

**MEMO# 33071**

January 27, 2021

## **ICI Member Call on China EO 13959: January 29 at 1:00 p.m. (ET)**

[33071]

January 27, 2021 TO: AML Compliance Working Group  
Chief Compliance Officer Committee  
Chief Risk Officer Committee  
Compliance Advisory Committee  
ETF (Exchange-Traded Funds) Committee  
ETF Advisory Committee  
Global Operations Advisory Committee  
ICI Global Investing Subcommittee  
ICI Global Regulated Funds Committee  
ICI Global Regulated Funds Committee - Asia  
Pension Committee  
Pension Operations Advisory Committee  
Public Communications Committee  
SEC Rules Committee  
Securities Operations Advisory Committee  
Small Funds Committee RE: ICI Member Call on China EO 13959: January 29 at 1:00 p.m. (ET)

On January 27, the Office of Foreign Assets Control (OFAC) took additional action with respect to the implementation of Executive Order 13959 on investments in companies identified as Communist Chinese Military Companies (CCMCs).[\[1\]](#) OFAC issued General License 1A (GL 1A), as well as two new FAQs – 878 and 879 related to GL 1A, described below.[\[2\]](#)

We will hold a member call on Friday, January 29, at 1:00 p.m. US Eastern to discuss these developments. Darshak Dholakia, a partner at Dechert LLP, will join us for this call.

### **ICI Member Call on China EO 13959 - January 29, 1:00 p.m. (ET)**

Join Zoom Call:

<https://ici-org.zoom.us/j/94556590440?pwd=T2VxeGFJV1N6dWY5QkZkZFFwOGIEQT09>

Meeting ID: 945 5659 0440 Passcode: 738001 Dial by your location: +1 301 715 8592 US (Washington DC)

+1 646 558 8656 US (New York)

+1 669 900 9128 US (San Jose) Find your local number:

<https://ici-org.zoom.us/j/adbz4Kqwgq>

## **General License 1A**

GL 1A extends the authorization to transact in securities related to non-listed subsidiaries of CCMCs with a closely matching name of a listed CCMC until May 27, 2021. This authorization was set to expire on January 28 under the original General License 1. This means that there is no need to restrict securities related to entities that may have been identified on various lists as being “closely matching” subsidiaries.

GL 1A does not authorize transactions in entities already identified as subsidiaries on the NS-CCMC List, including the four entities listed on January 8: CNOOC Limited, China Mobile Limited, China Telecom Corporation Limited, China Unicom (Hong Kong) Limited. However, GL 1A includes a note that provides that restrictions on those four subsidiaries will not take effect until March 9, 2021 – 60 days after the date they were officially listed on OFAC’s list. This is consistent with the initial standard in EO 13959 and initial December OFAC guidance, but in contrast to the guidance in FAQ 864 that imposed restrictions on three of those subsidiaries effective January 11, 2021. Going forward, any newly listed subsidiary will not be subject to restrictions until 60 days from when they are publicly listed.

## **FAQs 878 and 879**

The two new FAQs, which relate to GL 1A, are copied below.

### *878. What does General License 1A (GL 1A) authorize?*

During the period that GL 1A is in effect, U.S. persons may, subject to the conditions in the general license, engage in transactions otherwise prohibited by E.O. 13959 involving covered securities of entities whose names closely match, but do not exactly match, the name of a Communist Chinese military company (CCMC) as defined by section 4(a) of E.O. 13959.

GL 1A does not authorize transactions in covered securities of entities identified on OFAC’s Non-SDN Communist Chinese Military Companies List (NS-CCMC) List or otherwise identified by the Department of Defense pursuant to E.O. 13959.

### *879. Does GL 1A authorize transactions with entities identified as subsidiaries of a Communist Chinese military company (CCMC)?*

No. GL 1A does not authorize any transactions involving covered securities of entities listed on OFAC’s Non-SDN Communist Chinese Military Companies List (NS-CCMC List) pursuant to section 4(a)(iii) of E.O. 13959 as a subsidiary of a person already determined to be a CCMC, including entities added to the NS-CCMC List on January 8, 2021 (*i.e.*, CNOOC Limited, China Mobile Limited, China Telecom Corporation Limited, China Unicom (Hong Kong) Limited). Pursuant to section 1(a)(ii) of E.O. 13959, prohibitions relevant to entities listed on the NS-CCMC List pursuant to section 4(a)(iii) take effect beginning 9:30 a.m. (ET) on the date that is 60 days after such listing. Accordingly, the relevant prohibitions with respect to such entities added to the NS-CCMC List on January 8, 2021 (*i.e.*, CNOOC Limited, China Mobile Limited, China Telecom Corporation Limited, China Unicom (Hong Kong) Limited) begin on March 9, 2021.

Eva M. Mykolenko  
Associate Chief Counsel - Securities Regulation

## endnotes

[1] EO 13959 is *available at* <https://trumpwhitehouse.archives.gov/presidential-actions/executive-order-addressing-threat-at-securities-investments-finance-communist-chinese-military-companies/>, and amendments to it are *available at* <https://trumpwhitehouse.archives.gov/presidential-actions/executive-order-amending-executive-order-13959-addressing-threat-securities-investments-finance-communist-chinese-military-companies/>.

[2] GL 1A is *available at* [https://home.treasury.gov/system/files/126/ccmc\\_gl1a\\_01272021\\_1.pdf](https://home.treasury.gov/system/files/126/ccmc_gl1a_01272021_1.pdf) and the FAQs are *available at* <https://home.treasury.gov/policy-issues/financial-sanctions/faqs/topic/5671>.

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