

BIS Takes Aim at Chinese Semiconductor Industry With Novel Export Controls Approach

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In late May 2025, the U.S. Department of Commerce, Bureau of Industry and Security (BIS) reportedly communicated broad new restrictions on the export of electronic design automation (EDA) software to China via letters to three major EDA companies.

According to a [public filing](#) by Cadence Design Systems, Inc., the company received a letter stating that a license is now required for the export, re-export or in-country transfer of EDA software and technology classified under Export Control Classification Numbers (ECCNs) 3D991 and 3E991 when a party to the transaction is located in China or is a Chinese military end user wherever located. The letter reportedly stated that BIS had determined that these shipments pose an unacceptable risk of use in or diversion to a military end use in China or for a Chinese military end user. Similarly, Synopsys Inc. stated in a [public filing](#) that it had received a letter from BIS informing it of new export restrictions related to China, and Siemens EDA [confirmed](#) receiving similar outreach from BIS.

The outreach appears to take the form of a traditional BIS “is informed” letter, which has typically been used to inform individual companies of supplemental license requirements applicable to the export of specific items to specific entities or destinations due to U.S. national security or foreign policy concerns. A recipient of an “is informed” letter is required to comply with the license requirements described within, and [BIS guidance](#) states that noncompliance with an “is informed” letter is treated the same as noncompliance with any other license requirement under the Export Administration Regulations (EAR). The “is informed” letter sent to these three companies represents a novel new use of this tool, expanding the scope from the traditional use of naming only specific entities to listing China itself as an unacceptable diversion risk, prohibiting the export of EDA software to all Chinese

companies absent a license from BIS. It also follows earlier use of the tool in April 2025 to target H2O GPU products manufactured by Nvidia, restricting them from exporting to China and other arms-embargoed countries. This new approach highlights the Trump administration's hawkish stance on China and the administration's willingness to use export controls authorities in novel ways to pursue foreign policy goals. While the use of the "is informed" letters is consistent with the broader use of export controls and other supply chain bottlenecks to exert leverage over China as part of the administration's response to the ongoing negotiation with China over rare earth minerals, the supplemental license requirements are limited to those companies who receive them. Further U.S.-China trade tensions could result in the broadening of these requirements in the form of additional export control restrictions issued by BIS in the near future targeted at the export of EDA software to China. In contrast, if the administration obtains a détente with China, it may instead retract these "is informed" letters and lift the restrictions on lower power chips.

While on-premises installations in China of previously exported EDA software are unaffected by the current "is informed" letters, updates, patches and other services are currently prohibited, which will require companies to remain aware of the changing license requirements and determine the best path forward to support EDA software installations while remaining compliant with U.S. export controls. Companies involved in EDA software development or with connections to the semiconductor industry may wish to continue monitoring developments in this space to ensure continued compliance with export controls, particularly those companies with a China nexus.

Jessica Hope also contributed to this Kirkland Alert.

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