

President Trump Orders Chinese Acquirer to Divest U.S. Chips Business

January 8, 2026

On January 2, 2026, President Trump issued an [Executive Order](#) prohibiting the acquisition of certain assets of EMCORE Corporation (“Emcore”—a New Jersey-based aerospace and defense company—by HieFo Corporation (“HieFo”), a Delaware corporation co-founded and led by a Chinese citizen. The April 30, 2024 acquisition involved Emcore’s digital chips and related wafer design, fabrication and processing business, including a semiconductor manufacturing facility. The Executive Order requires an unwinding of the transaction, marking [another instance](#) of the Trump administration retroactively blocking an acquisition on national security grounds.

The decision followed a review by the Committee on Foreign Investment in the United States (“CFIUS”), an interagency committee led by the U.S. Department of the Treasury. CFIUS identified concerns related to potential access to Emcore’s intellectual property and potential diversion of manufactured indium phosphide chips away from the United States. The Executive Order stated that HieFo is “controlled by a citizen of the People’s Republic of China” and that the acquisition led the President to believe that HieFo may “take action that threatens to impair the national security of the United States.”

The Executive Order was issued under Section 721 of the Defense Production Act of 1950 (50 U.S.C. § 4565). Section 721 empowers the president to order divestitures, prohibit future dealings and impose other controls to mitigate national security risks. The order imposes a comprehensive set of mandates and deadlines for the unwinding of HieFo’s acquisition of the Emcore digital chips business:

- **180-Day Divestiture Deadline:** HieFo and its affiliates must divest all interests and rights in Emcore assets within 180 calendar days from the date of the order (i.e., by July 1, 2026), unless extended by CFIUS.
- **Divestment Scope:** The divestiture must include all interests and rights in Emcore assets, including contracts, inventory, tangible property, parts, fixed assets, accounts receivable, permits, owned or leased real property, and intellectual property.

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- **Immediate Access Prohibition:** As of the date of the Executive Order, HieFo and its personnel are barred from granting access to Emcore assets, nonpublic technical information, information technology systems, products, parts, components, books, records or facilities in the United States to any non-HieFo personnel, unless approved by CFIUS. Within seven days of the Executive Order, HieFo must implement and maintain any measures or controls deemed necessary by CFIUS to ensure that such prohibited access does not occur.
 - **Restrictions on Asset Transfers:** Until divestment is complete, HieFo may not dissolve, reorganize or transfer any interest or rights in any Emcore assets, or otherwise change its legal structure or relocate, transfer or sell assets in a manner that would materially impede or prevent compliance with the order, unless approved by CFIUS.
 - **Certification Requirements:** Upon divestment, HieFo must certify in writing to CFIUS that all steps necessary to fully effectuate the requirements have been completed and that HieFo and its affiliates have destroyed or transferred all intellectual property associated with Emcore assets in their possession or control.
 - **Approval of Transferee:** HieFo may not complete a sale or transfer to any third party until it notifies CFIUS in writing of the intended buyer or transferee and CFIUS has not issued an objection within 30 days of that notification.
 - **Weekly Compliance Updates:** Until it certifies its divestment, HieFo must provide progress reports and certify to CFIUS on a weekly basis that it and its affiliates are compliant with the order and any other conditions imposed by CFIUS.
 - **Enforcement Mechanisms:** CFIUS is authorized to inspect premises, audit systems and interview employees to ensure compliance. The attorney general is also empowered to enforce the order under Section 721.

KEY TAKEAWAYS AND IMPLICATIONS

This Executive Order reinforces the Trump administration's aggressive posture toward national security threats posed by foreign ownership, particularly by persons with connections to the People's Republic of China, regardless of transaction value. The HieFo-Emcore transaction's total purchase price was \$2.92 million and involved the assumption of certain assumed liabilities, as reported in a [press release](#). Although any value of the assumed liabilities is not apparent, \$2.92 million is not a significant transaction value when compared to other market activity. CFIUS acting on a

transaction of this value demonstrates that CFIUS and the president retain broad powers to act whenever a credible threat to national security is discovered. A lower value deal will not avoid CFIUS scrutiny and intervention.

This Executive Order also illustrates the risks of not voluntarily filing with CFIUS. HieFo only filed the transaction with CFIUS after CFIUS's non-notified team investigated the transaction. CFIUS's non-notified function has been enhanced by authorities provided by Congress in the Foreign Investment Risk Review Modernization Act of 2018, and CFIUS has become more active regarding non-notified transactions since. A [statement](#) on the Executive Order by the Treasury Department emphasized that parties should carefully consider whether any transaction they undertake may be subject to CFIUS jurisdiction and have a potential nexus to U.S. national security.

Businesses operating in sectors involving national defense, critical infrastructure, or sensitive technologies should conduct thorough reviews of their ownership arrangements and scrutinize any connections to foreign entities or nationals, especially those linked to the People's Republic of China. Both foreign acquirers and U.S. target companies need to maintain heightened awareness when identifying and addressing potential national security risks. The possibility of government enforcement action based on national security grounds remains a genuine risk, regardless of value.

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