



Treasury Issues Regulations to Implement Executive Order Addressing U.S. Investments in Certain National Security Technologies and Products in Countries of Concern

October 28, 2024

WASHINGTON – The U.S. Department of the Treasury (Treasury) today issued a final rule (Final Rule) to implement Executive Order 14105 of August 9, 2023, “Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern” (the Outbound Order). The Final Rule provides the operative regulations and a detailed explanatory discussion regarding their intent and application.

In the Outbound Order, the President directed the Secretary of the Treasury to issue regulations that (1) prohibit U.S. persons from engaging in certain transactions with persons of a country of concern involving a defined set of technologies and products that pose a particularly acute national security threat to the United States, and (2) require U.S. persons to notify Treasury of certain other transactions with persons of a country of concern involving a defined set of technologies and products that may contribute to the threat to the national security of the United States. In the Outbound Order, the President identified the People’s Republic of China, along with the Special Administrative Region of Hong Kong and the Special Administrative Region of Macau, as a country of concern. The technologies and products relevant to the prohibition and notification requirement are identified in the Outbound Order as semiconductors and microelectronics; quantum information technologies; and artificial intelligence. The Final Rule issued today provides details on the subsets of technologies and products within the three sectors identified in the Outbound Order and fully implements a new program that will help address the advancement of key technologies and products by countries of concern that may use them to threaten U.S. national security.

“The Biden-Harris Administration is committed to protecting America’s national security and keeping critical advanced technologies out of the hands of those who may use them to threaten our national security. Artificial intelligence, semiconductors, and quantum technologies are fundamental to the development of the next generation of military,

surveillance, intelligence and certain cybersecurity applications like cutting-edge code-breaking computer systems or next generation fighter jets. This Final Rule takes targeted and concrete measures to ensure that U.S. investment is not exploited to advance the development of key technologies by those who may use them to threaten our national security,” said Paul Rosen, Assistant Secretary for Investment Security. Rosen added, “U.S. investments, including the intangible benefits like managerial assistance and access to investment and talent networks that often accompany such capital flows, must not be used to help countries of concern develop their military, intelligence, and cyber capabilities. Secretary Yellen has overseen and directed Treasury’s extensive engagement with stakeholders, experts, and allies to ensure the effectiveness of this measure, and that the rule will not jeopardize the open investment environment that benefits the United States.”

The United States is committed to fostering an open investment environment, and this targeted new program is consistent with this longstanding policy. As described in the Final Rule, this national security program is focused on certain U.S. outbound investments that contribute capital as well as intangible benefits to persons of a country of concern engaged in activities involving certain sensitive technologies and products that could pose risks to U.S. national security. The Final Rule benefits from dialogue and coordination with U.S. allies and partners on this measure and was informed by input provided from a range of stakeholders since the rulemaking process was initiated in 2023.

The Final Rule builds on Treasury’s August 2023 Advance Notice of Proposed Rulemaking (ANPRM) and its July 2024 Notice of Proposed Rulemaking (NPRM). Treasury invited comment on the ANPRM and NPRM, and carefully considered the feedback in developing the regulations. The Final Rule responds to public comments received on the NPRM from a wide range of interested parties by incorporating technical edits, adding specificity to a number of provisions, and including explanatory notes, among other things.

The Final Rule defines key terms and provides detail on various aspects of the program’s implementation, including:

- Obligations of a U.S. person regarding a covered transaction;
- Categories of covered transactions and excepted transactions;
- Technical specifications for certain technologies and products in the areas of semiconductors and microelectronics, quantum information technologies, and artificial intelligence;
- Information that a U.S. person is required to provide to Treasury as part of a notification;

- The knowledge standard and expectations for a U.S. person to conduct a reasonable and diligent inquiry prior to undertaking a transaction; and
- Conduct that would be treated as a violation of the Final Rule and applicable penalties for such conduct.

The Outbound Investment Security Program will be administered by the newly created Office of Global Transactions, within Treasury's Office of Investment Security. The Final Rule will become effective on January 2, 2025.

The Final Rule, fact sheet, and additional information are available at: [Outbound Investment Security Program | U.S. Department of the Treasury](#)

###