



BIS Adoption of 50% Rule (September 29, 2025)

The Bureau of Industry and Security (BIS) has [posted](#) for public inspection an Interim Final Rule applying a 50% ownership standard to entities on the BIS Entity List.

Under the Interim Final Rule, any entity owned 50% or more by one or more entities on the Entity List (15 C.F.R. Part 744, Supp. No. 4) is itself subject to the Entity List restrictions. This “50% rule” (which BIS is calling the “Affiliates rule”) is also being applied to the “Military End-User” (MEU) List (15 C.F.R. Part 744, Supp. No. 7), but is not currently being extended to the Unverified List (UVL) (15 C.F.R. Part 744, Supp. No. 6) or to parties subject to Denial Orders (15 C.F.R. Part 764). “Red Flags” are also being updated to address foreign parties with significant minority ownership by – or other significant ties to – an Entity List entity, an MEU List entity, or a Specially Designated National (SDN).

The Interim Final Rule, which is scheduled for publication in the September 30 Federal Register, is effective on September 29, so the new screening requirements are already in effect. Certain transactions may be covered by a Temporary General License (TGL) that expires in 60 days. BIS is accepting comments on the Interim Final Rule for 30 days through October 29.

This communication provides only a summary of the issues and requirements included in the 46-page Interim Final Rule. Clients should read and consider the source document. Please contact [Sean Murray](#) with questions.

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