

United States Senate

February 28, 2020

Chairman Jay Clayton
U.S. Securities and Exchange Commission
100 F Street, Northeast
Washington, DC 20549

Dear Chairman Clayton:

I write regarding our shared priority to protect American investors and businesses from the growing threat of Communist China. Communist China continues to steal our technology and intellectual property, refuses to open their markets, and has shown they cannot be trusted. The leaders of the Communist Party of China are actively trying to access all the data of any foreign company working in the country. Everything a business does in Communist China is shared directly with a government that is jailing its people for their religious beliefs, refuses to respect basic human rights and is building up their industrial and military strength to compete with us.

U.S.-listed Chinese companies present regulatory, oversight and enforcement challenges that undermine transparency and confidence in American markets. U.S. investors have few legal and even fewer practical remedies when Chinese firms that raise capital on U.S. stock markets do not comply with U.S. disclosure rules, or flaunt our regulatory requirements. The lack of compliance and limitations on oversight of U.S.-listed Chinese companies opens the door to adverse activities, including insider trading, accounting fraud, and corporate governance concerns that could put U.S. investors, including pension funds, at risk.

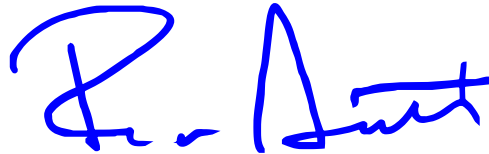
As of September 2019, there were 172 Chinese-based companies listed on the three largest U.S. exchanges, the NASDAQ, the New York Stock Exchange (NYSE), and the NYSE American (formerly the American Stock Exchange, or AMEX), with a total market capitalization of more than \$1 trillion. Given the prevalence of U.S.-listed Chinese companies, I write to ask that you answer the following:

1. What unique risks do investments in Chinese-based companies pose to investors, including those listed on U.S. stock exchanges?
2. What more could be done to strengthen and enhance the oversight of Chinese-based companies listed on, or working to issue securities on U.S. stock exchanges in order to improve the transparency and quality of their disclosure?

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I appreciate your attention to this important matter. I look forward to working together to increase transparency and directly address these threats.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rick Scott". The signature is stylized with a large initial "R" and a prominent "S".

Rick Scott
United States Senator