

# Commerce Department Strengthens Export Controls Through New Interim Rules to Restrict Development of Chinese Advanced Semiconductors

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*This blog post was drafted with assistance from Sean C. Church, Paralegal.*

On December 2, 2024, the Department of Commerce's Bureau of Industry and Security (BIS) published [two interim final rules](#) (IFR's) making the latest round of updates to regulations on advanced computing items, supercomputers, and semiconductor manufacturing equipment. BIS also announced the addition of 140 entities to the Entity List.

The new rules are designed to further impair the People's Republic of China's (PRC) capability to produce advanced-node semiconductors that can be used in advanced weapon systems, artificial intelligence (AI), and advanced computing, which have significant military applications. The rules are effective immediately with a delayed compliance date of December 31, 2024 for certain controls. Public comments can be submitted on the Interim Final Rule. Although the rules contain a significant number of changes to the EAR and should be closely reviewed, a brief summary of key provisions is below.

## [Foreign-Produced Direct Product Rule Additions, and Refinements to Controls for Advanced Computing and Semiconductor Manufacturing Items](#)

The five key categories of changes implemented by this IFR are as follows:

- Addition of two new FDP rules in § 734.9 of the Export Administration Regulations (EAR) for certain types of advanced Semiconductor Manufacturing Equipment (SME) and for entities on the Entity List, designated with new Footnote 5, involved in the production of "advanced-node ICs";
- Additional revisions to de minimis provisions that correlate to the new Foreign-Produced Direct Product (FDP) rules, establishment of new License Exception Restricted Fabrication "Facility" (RFF), and conforming changes to other parts of the EAR;
- Further changes and clarification to the end use controls in 744.23 related to semiconductor manufacturing equipment;

- Addition of high-bandwidth memory (HBM) controls, including addition of new ECCN 3A090.c and License Exceptions HBM;
- Eight new red flags providing guidance on diligence standards;
- Clarification on export controls applicable to software keys to address when authorization is required; and
- Revisions to the Commerce Control List (CCL) in supplement no. 1 to part 774, including revisions to eight existing ECCNs and addition of eight new ECCNs.

The full text of the Foreign-Produced Direct Product IFR can be found [here](#).

#### Additions and Modifications to the Entity List; Removals from the Validated End-User (VEU) Program

The changes made by this IFR are described as follows:

- Addition of 140 entities to the Entity List, including entities from the PRC, Japan, South Korea, and Singapore;
- Modification of 14 existing entries on the Entity List, consisting of revisions to 14 entries under the PRC;
- Removal of three entities from the VEU Program.

The full text of the Additions and Modifications IFR can be found [here](#), including a list of the entities mentioned.

As with the October 2023 regulations, the two new IFRs are highly complex and contain many changes that are not fully summarized above. Please [contact](#) our sanctions and export team if you need assistance navigating these latest developments.