

Small Entity Compliance Guide for the Connected Vehicles Final Rule

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| Basics | <p>The Connected Vehicles Final Rule prohibits certain imports and sales involving connected vehicles, Vehicle Connectivity System (VCS) hardware and software, or Automated Driving Systems (ADS) software (covered software) that have a sufficient nexus to China or Russia. In the context of this rule:</p> <ul style="list-style-type: none"> • A connected vehicle is a vehicle that is below 10,001 pounds and is driven or drawn by mechanical power and manufactured primarily for use on public streets, roads, and highways. Refer to the definition and FAQs for further details on what is and is not a connected vehicle. • Covered software means software that directly enables the function of VCS and ADS. • A sufficient nexus to China or Russia means that the technology was designed, developed, manufactured, or supplied by an individual or entity that is owned by, controlled by, or subject to the jurisdiction or direction of China or Russia. As examples, this would include companies that are directly owned by the Chinese or Russian government or are headquartered in China or Russia. The discussion section of the rule in the Federal Register provides further examples. <p>Although this rule became effective on March 17, 2025, the prohibited sale and import transactions have exemptions to their effective dates based on the technology. See more below in “Prohibition Timeline.”</p> <p>All regulated parties must take certain actions to meet the rule’s requirements. Those in compliance with the rule must submit Declarations of Conformity by the dates listed in the “Prohibition Timeline.” Those wishing to participate in a prohibited transaction must file for a Specific Authorization by those dates. See more below in “What action must I take if I am covered by the rule?”</p> <p>This Small Entity Compliance Guide, issued under the Small Business Regulatory Enforcement Fairness Act of 1996, provides a plain language overview of the rule, but you should refer to the final rule for details, as well as the Office of Information and Communications Technology and Services (OICTS) website for further guidance that applies to all entities, including small entities, impacted by the rule. By its terms, this rule does not treat small entities differently than other regulated parties, so all guidance should be considered. There is no small business exception for this rule; however, OICTS has provided the below resources to help small businesses navigate this rule’s compliance process.</p> |
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| <p>What kind of vehicle connectivity systems are regulated under this rule?</p> | <p>Vehicle connectivity systems (VCS) are hardware or software items installed in or on a connected vehicle that directly enable radio frequency communications over 450 megahertz. This includes systems or components that connect vehicles to the outside world, including via Bluetooth, cellular, satellite, and Wi-Fi modules. VCS hardware includes but is not limited to: microcontroller, microcomputers or modules, systems on a chip, networking or telematics units, cellular modem/modules, Wi-Fi microcontrollers or modules, Bluetooth microcontrollers or modules, satellite communication systems, other wireless communication microcontrollers or modules, external antennas, digital signal processors, and field-programmable gate arrays.</p> <p>Transactions involving both VCS software and VCS hardware are subject to this regulation.</p> |
| <p>What kind of autonomous driving systems are regulated under this rule?</p> | <p>Automated driving systems (ADS) are the hardware and software that together can perform the entire driving task of the connected vehicle, allowing connected vehicles to operate independently of a driver behind the wheel when activated.</p> <p>ADS that are below level 1 and level 2 of autonomy are out of scope of this rule. For more information on automotive autonomy please see SAE J3016 standards.</p> <p>Transactions involving ADS software are subject to this regulation.</p> |
| <p>Who is affected by this rule?</p> | <p>This rule applies to all connected vehicle manufacturers and VCS hardware importers, including any small entities that fit within these definitions.</p> <p>There are three categories in the connected vehicle manufacture definition. A connected vehicle manufacturer means a U.S. individual or entity that:</p> <ol style="list-style-type: none"> (1) Manufactures or assembles a connected vehicle in the United States; (2) Imports a connected vehicle for sale in the United States; and/or (3) Integrates ADS software into a connected vehicle for sale or operation in the United States when that ADS software is above level 3 autonomy. <p>VCS importers are any U.S. individual or entity that imports VCS hardware intended to be installed, sold or operated in the United States on or in a connected vehicle, regardless of whether there will be further manufacturing operations.</p> |

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| | VCS importers also include those who import VCS hardware that has already been installed, incorporated, or integrated into a connected vehicle that is intended to be sold in the United States. |
| Prohibition Timeline | <p>The rule prohibits the:</p> <ol style="list-style-type: none"> 1. Sale of completed connected vehicles by Chinese or Russian companies. Starting for Model Year 2027, Chinese or Russian connected vehicle manufacturers will not be able to sell connected vehicles that incorporate any VCS hardware or connected software, regardless of the origin of those technologies, in the United States. These Chinese or Russian entities are also prohibited from offering commercial services, like a robotaxi service, in the United States that use such vehicles. 2. Import or sale of completed connected vehicles that incorporate Chinese or Russian covered software. Starting for Model Year 2027, connected vehicle manufacturers will not be able to import or sell in the United States connected vehicles that incorporate VCS or ADS software from Chinese or Russian companies. 3. Import of Chinese or Russian VCS hardware. Starting for Model Year 2030, (or January 1, 2029, for components that do not have an associated model year), VCS hardware importers will not be able to import VCS hardware components from Chinese or Russian companies. |
| What action must I take if I am covered by the rule? | <p>All connected vehicle manufacturers and VCS hardware importers must file an annual declaration of conformity before participating in the import or sale of technologies covered by the rule, with limited exemptions. Submitting a complete and accurate declaration requires thorough due diligence of existing supply chains to be able to confirm there is no opportunity for Chinese or Russian interference. These declarations are described in detail in the rule, and the Connected Vehicles Website includes additional guidance, Declarations of Conformity FAQs, and submission instructions.</p> <p>OICTS recommends that all entities, including small entities, keep current on any issued general authorizations. Occasionally, OICTS may issue general authorizations for certain transactions or classes of transactions that are covered by the rule but may pose less risk. These general authorizations will be posted on the Connected Vehicles Website and in the Federal Register. More information can be found in the General Authorizations FAQs.</p> <p>Connected vehicle manufactures and vehicle connectivity system hardware importers seeking to engage in a prohibited transaction must request a specific authorization and receive approval prior to engaging in the transaction. Requirements for these applications are</p> |

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| | <p>described in detail in the rule, as well as on the Connected Vehicles Website, which includes additional guidance, Specific Authorization FAQs, and submission instructions.</p> <p>Those who may need further compliance guidance may file for an advisory opinion. Please refer to the Connected Vehicles Website including the Advisory Opinion FAQs for further information.</p> |
| What if any alternatives are there to this rule for small businesses? | <p>There are no alternatives for small businesses in this rule. However, OICTS can issue specific or general authorizations under this rule for transactions that present lower risk or transactions with risk that can be mitigated under certain conditions. Small businesses may contact OICTS by submitting a general inquiry to the CV-intake email inbox for scenarios they believe present an opportunity for a general authorization. OICTS publishes general authorizations on its website. If small entities do not qualify for a general authorization but feel they have been unduly affected by the rule, they may apply for a specific authorization related to their specific circumstances and OICTS will consider it.</p> |
| Enforcement concerns? | <p>The National Ombudsman resolves concerns of uneven or excessive federal regulatory enforcement. Reviews are confidential and do not waive the right to pursue administrative appeals or any other legal action. Contact 888-REG-FAIR or Ombudsman@SBA.gov.</p> |
| How do I find this rule? | <p>The text of the “Securing the Information and Communications Technology and Services Supply Chain: Connected Vehicles” final rule appears in 90 Federal Register 5360 for January 16, 2025.</p> |
| Background | <p>Executive Order (E.O.) 13873 grants the Secretary of Commerce the authority to prohibit or mitigate transactions involving foreign adversary information and communications technology and services (ICTS) that have a nexus to a foreign adversary and that pose undue or unacceptable risks to U.S. national security or U.S. persons. The Connected Vehicles Final Rule reduces the undue and unacceptable risks that connected vehicles with foreign-adversary-linked VCS hardware or covered software pose. The rule is</p> |

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| | administered by OICTS within the Bureau of Industry and Security (BIS). |
| If you have any questions about this rule, contact | Please reach out via OICTS's Compliance Application and Reporting System or email: CV-Intake@bis.doc.gov . |
| For additional OICTS Information, visit | Compliance Application and Reporting System OICTS Website Connected Vehicles Final Rule Website 15 C.F.R. Part 791 E.O. 13873 |