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March 31, 2020

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VIA REGULATIONS.GOV

The Honorable Cordell A. Hull
Acting Under Secretary for Industry and Security
Bureau of Industry and Security
U.S. Department of Commerce
1401 Constitution Ave, NW
Washington, DC 20230

Re: Request for Comments on Future Extensions of Temporary General License (TGL)
Docket Number BIS 2020-0001; RIN 0694-ZA02
Written Comments of VeriFone, Inc.

Dear Undersecretary Hull:

On behalf of my client, VeriFone, Inc. ("Verifone"), 88 West Plumeria Drive, San Jose, CA 95134 USA, I respectfully submit these written comments in the above-referenced matter. These comments are submitted in response to the notices published on March 12, 2020 and March 27, 2020,[1] which require that comments be submitted no later than April 22, 2020. Accordingly, these comments are timely.

The notices published by the Bureau of Industry and Security ("BIS") seek comment on, among other areas, the following: "There may be further costs associated with the current extension or non-extension of the current TGL [Temporary General License] (*e.g.*, lost business opportunities)—what are they and what additional guidance should BIS consider?"[2] Verifone submits these comments to provide such information relevant to BIS's consideration of any further extension of Huawei's TGL.

Recently, China imposed new rules that preclude any business that is not Chinese-majority owned from participating in tenders for point-of-sale equipment, including point-of-sale terminals

[1] *Request for Comments on Future Extensions of Temporary General License (TGL)*, 85 Fed. Reg. 14428 (March 12, 2020) (requesting comments on future extensions of a temporary general license ("TGL") under the Export Administration Regulations ("EAR") for Huawei Technologies Co. Ltd. and 114 of its non-U.S. affiliates on the Entity List (collectively, "Huawei")); *Request for Comments on Future Extensions of Temporary General License*, 85 Fed. Reg. 17300 (March 27, 2020) (reopening the comment period through April 22, 2020).
[2] *Request for Comments on Future Extensions of Temporary General License (TGL)*, 85 Fed. Reg. 14428, 14429 (March 12, 2020).

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("POS Terminals"), for China's major banks. The rules are based on a desire to reduce any perceived risks to China's economy by ensuring that only Chinese-owned or -controlled companies supply POS Terminals to China's banks. As a U.S.-owned business, these new rules prevent Verifone from selling its POS Terminals to major banks in China.

Verifone is a leading provider of payment and commerce solutions. Verifone is headquartered in Silicon Valley and employs over 1,200 people in the United States. Verifone has large operations in Alpharetta, Georgia and Clearwater, Florida and has smaller operations at other locations throughout the United States. Verifone also supports U.S. jobs at repair facilities in various locations throughout the United States.

The market in China for POS Terminals is expected to grow at an estimated compound annual growth rate of 11.3% between 2018 and 2025.[3] The new restrictions imposed by the Chinese government provide a clear advantage to Verifone's Chinese competitors, eliminate an important market and revenue stream for Verifone, and result in significant costs in terms of lost U.S. jobs.

On May 16, 2019, BIS added Huawei to the Entity List (Supplement No. 4 to Part 744) after determining that Huawei was reasonably believed to be involved, or to pose a significant risk of being or becoming involved, in activities contrary to the national security or foreign policy interests of the United States. Almost immediately thereafter, however, the U.S. Government provided a TGL to prevent any economic disruptions to Huawei. No such treatment is being provided to Verifone.

To the extent BIS considers granting an extension of the current TGL, Verifone respectfully requests that BIS take into consideration the recent actions taken by the Chinese government to bar non-Chinese owned companies—like Verifone—from selling POS Terminals to major banks in China.

Respectfully submitted,

Alexander Koff

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[3] China Financial POS Terminal Industry Report, 2019-2025 (June 2019) (As of the end of 2018, there were 34.15 million POS terminals joined to the network in China. By 2025, that figure is expected to grow 72.10 million.) (https://www.reportlinker.com/p04091850/China-Financial-POS-Terminal-Industry-Report.html?utm_source=PRN).