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EXPORT CONTROLS

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By Sayari Analyst Team · Published April 2025

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The US suspended the BIS 50% Rule in November 2025 as part of a China trade agreement. Export officers exhaled. The regulation consuming months of planning and resources was off the roadmap.

That relief is incomplete. The suspension removes immediate obligations but not the underlying risk: majority-owned subsidiaries of Entity List parties operating outside watchlists. Those entities still exist and function. When the suspension expires November 9, 2026—or if modified—the rule will return in some form. Organizations that treat suspension as permission to stand down will scramble again to implement.

The real problem is structural: compliance infrastructure cannot keep pace with regulatory change. The gap between announcement and reliable screening spans months regulators don't always grant. Understanding requirements, auditing programs, finding vendors, and deploying screening takes time the compliance calendar doesn't allow. The next shift—reinstatement, modification, or new rules—will find unprepared organizations facing the same timeline pressure and data gaps.

What the BIS Affiliates Rule Was and What It Required

The Affiliates Rule (commonly called the 50% Rule) made straightforward but complex: entities 50%+ owned by Entity List or Military End-User List parties face same restrictions, regardless of listing. Entities 50%+ owned by designated parties become subject to license requirements and trade restrictions.

The scope was substantial. The Entity List contains thousands of Chinese entities with stakes in subsidiaries, partners, and vehicles not on watchlists. Determining scope required mapping ownership backward, identifying beneficial owners, cross-referencing designations. Organizations needed visibility into corporate structure and beneficial ownership, not list screening alone.

The rule closed a known vulnerability: lists are static snapshots; networks are dynamic. Listed entities can establish subsidiaries or create holding structures operating without explicit restrictions. The 50% Rule closed this gap, moving compliance teams from watchlist matching toward network analysis and beneficial ownership verification.

Why the Suspension Doesn't Eliminate the Underlying Risk

Suspension is not elimination. The rule remains on the books, dormant not deleted. Suspension runs through November 9, 2026, but can be modified or reinstated before. Regulators rarely announce compliance shifts months ahead; organizations waiting for notification will react rather than anticipate.

The underlying risk did not disappear. Majority-owned subsidiaries of designated entities still control supply chains and participate in commerce. They present the same sanctions and export control risk. The question isn't whether these entities matter—they do—but whether organizations can identify them.

Suspension creates false reset. It doesn't un-designate anyone or dissolve ownership chains. It removes screening obligations. For China-exposed organizations, the incentive to understand these relationships doesn't evaporate with the requirement. Suspension may create blind spots: teams stop monitoring affiliate risk, data gaps widen, and infrastructure atrophies.

The Compliance Infrastructure Problem: Why Organizations Can't Move Fast Enough

The gap between announcement and implementation is a structural weakness. Compliance teams follow familiar sequences: understand, audit programs, find vendors, procure, deploy, monitor. This typically requires months.

Data limitations compound the problem. Most screening solutions focus on lists and flag matches—efficient for static designations, insufficient for affiliate networks. Screening majority

ownership requires visibility into corporate structure and beneficial ownership across jurisdictions, data not always public and rarely ingested comprehensively by vendors.

Understanding requires legal analysis; implementation requires data; finding data requires knowing what exists. Most organizations lack this before vendor evaluation. They choose between partial solutions or delayed implementation. Either way, months pass.

Regulatory risk doesn't pause. In a world of limited-notice shifts, organizations dependent on months-long cycles always respond to the last rule, not anticipating the next.

Building Compliance Infrastructure That Anticipates Regulatory Change

Fast-moving programs begin with comprehensive data, not curated lists. They preserve historical records for retroactive compliance questions. They analyze network relationships, not just matches.

This requires moving beyond the assumption that all relevant entities eventually appear on lists. Some are designated years later; others are never listed but become regulated through ownership references. Resilient programs maintain broader network visibility and quickly filter against new criteria.

Second, maintain data continuity. Compliance changes happen faster than expected. Announcement to implementation takes weeks or months, not years. Organizations maintaining current data on corporate relationships, ownership history, trade patterns, and financial activity adapt quickly. Those sourcing reactively-after rules publish-always lag.

Third, contextualize results. When flagged as majority-owned, professionals need underlying data: ownership chains, designee status, shipment records, relationships. This context allows faster investigation and confident decision-making.

For China-exposed organizations, the suspension is a tactical reprieve, not permission to ignore affiliate risk. Teams using this period to strengthen data infrastructure-moving beyond list screening to network visibility, preserving historical data, and filtering against new criteria-will move at the speed the next shift demands.

Sayari's BIS50 Signal Screening Solution was designed for exactly this scenario. It identifies majority-owned subsidiaries of Entity List and MEU List parties by ingesting comprehensive corporate records, ownership networks, and beneficial owner information across 250

jurisdictions. Unlike screening tools that work from curated lists alone, Sayari's approach preserves all entities in the graph, maintains historical data, and contextualizes results with trade, financial, and geospatial information. When regulatory requirements shift-whether the 50% Rule is reinstated, modified, or replaced-organizations that have moved their screening infrastructure onto a comprehensive, network-aware platform can adapt in weeks, not months.

Learn more about how Sayari helps export control teams stay ahead of regulatory change. Request a demo today.

Please visit sayari.com to learn more.

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