Navigating the New BIS 50% Ownership Rule

PSA Helps Clients Stay Ahead of Expanding Export-Control Obligations

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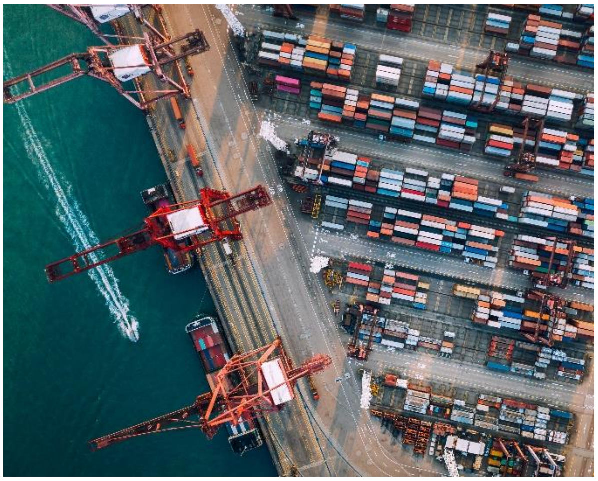
The Challenge: The New BIS 50% Rule

- The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has expanded its export-control regime through the new **"50% Ownership" (Affiliates) Rule**, effective September 29, 2025.
- Under this rule, any foreign entity that is **50% or more owned—directly or indirectly, individually or in aggregate—by one or more parties on the BIS Entity List, Military End-User List, or certain SDN programs** is now treated as if it were itself listed.
- BIS guidance makes clear that **exporters, re-exporters, and transferors must adopt a risk-based compliance program** to meet these obligations. That means prioritizing **enhanced due diligence** where ownership is opaque, especially in high-risk jurisdictions and sectors where traditional screening tools cannot provide certainty.
- A new **"Red Flag 29"** rule underscores this expectation: if you have reason to know a counterparty has ownership by a listed party but cannot determine the percentage, **you must obtain a BIS license** before proceeding.

The result: a significant increase in the scope, complexity, and evidentiary burden of compliance.

How PSA Helps Clients Comply:

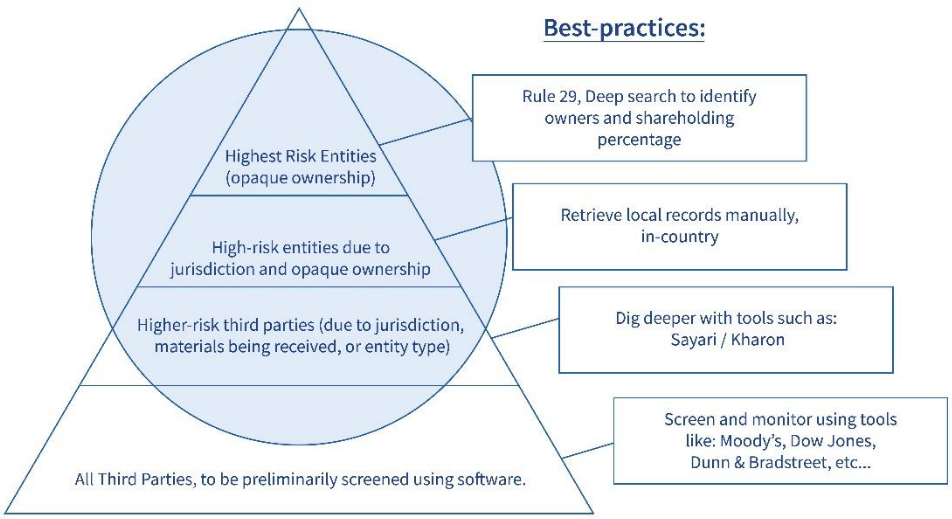
- **Map Ownership and Control:** Using authoritative corporate filings and best-in-class commercial datasets, PSA quickly maps direct and **indirect ownership** to identify exposure among key recipients and partners.
- **Validate Ownership:** Our expert international researchers validate disclosed ownership from questionnaires or supplier attestations through direct access to registry records in **182+ countries**, with deep expertise across **China, South Asia, and the Middle East,** where ownership opacity is greatest.



- **Prioritize Risk:** We identify counterparties that warrant escalated scrutiny and support enhanced due diligence consistent with BIS's risk-based expectations.
- **Document Compliance:** We help clients build audit-ready records demonstrating reasonable steps taken to investigate ownership and resolve red flags, meeting the evidentiary standard set by BIS.

For higher-risk relationships, PSA combines advanced data analytics with ***targeted human research*** because in opaque markets, ***data alone will not cut it*.**

Where can PSA assist?



Why PSA

PSA equips compliance and trade teams to meet that higher bar, transforming complex ownership networks into practicable, defensible intelligence.

With PSA, you can act decisively, prove diligence, and stay compliant, no matter how the rules evolve.

PSA is a **global specialist risk consultancy**, delivering critical information to our clients through three core service lines: **Due Diligence, Investigations, and Advisory Services**. We operate where our clients do business, with regional offices staffed by investigators and responders who bring extensive in-region experience from **corporate investigations, government intelligence, and law enforcement backgrounds**.

CONTACT US

info@psagroup.com