

MEMO# 33579

June 9, 2021

Presentation Materials from Member Call on Executive Order 14032 Regarding Sanctions on Chinese Military-Industrial Complex Companies

[33579]

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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: Presentation Materials from Member Call on Executive Order 14032 Regarding Sanctions on Chinese Military-Industrial Complex Companies

As we previously informed you,[\[1\]](#) on June 3, 2021, President Biden signed a new Executive Order Addressing the Threat from Securities Investments that Finance Certain Companies of the People's Republic of China (EO)[\[2\]](#) and the Office of Foreign Assets Control (OFAC) published a number of new FAQs and updated others related to the new EO.[\[3\]](#)

The new EO prohibits United States persons from engaging in the purchase or sale of any publicly traded securities of any person listed in the Annex to the EO or determined by the Secretary of the Treasury, in consultation with the Secretary of State, and, as the Secretary of the Treasury deems appropriate, the Secretary of Defense: (1) to operate or have operated in the defense and related materiel sector or the surveillance technology sector of

the economy of the PRC; or (2) to own or control, or to be owned or controlled by, directly or indirectly, a person who operates or has operated in any sector described above, or a person who is listed in the Annex to the EO or who has otherwise been determined to be subject to the prohibitions in the EO.

The prohibitions against the 59 entities listed in the Annex take effect beginning at 12:01 a.m. eastern daylight time on August 2, 2021. OFAC has also listed these 59 entities on its new Non-SDN Chinese Military-Industrial Complex Companies List (NS-CMIC List).

We held a member call on June 8 at which Darshak Dholakia, a partner at Dechert LLP, discussed the details of the new sanctions and responded to member questions. The presentation provided to participants is attached. If you would like a copy of the recording of the session, please contact me at emykolenko@ici.org.

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endnotes

[1] See ICI Memorandum No. 33572, issued June 4, 2021, available at <https://www.ici.org/memo33572>.

[2] The new EO is available at <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/06/03/executive-order-on-addressing-the-threat-from-securities-investments-that-finance-certain-companies-of-the-peoples-republic-of-china/>. The notice of the EO and fact sheet are available at <https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions/20210603> and <https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/03/fact-sheet-executive-order-addressing-the-threat-from-securities-investments-that-finance-certain-companies-of-the-peoples-republic-of-china/>.

[3] OFAC FAQs are available at <https://home.treasury.gov/policy-issues/financial-sanctions/faqs/topic/5671>. The new FAQs are: 898, 899, 900, 901, 902, 903, 904, 905; the updated FAQs are: 857, 859, 860, 861, 863, 865, and 871.