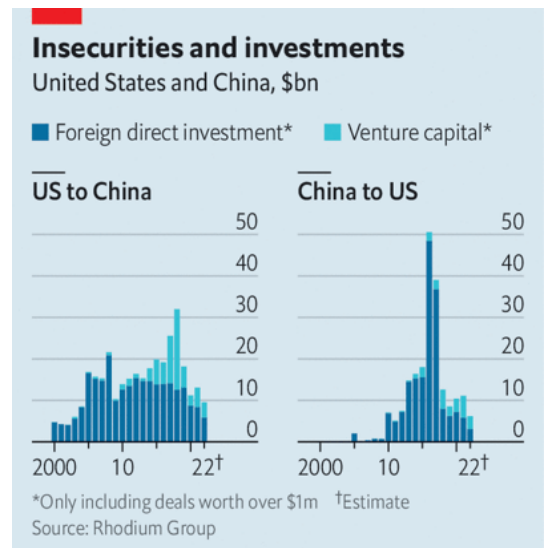
FIGHTING for PENNSYLVANIA FAMILIES

## Disclosing Investments in Foreign Adversaries Act of 2023

*U.S. Senators Bob Casey (D-PA) and Rick Scott (R-FL)*

From 2018-2022, U.S. private investment firms invested over \$80 billion in the People's Republic of China (PRC), sending U.S. savings, expertise and innovation to a potential adversary. This includes venture capital investment in Chinese tech companies developing advanced or emerging technologies, fueling the PRC's growth in dual-use critical technologies and building their industrial base. What's more, American states, municipalities, universities, unions, and other savers could be unknowingly putting their savings in the PRC and other adversaries who compete against us for jobs and investment.

Americans have a right to know where their savings are invested. In the event of future Chinese aggression and U.S. sanctions (similar to Russia's invasion of Ukraine), it is also crucial that American policymakers know the extent of our financial exposure to the PRC. Unfortunately, we currently have little or no transparency into our exposure. Large private equity and venture capital funds are not subject to the same disclosure rules as publicly-traded companies. American pension funds have committed growing sums to private equity and venture capital in search of high returns. Often these funds pursue higher-risk strategies in high-growth countries and industries overseas, such as in the PRC. But with limited required disclosures, investors and the public don't know where their dollars are going after they reach these large private funds, and what their dollars may be doing to advance our adversaries' interests.



The Economist

### Disclosing Investments in Foreign Adversaries Act

The Disclosing Investments in Foreign Adversaries Act of 2023 would provide transparency into individual funds' investments in the PRC, Iran, Russia, North Korea, and jurisdictions determined to be subject to the political and legal control of a covered nation. Specifically, this bill would:

- Require private funds to annually disclose assets invested in each country of concern (PRC, Iran, Russia, and North Korea) on Form PF to the SEC.
- Require the SEC to annually make available a public report containing a list of entities and their reported percentage of assets invested or located in each country of concern.
- Require companies that conduct an "exempt offering" in U.S. markets, which is an offer and sale of securities exempt from SEC registration requirements, to disclose the beneficial owners of the issuer, intended use of the proceeds, and the countries/sectors where the proceeds would be invested.