Business Software Alliance

August 3, 2026

The Honorable Jeffrey I. Kessler
Under Secretary of Commerce for Industry and Security

The Honorable Noah Jaffe
Acting Assistant Secretary of Export Administration
Bureau of Industry and Security
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Re: Request for Meeting Regarding the BIS Affiliates Rule

Dear Under Secretary Kessler:

On behalf of the Business Software Alliance (BSA),[1] I write to request a meeting with you or appropriate members of your staff to discuss the Bureau of Industry and Security's rule entitled "Expansion of End-User Controls to Cover Affiliates of Certain Listed Entities," commonly referred to as the 50 Percent Affiliates Rule.

BSA members are strong supporters of BIS and its national security mission. Our members invest substantial resources in developing and maintaining robust export-control compliance programs, and they greatly value the longstanding partnership between BIS and US industry. Open and practical engagement between BIS and regulated companies is essential to ensuring that export controls are both effective in addressing national security risks and operationally workable. Such engagement also helps ensure that controls are technically grounded, sufficiently stable to support effective compliance planning, and appropriately tailored to address identifiable national security risks without unnecessarily undermining US technology leadership or competitiveness.

BSA participated actively in the public comment process following publication of the Affiliates Rule in 2025. On October 28, 2025, BSA submitted detailed comments describing the rule's potential operational effects and offering constructive recommendations concerning implementation, guidance, compliance tools, safe harbors, and public-private cooperation. We have enclosed a copy of those comments for ease of reference.

We appreciate BIS's decision to suspend the Affiliates Rule through November 9, 2026. As BIS evaluates its next steps, BSA would welcome an opportunity to learn more about the agency's intentions, including whether BIS expects the rule to take effect as presently scheduled, to be revised, or to be subject to additional action. We would also welcome greater clarity regarding BIS's anticipated implementation timeline, guidance, transition measures, and enforcement posture.

Early engagement on these issues would allow BIS to benefit from industry's technical and operational experience before implementation decisions are finalized and would help identify potential compliance challenges, unintended consequences, and less disruptive means of achieving the agency's objectives.

Greater certainty regarding BIS's plans and anticipated enforcement approach would significantly improve industry readiness and implementation planning. Compliance with the Affiliates Rule will require considerably more than updating an internal policy or activating a new screening parameter:

- The expanded universe of restricted entities must first be identified, supported by reliable ownership information, and integrated into complex and highly interconnected screening ecosystems. This process cannot occur overnight.

- Implementation depends on a sequence of actions involving multiple parties: BIS must issue sufficiently detailed guidance; ownership-data providers must identify potentially qualifying affiliates; screening vendors must incorporate and publish that information; and companies must integrate, configure, test, validate, and deploy the resulting solutions. Uncertainty at any stage delays every subsequent stage.

- Companies will need sufficient lead time to validate ownership data, configure screening logic, conduct user acceptance testing, address errors and inconsistencies, and verify that screening solutions perform as intended before they are placed into production.

- Existing relationships with customers, suppliers, distributors, service providers, and other partners that may become newly subject to restrictions will need to be reassessed. That process may require outreach, legal and contractual analysis, licensing determinations, remediation, and, where necessary, an orderly wind-down of affected relationships.

- Corporate ownership structures are dynamic, and reliable information concerning direct, indirect, and aggregated ownership is not always immediately available. Accurate application of a 50 percent ownership threshold therefore depends on access to frequently updated and sufficiently reliable information.

- Adequate implementation time will reduce false positives and unintended disruption to legitimate business while improving the likelihood that screening systems accurately identify entities that are properly within the rule's scope.

We would also recommend that BIS consider an exception or delay for subsidiaries registered in "A" Group countries (15 C.F.R. Supp. No. 1 to Part 740). Clarity concerning BIS's plans and anticipated enforcement approach will help companies build, test, and deploy effective compliance systems; address affected relationships responsibly; and direct resources toward the transactions and entities presenting the greatest national security risks.

BSA and its members would also welcome the opportunity to meet to help BIS work through the practical implementation and compliance aspects of the rule. This type of dialogue could help BIS identify workable approaches that support effective implementation and enforcement.

Thank you for your consideration and for BIS's continued engagement with industry.

Sincerely,

Joseph P. Whitlock
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Business Software Alliance
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[1] The Business Software Alliance (www.bsa.org) is the global trade association of the enterprise software industry, representing companies that are leaders in artificial intelligence, cybersecurity, cloud computing, quantum, and other breakthrough technologies. We work in over 20 markets in the US, Europe, and Asia, advocating for policies that build trust in technology so that every industry sector and the public can benefit from innovation.

BSA's members include: Adobe, Alteryx, Amadeus, Asana, Atlassian, Autodesk, Avalara, Bentley Systems, Box, Cisco, Cohere, Cohesity, Dassault Systemes, Databricks, Datadog, Docusign, Dropbox, Elastic, EY, Graphisoft, HubSpot, IBM, Kyndryl, MathWorks, Microsoft, Notion, Okta, OpenAI, Oracle, PagerDuty, Palo Alto Networks, PTC, Rubrik, Salesforce, SAP, ServiceNow, Shopify Inc., Siemens Industry Software Inc., TrendAI, TriNet, Veeam, Workday, Zendesk, and Zoom Communications Inc.