

OFAC Extends Authorization for Wind Down and Divestment Activities Involving Xinjiang Production and Construction Corps (XPCC) Subsidiaries

September 29, 2020

Last week OFAC [extended](#) its general license authorizing U.S. persons to wind down and divest from certain transactions with subsidiaries of the Xinjiang Production and Construction Corps (XPCC) until November 30, 2020. OFAC extended the general license to give U.S. persons more time to exit dealings involving XPCC's many subsidiaries, which play a significant role in the economy of the Xinjiang region of China. The general license does not authorize direct dealings with XPCC, which was [designated](#) as a Specially Designated National by OFAC in July.

Subject to certain limitations, the general license authorizes U.S. persons to engage in activities that are ordinarily incident and necessary to:

- Wind down transactions involving any entity in which XPCC owns a 50% or greater interest;
- Divest or transfer of debt, equity, or other holdings in an XPCC subsidiary to a non-U.S. person; or
- Facilitate the transfer of debt, equity, or other holdings in an XPCC subsidiary by a non-U.S. person to another non-U.S. person.

OFAC also issued separate [guidance](#) indicating that non-U.S. persons would not be targeted by OFAC for engaging in wind down and divestment activities that are consistent with the general license. Companies subject to U.S. jurisdiction with dealings directly or indirectly involving the Xinjiang region or with companies linked to XPCC should carefully review the general license and determine how to exit those relationships in compliance with OFAC's regulations.