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No China in Index Funds Act

Index mutual funds minimize their expenses by simply investing in all the companies in a certain market sector, without looking closely at the individual companies. There are unique difficulties in evaluating the risks of investing in Chinese companies. Americans should not invest in these companies without carefully evaluating the risk. This bill would prohibit index funds from investing in Chinese companies and require them to divest from such investments within 180 days after the date of enactment.

The bill defines a Chinese company as any company that falls under any of the following categories:

- Is incorporated or otherwise organized in China.
- Has a majority of its assets or employees located in China.
- Owned by, controlled by, or subject to the jurisdiction or direction of PRC.
- Where a majority of the company's value depends on the revenues, profits, market capitalization, assets, or the value of a security (including options to purchase or sell) of a company described under subparagraphs (i), (ii), or (iii), as determined by SEC.
- Where a company described under subparagraphs (i), (ii), or (iii) has control, as defined under Section 230.405 of Title 17, Code of Federal Regulations, of the company, as determined by the SEC.