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- House Proposes New CFIUS Reforms**PRACTICES**

- International

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The Committee on Foreign Investment in the United States (CFIUS), a multi-agency body chaired by the U.S. Treasury Department, is responsible for screening foreign acquisitions of U.S. companies based on national security concerns. The President may suspend or prohibit any foreign acquisition or merger of a U.S. corporation that threatens U.S. national security. Following public outrage surrounding the Dubai Ports World debacle in early 2006, CFIUS review has become more stringent and is likely to become more so if measures being proposed by the U.S. House of Representatives take effect.

Reports of recent CFIUS reviews show that the number of full investigations conducted by CFIUS has increased compared to previous years. On February 7, 2007, the House Financial Services Committee held a hearing to review the federal government's interagency process for vetting foreign acquisitions in the U.S. and considered new legislation (H.R. 556) that would reform the CFIUS process. H.R. 556, authored by Representative Carolyn Maloney (D-NY), Chairwoman of the House Financial Institutions and Consumer Credit Subcommittee, would mandate tougher review for entities which are controlled by foreign governments, and top-level political appointees would have to sign off on transactions. The bill would keep the initial 30-day review period for all transactions. Committee Chairman Barney Frank (D-MA) intends to bring the bill to the House floor for a vote by the end of February. The Senate Banking Committee is expected to hold hearings on CFIUS reform but has not acted on any legislation.