



# United States Senate

March 25, 2021

Ms. Allison Herren Lee  
Acting Chairman  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

Dear Acting Chair Lee:

I write to thank you for your actions regarding the Holding Foreign Companies Accountable Act (Public-Law 116-222) interim final amendments. As you know, the purpose of this law is to protect American investors and their savings from foreign companies that operate on U.S. stock exchanges but refuse to submit to Securities and Exchange Commission (Commission) oversight. Specifically, the law is tailored to address access challenges the Public Company Accounting Oversight Board (PCAOB) has regulating Chinese companies listed on our exchanges.

China has refused to allow U.S. regulators to examine their books since the Sarbanes-Oxley Act established the PCAOB. This standoff continued for years at the expense of American workers and families: Countless Chinese companies defrauded investors—most notably Luckin Coffee, which lost half of its stock valuation overnight. Because this threat to our capital markets system remains, the Commission should act swiftly to identify non-compliant companies that are located in a foreign jurisdiction and have 30% or more of their audit work conducted outside of the reach of the PCAOB.

The Holding Foreign Companies Accountable Act also mandated several enhanced disclosure requirements. Companies must report whether a foreign government controls them, whether officials of the Chinese Communist Party serve on their board, and whether government entities own any share in the company. The purpose of these and other disclosure requirements is to make relevant information about publicly traded firms explicit and easily accessible to investors. The Chinese Communist party shouldn't find ready investors on U.S. soil to fund their military operations and human rights abuses. The strength of our capital markets is only as good as the confidence investors have in our markets. These disclosures will allow investors to make informed decisions about their investments, which ultimately increases confidence in America's markets and economy.

ES160066

Legislation rarely moves through both chambers of Congress in as unanimous and bipartisan a fashion as the Holding Foreign Companies Accountable Act did. As you move to implement the remainder of the law, I ask that you provide Congress with updates on how the Commission intends to do so and when you plan for the law to be fully implemented. It is time to demand honesty of all companies on U.S. exchanges. That means that foreign companies comply with our laws or be forced off our exchanges. Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in blue ink that reads "John Kennedy". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

John Kennedy  
U.S. Senator