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July 21, 2025

# Executive Order Requires Chinese Owners to Divest From U.S. Technology Company

On July 8, 2025, the President issued an Executive Order (the “Order”) that requires Suirui Group Co., Ltd., a Chinese company and majority owner of Suirui International Co., Limited (together, “Suirui”), to divest all interests in Jupiter Systems, LLC (now Jupiter Systems, Inc. (“Jupiter”)), a U.S. technology company that designs and develops visual display screens.<sup>1</sup> The Order also restricts Jupiter from holding interests in any Chinese subsidiaries acquired after the original transaction.

The Order relies on “credible evidence that [Suirui] may take action that threatens to impair the national security of the United States[.]” According to a press release by the U.S. Department of the Treasury, the Committee on Foreign Investment in the United States (“CFIUS”) “identified a national security risk arising from Suirui’s ownership of Jupiter relating to the potential compromise of Jupiter’s products used in military and critical infrastructure environments.”<sup>2</sup>

The Order demonstrates that the U.S. government and, more specifically, CFIUS, remain focused on identifying—and prohibiting or unwinding—investments by Chinese persons and companies in U.S. technology firms and aligns with broader U.S. policies aimed at protecting domestic technological innovation and intellectual property. Below, we summarize the Order and the potential implications for foreign direct investment in the United States.

## The Order

- **Prohibition of the Transaction.** The Order prohibits the acquisition and continued ownership by Suirui and its affiliates of any interest in Jupiter Systems or its assets, whether held directly or indirectly.
- **Mandatory Divestment.** Suirui and its affiliates are required to divest all interests and rights in Jupiter and its tangible and intangible assets, including intellectual property, non-public source code, and customer contracts, within 120 days of the Order (subject to extension by CFIUS). Of note, Jupiter must also divest any interests in its Asian subsidiaries acquired or created after the transaction, unless otherwise approved by CFIUS. In other words, a prospective buyer of Jupiter will not necessarily be able to acquire the company’s Asian subsidiaries.
- **Restrictions on Access to Sensitive Information.** Effective immediately, and until divestment is completed and verified by CFIUS, Suirui, its personnel, and affiliates are prohibited from accessing Jupiter’s non-public source code, non-public technical information, IT systems, products, records, or U.S. facilities.

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<sup>1</sup> See Executive Office of the President, *Order of July 8, 2025 Regarding the Acquisition of Jupiter Systems, LLC by Suirui International Co., Limited*; 90 C.F.R. 31125 (Jul. 11, 2025), available [here](#).

<sup>2</sup> U.S. Dep’t of Treasury, *Statement on the President’s Decision Prohibiting the Acquisition by Suirui Group Co., Ltd. of Jupiter Systems, LLC* (Jul. 11, 2025), available [here](#).

- **Limitations on Asset Transfers and Corporate Changes.** Until divestment is complete, Suirui and Jupiter are prohibited from dissolving, reorganizing, or transferring ownership of Jupiter, or relocating or transferring assets in a manner that would impede compliance with the Order, including transferring U.S.-based assets outside the United States or to Jupiter's subsidiaries in Asia.
- **Certification and Verification Requirements.** Upon completion of divestment, Suirui and Jupiter must certify to CFIUS that all required steps have been taken, including the destruction or transfer of all relevant intellectual property and non-public source code. CFIUS is authorized to audit compliance and require ongoing certifications until divestment is verified.
- **Approval of Third-Party Sales.** Any sale or transfer of Jupiter interests by Suirui to a third party requires prior notification to CFIUS and is subject to a 30-day review period. CFIUS may object to any proposed buyer based on national security considerations, including the relationship to Suirui and ability to comply with the order.
- **Ongoing Compliance and Enforcement.** Suirui and Jupiter must provide weekly compliance certifications to CFIUS until divestment is complete. The Order prohibits any attempt to evade or circumvent its requirements and authorizes CFIUS to implement additional measures to mitigate national security risks. U.S. government personnel are also granted access to relevant premises, records, and personnel for verification and enforcement purposes.

### Implications

This Order underscores the U.S. government's continued scrutiny of foreign investments in sensitive U.S. technology companies, particularly those involving acquirers from China. The divestment mandate, coupled with stringent restrictions on access to sensitive information and robust compliance verification mechanisms, reflects heightened national security concerns and the broad authority of CFIUS to intervene in transactions that have already closed. In this case, the closure occurred more than five years ago. The Order demonstrates that CFIUS continues to identify and act on so-called "non-notified" transactions. The decision also aligns with broader U.S. policies aimed at protecting domestic technological innovation and intellectual property.<sup>3</sup>

Companies engaged in cross-border M&A involving U.S. technology assets should carefully assess CFIUS risk, and consider the implications of non-notified inquiries, including the possibility of post-closing divestment orders and related compliance obligations.

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<sup>3</sup> See e.g., Paul, Weiss, *White House "America First Investment Policy" Directs Changes to CFIUS and Outbound Investment Programs* (Mar. 10, 2025), available [here](#); see also Paul, Weiss, *2024 Year in Review: CFIUS, Outbound Investments and Export Controls* (Dec. 6, 2024), available [here](#).

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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:

**John P. Carlin**

+1-202-223-7372

[jcarlin@paulweiss.com](mailto:jcarlin@paulweiss.com)

**David K. Kessler**

+1-212-373-3614

[dkessler@paulweiss.com](mailto:dkessler@paulweiss.com)

**Nicole Succar**

+1-212-373-3624

[nsuccar@paulweiss.com](mailto:nsuccar@paulweiss.com)

**Samuel Kleiner**

+1-212-373-3797

[skleiner@paulweiss.com](mailto:skleiner@paulweiss.com)

**Nathan Mitchell**

+1-202-223-7422

[nmitchell@paulweiss.com](mailto:nmitchell@paulweiss.com)

*Associates Sean S. Malone, Rana Matared and Joshua R. Thompson contributed to this Client Memorandum.*