

119TH CONGRESS
2D SESSION

S. _____

To require the Under Secretary of Commerce for Industry and Security to require a license for the export, reexport, or in-country transfer of certain integrated circuits, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. BANKS (for himself, Ms. WARREN, Mr. COTTON, Mrs. SHAHEEN, Mr. RICKETTS, and Ms. CORTEZ MASTO) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To require the Under Secretary of Commerce for Industry and Security to require a license for the export, reexport, or in-country transfer of certain integrated circuits, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Artificial Intelligence
5 Oversight of Verified Exports and Restrictions on
6 Weaponizable Advanced Technology to Covered High-Risk
7 Actors Act” or the “AI OVERWATCH Act”.

1 **SEC. 2. LICENSE REQUIREMENT FOR EXPORTS OF COV-**
2 **ERED INTEGRATED CIRCUITS TO COUNTRIES**
3 **OF CONCERN.**

4 Part I of the Export Control Reform Act of 2018 (50
5 U.S.C. 4811 et seq.) is amended by inserting after section
6 1758 the following:

7 **“SEC. 1758A. CONTROL OF EXPORTS OF COVERED INTE-**
8 **GRATED CIRCUITS.**

9 “(a) DEFINITIONS.—In this section:

10 “(1) ALLIED COUNTRY.—The term ‘allied coun-
11 try’ means any country listed in Country Group A
12 under Supplement No. 1 to part 740 of the Export
13 Administration Regulations (as in effect on January
14 1, 2026).

15 “(2) APPROPRIATE CONGRESSIONAL COMMIT-
16 TEES.—The term ‘appropriate congressional com-
17 mittees’ means the Committee on Foreign Affairs of
18 the House of Representatives and the Committee on
19 Banking, Housing, and Urban Affairs of the Senate.

20 “(3) COMMERCE CONTROL LIST.—The term
21 ‘Commerce Control List’ means the list set forth in
22 Supplement No. 1 to part 774 of the Export Admin-
23 istration Regulations.

24 “(4) COUNTRY OF CONCERN.—The term ‘coun-
25 try of concern’ means—

1 “(A) the People’s Republic of China, in-
2 cluding the Hong Kong and Macau Special Ad-
3 ministrative Regions;

4 “(B) the Republic of Cuba;

5 “(C) the Islamic Republic of Iran;

6 “(D) the Democratic People’s Republic of
7 Korea;

8 “(E) the Russian Federation; and

9 “(F) any other foreign country listed in
10 Country Group D:5 under Supplement No. 1 to
11 part 740 of the Export Administration Regula-
12 tions, as published on January 1, 2026, that is
13 designated by the Secretary of State as a coun-
14 try of concern for purposes of this section and
15 for which notice of such designation has been
16 published in the Federal Register.

17 “(5) COVERED AGENCY HEADS.—The term
18 ‘covered agency heads’ means the Secretary of De-
19 fense, the Secretary of Energy, the Secretary of
20 State, and the Director of the White House Office
21 of Science and Technology Policy.

22 “(6) COVERED INTEGRATED CIRCUIT.—

23 “(A) IN GENERAL.—Subject to subpara-
24 graphs (B), (C), and (D), the term ‘covered in-
25 tegrated circuit’ means—

1 “(i) an integrated circuit, computer,
2 or other product—

3 “(I) classified under Export Con-
4 trol Classification Number 3A090 or
5 4A090 or related Export Control
6 Classification Numbers; or

7 “(II) that is functionally equiva-
8 lent or substantially similar to a cir-
9 cuit, computer, or product described
10 in subclause (I), including certain
11 similar products listed under Export
12 Control Classification Number
13 5A002.z; or

14 “(ii) an integrated circuit that has 1
15 or more digital processing units with—

16 “(I) a total processing perform-
17 ance of 4,800 or more;

18 “(II) a total processing perform-
19 ance of 2,400 or more and a perform-
20 ance density of 1.6 or more;

21 “(III) a total processing perform-
22 ance of 1,600 or more and a perform-
23 ance density of 3.2 or more; or

24 “(IV) a total DRAM bandwidth
25 of 1,400 gigabytes per second or

1 more, interconnect bandwidth of
2 1,100 gigabytes per second or more,
3 or a sum of DRAM bandwidth and
4 interconnect bandwidth of 1,700
5 gigabytes per second or more.

6 “(B) AUTHORITY TO UPDATE TECHNICAL
7 PARAMETERS.—Beginning 24 months after the
8 date of the submission to Congress of the
9 American Artificial Intelligence Victory Strat-
10 egy required in subsection (f), the Under Sec-
11 retary of Commerce for Industry and Security
12 may add or modify technical parameters for the
13 definition of ‘covered integrated circuit’ for pur-
14 poses of this section though notice in the Fed-
15 eral Register, so long as—

16 “(i) the addition or modification poses
17 no adverse impact on the national security
18 of the United States;

19 “(ii) not fewer than 30 days before
20 the addition or modification takes effect,
21 the Secretary of Commerce—

22 “(I) consults with the appro-
23 priate congressional committees re-
24 garding such addition or modification;
25 and

1 “(II) in conjunction with each
2 agency that is part of the Operating
3 Committee for Export Policy and in
4 coordination with the Director of Na-
5 tional Intelligence, updates the Amer-
6 ican Artificial Intelligence Victory
7 Strategy required in subsection (f)
8 and submits such update to the ap-
9 propriate congressional committees;
10 and

11 “(iii) the Operating Committee for
12 Export Policy has approved the addition or
13 modification by majority vote.

14 “(C) PRODUCTS INCLUDED.—Except as
15 provided in subparagraph (D), the term ‘cov-
16 ered integrated circuit’ includes a product con-
17 taining such a covered integrated circuit.

18 “(D) EXCLUSION.—The term ‘covered in-
19 tegrated circuit’ does not include—

20 “(i) covered integrated circuits or
21 products containing a covered integrated
22 circuit that are not designed or marketed
23 for use in a data center; or

24 “(ii) microprocessor microcircuits,
25 such as central processing units, that are

1 not graphics processing units or similar
2 products.

3 “(7) OPERATING COMMITTEE FOR EXPORT POL-
4 ICY.—The term ‘Operating Committee for Export
5 Policy’ means the Operating Committee for Export
6 Policy referred to in section 1763(c) of the John S.
7 McCain National Defense Authorization Act for Fis-
8 cal Year 2019 (50 U.S.C. 4822(c)).

9 “(8) PERFORMANCE DENSITY; TOTAL PROC-
10 ESSING PERFORMANCE.—The terms ‘performance
11 density’ and ‘total processing performance’ have the
12 meanings given those terms in, and are calculated as
13 provided for under, Export Control Classification
14 Number 3A090 in the Commerce Control List (as in
15 effect on January 1, 2026).

16 “(9) RESTRICTED INTEGRATED CIRCUIT.—

17 “(A) IN GENERAL.—Subject to subpara-
18 graphs (B), (C), and (D), the term ‘restricted
19 integrated circuit’ means a covered integrated
20 circuit that is—

21 “(i) an integrated circuit that has 1
22 or more digital processing units—

23 “(I) with a total processing per-
24 formance of 21,000 or more; or

1 “(II) with a total processing per-
2 formance of 1,600 or more and a per-
3 formance density of 21 or more; or

4 “(ii) an integrated circuit that was
5 first marketed for sale after January 1,
6 2026, and that has 1 or more digital proc-
7 essing units with—

8 “(I) a total processing perform-
9 ance of 4,800 or more;

10 “(II) a total processing perform-
11 ance of 2,400 or more and a perform-
12 ance density of 1.6 or more; or

13 “(III) a total processing perform-
14 ance of 1,600 or more and a perform-
15 ance density of 3.2 or more.

16 “(B) AUTHORITY TO UPDATE TECHNICAL
17 PARAMETERS.—The Under Secretary of Com-
18 merce for Industry and Security may add or
19 modify technical parameters for the definition
20 of ‘restricted integrated circuit’ in the same
21 manner and subject to the same restrictions as
22 the authority described in paragraph (6)(B).

23 “(C) PRODUCTS INCLUDED.—Except as
24 provided by subparagraph (D), the term ‘re-

1 stricted integrated circuit’ includes a product
2 containing such a restricted integrated circuit.

3 “(D) EXCLUSION.—The term ‘restricted
4 integrated circuit’ does not include—

5 “(i) restricted integrated circuits or
6 products containing a restricted integrated
7 circuit that are not designed or marketed
8 for use in a data center; or

9 “(ii) microprocessor microcircuits,
10 such as central processing units, that are
11 not graphics processing units or similar
12 products.

13 “(10) TRUSTED UNITED STATES PERSON.—The
14 term ‘trusted United States person’ means any
15 United States person designated as a trusted United
16 States person pursuant to subsection (h)(2).

17 “(b) LICENSE REQUIREMENT.—

18 “(1) IN GENERAL.—Beginning on the date of
19 the enactment of this section, the Under Secretary
20 of Commerce for Industry and Security, in coordina-
21 tion with each agency that is part of the Operating
22 Committee for Export Policy, shall require a license
23 for the export, reexport, or in-country transfer of a
24 covered integrated circuit or a restricted integrated
25 circuit to an entity that is located or headquartered

1 in, or the ultimate parent company of which is
2 headquartered in, a country of concern.

3 “(2) GENERAL LICENSE PROHIBITED.—The
4 Under Secretary of Commerce for Industry and Se-
5 curity may not issue a general license for the pur-
6 pose of fulfilling the license requirement in para-
7 graph (1).

8 “(c) CERTIFICATION TO CONGRESS.—

9 “(1) CERTIFICATION REQUIREMENT.—Not
10 fewer than 30 days prior to approving any license
11 for the export, reexport, or in-country transfer of a
12 covered integrated circuit to an entity that is located
13 or headquartered in, or the ultimate parent company
14 of which is headquartered in, a country of concern,
15 the Under Secretary of Commerce for Industry and
16 Security, in coordination with each agency that is
17 part of the Operating Committee for Export Policy,
18 shall submit to the appropriate congressional com-
19 mittees a copy of the license application and pro-
20 posed license, including—

21 “(A) the quantity of covered integrated cir-
22 cuit, identified by an Export Control Classifica-
23 tion Number, as applicable, and by technical
24 parameters of the covered integrated circuit;

1 “(B) the ultimate consignee or end-user of
2 the covered integrated circuit;

3 “(C) any and all license conditions;

4 “(D) a certification that the export, reex-
5 port, or in-country transfer of the covered inte-
6 grated circuit has verifiable and enforceable
7 mechanisms for ensuring the ultimate consignee
8 or end-user has not, does not, and will not sup-
9 port or enable, directly or indirectly, the mili-
10 tary, intelligence, surveillance, or cyber-enabled
11 capabilities of a country of concern, including—

12 “(i) that the United States Govern-
13 ment has no information indicating that
14 the ultimate consignee or end-user has,
15 does, or will support or enable, directly or
16 indirectly, the military, intelligence, sur-
17 veillance, or cyber-enabled capabilities of a
18 country of concern;

19 “(ii) an explanation of how the license
20 conditions support the certification; and

21 “(iii) in the case that the license con-
22 cerns a country of concern that engages in
23 a military-civil fusion policy or maintains a
24 law that requires persons to provide sup-
25 port and assistance to national security

1 bodies, public security bodies, or relevant
2 military bodies of the country of concern,
3 details on how the license conditions ad-
4 dress the specific threats arising from such
5 policy or law;

6 “(E) a certification that approving the li-
7 cense will not adversely impact the defense in-
8 dustrial base of the United States, including the
9 availability of covered integrated circuits for
10 United States persons, including all of the
11 major subcomponents of the covered integrated
12 circuits, such as high-bandwidth memory;

13 “(F) a certification that approving the li-
14 cense will not adversely impact the technology
15 leadership and advantage of the United States
16 in total nationally-installed processing power ca-
17 pacity relative to the country of concern related
18 to the ultimate consignee or end user of the
19 covered integrated circuit;

20 “(G) a certification that approving the li-
21 cense will not adversely impact the national se-
22 curity of the United States;

23 “(H) the underlying analyses supporting
24 the certifications required in subparagraphs
25 (D), (E), (F), and (G); and

1 “(I) a technical assessment (including an
2 alternative assessment by the Director of Na-
3 tional Intelligence, if applicable) of how the ex-
4 port, reexport, or in-country transfer of the cov-
5 ered integrated circuit to an entity that is lo-
6 cated or headquartered in, or the ultimate par-
7 ent company of which is headquartered in, a
8 country of concern affects the artificial intel-
9 ligence leadership of the United States, includ-
10 ing in terms of global market share, in artificial
11 intelligence models, artificial intelligence cloud
12 services, and covered integrated circuits, respec-
13 tively.

14 “(2) EXTENSION OF REVIEW PERIOD FOR CER-
15 TAIN SUBMISSIONS.—In the case that a submission
16 to Congress under paragraph (1) is submitted on a
17 date that is on or after July 10 and on or before
18 September 7 in any year, paragraph (1) shall apply
19 by substituting ‘60 days’ for ‘30 days’.

20 “(3) LIMITATION.—The license described in
21 subsection (b) may not be issued until the date that
22 is not fewer than 30 days after the committees de-
23 scribed in paragraph (1) received the certification
24 required in such paragraph.

1 “(d) TERMINATION OF LICENSES.—Any license
2 issued or approved prior to the date of the enactment of
3 this section for the export, reexport, or in-country transfer
4 of a covered integrated circuit to an entity that is located
5 or headquartered in, or the ultimate parent company of
6 which is headquartered in, a country of concern is termi-
7 nated.

8 “(e) TEMPORARY PROHIBITION.—The Under Sec-
9 retary of Commerce for Industry and Security, in coordi-
10 nation with each agency that is part of the Operating
11 Committee for Export Policy, shall deny all licenses for
12 the export, reexport, or in-country transfer of a covered
13 integrated circuit to an entity that is located or
14 headquartered in, or the ultimate parent company of
15 which is headquartered in, a country of concern, within
16 one business day of receiving any application for such a
17 license, until the date that is 14 days after the submission
18 to Congress of the American Artificial Intelligence Victory
19 Strategy required in subsection (f).

20 “(f) AMERICAN ARTIFICIAL INTELLIGENCE VICTORY
21 STRATEGY.—The Secretary of Commerce, in conjunction
22 with the covered agency heads and in coordination with
23 the Director of National Intelligence, shall submit to the
24 appropriate congressional committees an American Artifi-
25 cial Intelligence Victory Strategy that details—

1 “(1) a whole-of-government framework to win
2 the artificial intelligence race;

3 “(2) the national security and economic impli-
4 cations of the People’s Republic of China winning
5 the artificial intelligence race;

6 “(3) the effect that access by countries of con-
7 cern to covered integrated circuits, semiconductor
8 manufacturing equipment, and related subcompo-
9 nents that are from the United States or allied coun-
10 tries would have on the artificial intelligence race,
11 the capabilities of the People’s Republic of China,
12 and United States national security;

13 “(4) recommendations for policy changes the
14 United States Government should make to best posi-
15 tion the United States in the artificial intelligence
16 race against the People’s Republic of China;

17 “(5) an assessment of the implications of the
18 export, reexport, or in-country transfer of covered
19 integrated circuits to countries of concern for the
20 military, intelligence, surveillance, or cyber-enabled
21 capabilities of such countries; and

22 “(6) an assessment of the covered integrated
23 circuit production numbers and capabilities of the
24 People’s Republic of China for fiscal years 2026 and
25 2027, including—

1 “(A) a determination of whether the Peo-
2 ple’s Republic of China would cease or reduce
3 its efforts to pursue indigenous production and
4 use of Chinese-designed and manufactured cov-
5 ered integrated circuits if entities located or
6 headquartered in, or the ultimate parent com-
7 pany of which is headquartered in, the People’s
8 Republic of China are provided access to cov-
9 ered integrated circuits designed in the United
10 States;

11 “(B) a comparison of the covered inte-
12 grated circuit production numbers and capabili-
13 ties of the People’s Republic of China to the
14 covered integrated circuit production numbers
15 and capabilities of the United States and allies
16 of the United States; and

17 “(C) a quantitative analysis, to the extent
18 feasible, examining the artificial intelligence ca-
19 pabilities of countries of concern if such coun-
20 tries relied solely on indigenous production of
21 covered integrated circuits using indigenously
22 produced manufacturing equipment and related
23 subcomponents.

24 “(g) LICENSE PROHIBITION FOR RESTRICTED INTE-
25 GRATED CIRCUITS.—The Under Secretary of Commerce

1 for Industry and Security, in coordination with each agen-
2 cy that is part of the Operating Committee for Export
3 Policy, shall deny all licenses for the export, reexport, or
4 in-country transfer of a restricted integrated circuit to an
5 entity that is located or headquartered in, or the ultimate
6 parent company of which is headquartered in, a country
7 of concern.

8 “(h) EXEMPTION FROM CERTAIN LICENSE RE-
9 QUIREMENTS FOR TRUSTED UNITED STATES PERSONS.—

10 “(1) IN GENERAL.—The requirement for a li-
11 cense under sections 742.6 and 744.23 of the Ex-
12 port Administration Regulations shall not apply to
13 the export, reexport, or in-country transfer of a cov-
14 ered integrated circuit if the covered integrated cir-
15 cuit—

16 “(A) is not destined for Macau, Hong
17 Kong, or a country listed in Country Group D:5
18 under Supplement No. 1 to part 740 of the Ex-
19 port Administration Regulations; and

20 “(B) will remain under the ownership and
21 control of a trusted United States person or a
22 subsidiary of a trusted United States person
23 once the covered integrated circuit is in oper-
24 ation.

1 “(2) IMPLEMENTATION.—Not later than 90
2 days after the date of the enactment of this section,
3 the Under Secretary of Commerce for Industry and
4 Security, in coordination with each agency that is
5 part of the Operating Committee for Export Policy,
6 shall—

7 “(A) seek input from the public regarding
8 the standards and requirements a United
9 States person should be required to meet to ob-
10 tain a designation as a trusted United States
11 person;

12 “(B) based on such input, prescribe regu-
13 lations establishing such standards and require-
14 ments, which shall include—

15 “(i) establishment by the United
16 States person of reasonable security stand-
17 ards, including physical security, cyberse-
18 curity, remote access, secure covered inte-
19 grated circuit repair and disposal proce-
20 dures, and other measures designed to pre-
21 vent the illicit transfer, diversion, or access
22 to covered integrated circuits;

23 “(ii) a requirement that the United
24 States person may not transfer or install a
25 majority of its aggregate total processing

1 performance of covered integrated circuits
2 outside the United States;

3 “(iii) a requirement that not more
4 than an aggregate 10 percent of the ulti-
5 mate beneficial ownership of the United
6 States person may be held, directly or indi-
7 rectly, by any entity that primarily resides,
8 is domiciled, or conducts the majority of
9 its business in a country of concern;

10 “(iv) robust know-your-customer
11 standards;

12 “(v) a preference for sourcing ad-
13 vanced integrated circuits and subcompo-
14 nents from production facilities that sup-
15 port the revival of semiconductor manufac-
16 turing in the United States; and

17 “(vi) annual audit or attestation re-
18 quirements to ensure compliance with
19 clauses (i), (ii), (iii), and (iv); and

20 “(C) prescribe regulations establishing the
21 process by which the Under Secretary of Com-
22 merce for Industry and Security, in coordina-
23 tion with each agency that is part of the Oper-
24 ating Committee for Export Policy, shall ap-
25 prove such a designation.

1 “(3) EXPANSION TO ALLIED COUNTRIES.—The
2 Under Secretary of Commerce for Industry and Se-
3 curity, in coordination with each agency that is part
4 of the Operating Committee for Export Policy, shall
5 consider options for securely expanding the license
6 exemption program described in this subsection to
7 certain allied countries.”.