

Four Chinese Companies Added to Coming Securities Ban

December 5, 2020

Yesterday, the Department of Defense (DoD) designated [four additional companies](#) as owned or controlled by the Chinese military, expanding the list of “Communist Chinese military companies” (CCMCs) to 35 companies. As [previously recounted on this blog](#), [Executive Order 13959](#) (the Order) will prohibit U.S. persons from purchasing the publicly traded securities of CCMCs once the Order comes into force early next year.

The four newly listed companies will be subject to restrictions 60 days after being added to the DoD list. U.S. persons have 365 days from the date of designation to divest existing holdings in the four companies, provided the securities are sold to non-U.S. persons.

As noted previously, the next administration could suspend or modify the Order, but it may not be an immediate priority. OFAC is also expected to issue guidance on the scope of the Order before it becomes effective on January 11, 2021.