Paul, Weiss

Client Memorandum

November 6, 2025

White House Announces One-Year Suspension of Export Controls "Affiliates" Rule

Note: On November 9, 2026, BIS published a final rule further extending the one-year suspension of the Affiliates Rule (as described below), which had been scheduled to end on November 9, 2026, through January 10, 2027. *See Extension of the Suspension of Expansion of End-User Controls for Affiliates of Certain Listed Entities*, 91 Fed. Reg. 70789 (Nov. 9, 2026), available here. The new end date coincides with the two-month extension, announced in September 2026, of the October–November 2025 trade agreement between President Trump and President Xi (the Busan agreement). The final rule does not otherwise modify the Affiliates Rule, which, if implemented, would extend Entity List, Military End-User List, and certain SDN-related restrictions to any foreign entity owned, directly or indirectly, individually or in the aggregate, 50% or more by one or more relevant listed parties. BIS stated that it will consider public comments on the Affiliates Rule in future rulemakings.

Given ongoing bilateral negotiations, it is uncertain whether the Affiliates Rule will take effect in January 2027, but exporters would be well advised to prepare for its eventual implementation. Specifically, exporters might consider vetting the ownership of their customers, distributors, and resellers, including by confirming affiliates coverage with third-party restricted party screening vendors or onboarding such vendors, as U.S. Government screening resources such as the Consolidated Screening List will not capture unlisted affiliates.

Note: On November 12, 2025, BIS published a final rule effectuating the one-year suspension of the Affiliates Rule. *See One Year Suspension of Expansion of End-User Controls for Affiliates of Certain Listed Entities*, 90 Fed. Reg. 50857 (Nov. 12, 2025), available here. The Federal Register notice states that the suspension of the Affiliates Rule (as described below) will end on November 9, 2026, unless otherwise extended, and that the licensing requirements triggered by the Affiliates Rule will snap back into place at that time. BIS also indicated that it will continue to evaluate U.S. national security and foreign policy interests related to non-listed foreign affiliates of listed entities during the pendency of the pause.

On November 1, 2025, the White House issued a fact sheet stating that the United States, as part of a deal with China, will suspend for one year, beginning November 10, 2025, implementation of the U.S. Department of Commerce's Bureau of Industry and Security's ("BIS") interim final rule expanding end-user controls to cover certain foreign affiliates of listed parties (the "Affiliates Rule").[1] The Affiliates Rule was published on October 2, 2025, and we summarized the rule in a recent client memorandum.[2]

[1] The White House, *Fact Sheet: President Donald J. Trump Strikes Deal on Economic and Trade Relations with China* (Nov. 1, 2025), available here.

[2] Paul, Weiss, *New Commerce Rule Applies Entity List and Other Restrictions to 50% or Greater Owned Foreign Affiliates* (Oct. 2, 2025), available here.

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What the White House Announced

According to the White House fact sheet, the United States will suspend for one year the implementation of the interim final rule titled "Expansion of End-User Controls to Cover Affiliates of Certain Listed Entities," effective November 10, 2025. Although this regulatory change was occasioned by the agreement undertaken with China, we understand that the suspended implementation will apply to the rule in its entirety and will not be limited in application to affiliates of Chinese-listed entities.

As described in our prior alert, the Affiliates Rule had extended Entity List, Military End-User List, and certain SDN-related restrictions to any foreign entity 50% or more owned, directly or indirectly and in the aggregate, by one or more listed parties, and adopted a "most-restrictive owner" standard, a new Red Flag, conforming foreign direct product rule changes, and a narrow temporary general license.

The Affiliates Rule initially took effect on September 29, 2025. The limited temporary general license that BIS issued contemporaneously with the Affiliates Rule expires on November 28, 2025. As a result of the Affiliates Rule, companies could no longer rely on screening for only the names that appear on the relevant BIS-maintained list and would, as a practical matter, need to rely on vendors or their own research to determine the names of affiliates covered by the Affiliates Rule.[3]

Practical Implications

We expect BIS will issue a formal action to effectuate this one-year pause, and the precise timing and form of that action remain to be seen.

Companies should monitor for the finalization of the suspension. Companies may also wish to use the one-year suspension to develop and test their plans for screening against a broader set of affiliates when the rule eventually comes into effect.

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This memorandum is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this memorandum should be directed to:

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[3] *See* BIS Entity List FAQs, available here.