



The Daily Dish

The Treasury COINS Some Excessive Restrictions

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The Comprehensive Outbound Investment National Security Act (COINS Act) prohibits some U.S. outbound investments and requires notifications for others that involve dual-use technologies. It was intended as the mirror to the vetting of inbound investments for national security threats by the Committee on Foreign Investment in the United States (CFIUS). COINS covered artificial intelligence, semiconductors, quantum information systems, supercomputing, and hypersonic systems investments that have a nexus with China, Cuba, Iran, North Korea, Russia, and Venezuela (under the previous regime).

COINS implementation required a Treasury rulemaking; the Treasury issued a [preliminary rule](#) this past Thursday. All standard stuff so far. The catch is:

Title VIII also authorizes the Secretary—in consultation with the appropriate congressional committees and subject to notice and comment—to identify additional categories of notifiable and prohibited technologies beyond those specifically listed in the law that enable the military, intelligence, surveillance, or cyber-enabled capabilities of a country of concern, and to define the technical parameters of the technologies within those categories as reasonably needed for national security purposes.

Using this authority, the proposed rule designates biotechnology as a sector falling in the COINS Act regime, but does so in a way that is likely more damaging than helpful. Michael Baker has a [discussion](#) of the proposed rule.

The case for coverage is hardly addressed in the proposed rule, saying only:

Certain advanced or sensitive biotechnologies in countries of concern—including those that are subject to export controls, biomanufacturing or bioengineering of certain

compounds and materials, and the technology and equipment capable of being used to engage in such manufacturing or engineering—pose an acute risk to U.S. national security. Such risks include the proliferation of biological weapons, the development of brain-computer interfaces, harm to U.S. supply chain security, and the indigenization by countries of concern of advanced technologies with military, government intelligence, and mass surveillance end uses.

In short, biotechnologies are a national security risk because we say so. As Baker notes, some prohibited areas of investment make sense: “biological agents and toxins, explosive precursors, and specialized materials.” But some areas are so broad and vague as to be unhelpful: “pharmaceutical compounds, including small molecules, vaccines, blood products, cell and gene therapies, monoclonal antibodies, and other therapeutic proteins, along with their delivery mechanisms.” What is prohibited entirely, what merely requires notification, and what is merely pedestrian? It is hard to say. There should be a much more tightly defined national security risk than this proposal provides.

What forms of investment fall under the rule? Baker notes: “equity acquisitions, financing arrangements, joint ventures, and other investments involving covered foreign persons engaged in the specified activities.” But, importantly, Baker notes:

Arrangements in which companies exchange development or commercialization rights for upfront payments, milestones, and royalties generally fall outside the definition of covered transactions. These deals have accounted for much of the recent growth in pharmaceutical partnerships between U.S. and Chinese companies. According to IQVIA, 40 percent of the assets in-licensed by large pharmaceutical companies in 2025 had a Chinese licensor, up from less than 30 percent in 2024.

Expect a lot of comments on the preliminary rule. After all, it makes sense to restrict investments that enhance China’s (and others’) military capabilities. But using national security as a guise for heavy-handed industrial policy and pushing drug and biologic innovation to overseas competitors simply undercuts the dynamic, U.S. biopharma sector.