SQUIRE PATTON BOGGS

BIS Issues One-Year Suspension of Affiliates Rule Expansion

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On November 10, 2025, the US Department of Commerce's Bureau of Industry and Security (BIS) issued a final rule titled "One Year Suspension of Expansion of End-User Controls for Affiliates of Certain Listed Entities." As the title indicates, the final rule formally enacts a one-year suspension of the BIS Affiliates Rule, which had been in effect since September 29, 2025, as we previously reported in "BIS Expands Entity List Controls to All Unlisted Foreign Affiliates Owned 50% or More by Listed Parties."

This action follows the November 1 White House fact sheet released after a meeting between President Trump and President Xi that occurred in Busan, South Korea, ahead of last month's APEC summit.

Trade Context

In exchange for the one-year suspension of the Affiliates Rule – scheduled to end on November 9, 2026 – China has agreed to suspend the global implementation of its export controls on rare earths and related measures announced on October 9, 2025.

China will also issue general licenses authorizing exports of rare earths, gallium, germanium, antimony, and graphite to US end users and their global suppliers. This effectively removes certain controls that China has maintained since 2023.

Implementation Details

The interim final rule was in effect from September 29, 2025, through November 9, 2025. Under the BIS final rule, the suspension will be implemented in two phases:

- **Phase I** – BIS will temporarily suspend all changes made to the Export Administration Regulations (EAR) by the Affiliates Rule, effective November 10, 2025, through November 9, 2026.
- **Phase II** – The suspended changes will be reintroduced into the EAR upon expiration of the one-year period.

The final rule's *Federal Register* summary notes that the suspension will end on November 9, 2026, "absent a future extension." This language indicates that the Affiliates Rule may continue to serve as a negotiating instrument in US-China trade discussions that have been ongoing during President Trump's second term.

A recent letter from House Select Committee on the CCP Chairman John Moolenaar – co-signed by House Foreign Affairs Committee Chairman Brian Mast, House Permanent Select Committee on Intelligence Chairman Rick Crawford, and House Homeland Security Committee Chairman Andrew Garbarino, all Republicans – urged Secretary Lutnick and the Commerce Department to investigate several specific companies under, for example, Commerce's ICTS authority "to protect the U.S. market from technology threats." While Chairman Moolenaar had not, as of the date of the this alert's publication, commented on the one-year suspension of the BIS Affiliates Rule, the letter reaffirms Congress's close scrutiny of unlisted affiliates of Chinese technology firms.

Recommended Actions

Although the final rule allows for the possibility of an extension, companies should use this one-year suspension to proactively:

- Review and strengthen existing export compliance programs;
- Develop or enhance internal processes to ensure compliance prior to reinstatement of the Affiliates Rule's broad compliance obligations; and
- Analyze business partner vulnerabilities that may be affected by intervening changes to the Affiliates Rule's effective date.

Because BIS merely postponed – rather than rescinded – the Affiliates Rule, it can be reactivated with little notice through a short Federal Register notice. The suspension, while significant, should therefore be treated as temporary. A snap-back could occur if Washington views Beijing as failing to meet commitments under the Busan framework – such as delays in implementing the rare-earth licensing regime – or if broader geopolitical developments prompt a policy response. In that event, transactions involving China-affiliated counterparties could again face midstream restrictions. Companies should mitigate this risk by incorporating protective clauses, monitoring BIS communications closely, and avoiding assumptions that the current pause provides lasting certainty.

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