

## Global Trade &amp; National Security

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**U.S. Outbound Investment Controls Set to Take Effect January 2, 2025**

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On October 28, 2024, the U.S. Department of the Treasury issued a Final Rule establishing the new Outbound Investment Security Program, set to take effect on January 2, 2025. This program, implemented under Executive Order 14105 of August 9, 2023, aims to address national security concerns related to certain U.S. investments in sensitive technologies in countries of concern.

**Key points:**

1. The program prohibits or requires notification of certain direct and indirect outbound investments by U.S. persons in entities of countries of concern, specifically focusing on semiconductors and microelectronics, quantum information technologies, and artificial intelligence.
2. Currently, the People's Republic of China, including Hong Kong and Macau, is the only designated country of concern.
3. The program was established in response to national security threats posed by countries seeking to exploit sensitive technologies critical for military, intelligence, surveillance, or cyber-enabled capabilities.
4. The program applies to certain transactions involving U.S. persons and entities of countries of concern related to "Certain National Security Technologies and Products." These include investments, acquisitions, mergers, joint ventures, and other specified transactions.
5. The regulations apply to transactions involving entities of the government of a country of concern; persons owned by, controlled by, or subject to the jurisdiction of a country of concern; and other persons specified by the Treasury Department.

U.S. persons engaging in direct or indirect **outbound investments** in China or Chinese-owned entities/controlled with a nexus to the specified technologies should carefully review the new regulations.

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