



Office of Foreign Assets Control

31 CFR Part 586

Chinese Military-Industrial Complex Sanctions Regulations

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule.

SUMMARY: The Department of the Treasury's Office of Foreign Assets Control (OFAC) is adding regulations to implement a November 12, 2020 Executive order related to securities investments that finance Communist Chinese military companies, as amended by a June 3, 2021 Executive order related to the Chinese military-industrial complex and Chinese surveillance technology. OFAC intends to supplement these regulations with a more comprehensive set of regulations, which may include additional interpretive guidance and definitions, general licenses, and other regulatory provisions.

DATES: This rule is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: OFAC: Assistant Director for Licensing, 202-622-2480; Assistant Director for Regulatory Affairs, 202-622-4855; or Assistant Director for Sanctions Compliance & Evaluation, 202-622-2490.

SUPPLEMENTARY INFORMATION:

Electronic Availability

This document and additional information concerning OFAC are available on OFAC's website: www.treasury.gov/ofac.

Background

On November 12, 2020, the President, invoking the authority of, *inter alia*, the International Emergency Economic Powers Act (50 U.S.C. 1701–1706) (IEEPA), issued

Executive Order (E.O.) 13959, “Addressing the Threat From Securities Investments That Finance Communist Chinese Military Companies” (85 FR 73185, November 17, 2020).

In E.O. 13959, the President found, among other things, that the People’s Republic of China (PRC) is increasingly exploiting United States capital to resource and to enable the development and modernization of its military, intelligence, and other security apparatuses, which continues to allow the PRC to directly threaten the United States homeland and United States forces overseas, including by developing and deploying weapons of mass destruction, advanced conventional weapons, and malicious cyber-enabled actions against the United States and its people, and that key to the development of the PRC’s military, intelligence, and other security apparatuses is the country’s large, ostensibly private economy. The President therefore found that the PRC’s military-industrial complex, by directly supporting the efforts of the PRC’s military, intelligence, and other security apparatuses, constitutes an unusual and extraordinary threat, which has its source in substantial part outside the United States, to the national security, foreign policy, and economy of the United States and declared a national emergency with respect to that threat.

On January 13, 2021, the President issued E.O. 13974, “Amending Executive Order 13959—Addressing the Threat From Securities Investments That Finance Communist Chinese Military Companies” (86 FR 4875, January 19, 2021), which amended E.O. 13959. Further, on June 3, 2021, the President issued E.O. 14032, “Addressing the Threat From Securities Investments That Finance Certain Companies of the People’s Republic of China” (86 FR 30145, June 7, 2021), which amended E.O. 13959 and revoked E.O. 13974 in its entirety.

In E.O. 14032, the President found that additional steps are necessary to address the national emergency declared in E.O. 13959, including the threat posed by the military-industrial complex of the PRC and its involvement in military, intelligence, and

security research and development programs, and weapons and related equipment production under the PRC's Military-Civil Fusion strategy. In addition, he found that the use of Chinese surveillance technology outside the PRC and the development or use of Chinese surveillance technology to facilitate repression or serious human rights abuse constitute unusual and extraordinary threats, which have their source in whole or substantial part outside the United States, to the national security, foreign policy, and economy of the United States and expanded the scope of the national emergency declared in E.O. 13959 to address those threats.

OFAC is issuing the Chinese Military-Industrial Complex Sanctions Regulations, 31 CFR part 586 (the "Regulations"), to implement E.O. 13959, as amended by E.O. 14032, pursuant to authorities delegated to the Secretary of the Treasury in E.O. 13959, as amended. Copies of E.O. 13959 and E.O. 14032 appear in appendix A and appendix B to this part, respectively. Because E.O. 13974 has been revoked in its entirety, it does not appear in an appendix to this part.

The Regulations are being published in abbreviated form at this time for the purpose of providing immediate guidance to the public. OFAC intends to supplement this part 586 with a more comprehensive set of regulations, which may include additional interpretive guidance and definitions, general licenses, and other regulatory provisions. The appendices to the Regulations will be removed when OFAC supplements this part with a more comprehensive set of regulations.

Public Participation

Because the Regulations involve a foreign affairs function, the provisions of E.O. 12866 of September 30, 1993, "Regulatory Planning and Review" (58 FR 51735, October 4, 1993), and the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date

are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601–612) does not apply.

Paperwork Reduction Act

The collections of information related to the Regulations are contained in 31 CFR part 501 (the “Reporting, Procedures and Penalties Regulations”). Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been approved by the Office of Management and Budget under control number 1505-0164. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

List of Subjects in 31 CFR Part 586

Administrative practice and procedure, Banks, banking, Penalties, People’s Republic of China, Reporting and recordkeeping requirements, Sanctions, Securities.

For the reasons set forth in the preamble, OFAC adds part 586 to 31 CFR chapter V to read as follows:

PART 586—CHINESE MILITARY-INDUSTRIAL COMPLEX SANCTIONS REGULATIONS

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Appendix A to Part 586—Executive Order 13959 of November 12, 2020

Appendix B to Part 586—Executive Order 14032 of June 3, 2021

Authority: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 101-410, 104 Stat. 890, as amended (28 U.S.C. 2461 note); E.O. 13959, 85 FR 73185, 3 CFR, 2020 Comp., p. 475; E.O. 14032, 86 FR 30145.

Subpart A—Relation of This Part to Other Laws and Regulations

§ 586.101 Relation of this part to other laws and regulations.

This part is separate from, and independent of, the other parts of this chapter, with the exception of part 501 of this chapter, the recordkeeping and reporting requirements and license application and other procedures of which apply to this part. Actions taken

pursuant to part 501 of this chapter with respect to the prohibitions contained in this part are considered actions taken pursuant to this part. Differing foreign policy and national security circumstances may result in differing interpretations of similar language among the parts of this chapter. No license or authorization contained in or issued pursuant to those other parts authorizes any transaction prohibited by this part. No license or authorization contained in or issued pursuant to any other provision of law or regulation authorizes any transaction prohibited by this part. No license or authorization contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations.

Note 1 to § 586.101. This part has been published in abbreviated form for the purpose of providing immediate guidance to the public. OFAC intends to supplement this part with a more comprehensive set of regulations, which may include additional interpretive and definitional guidance, general licenses, and other regulatory provisions.

Subpart B—Prohibitions

§ 586.201 Prohibited transactions.

(a) All transactions prohibited pursuant to Executive order (E.O.) 13959 of November 12, 2020, as amended by E.O. 14032 of June 3, 2021 (“E.O. 13959, as amended”), are prohibited pursuant to this part.

(b) All transactions prohibited pursuant to any further Executive orders issued pursuant to the national emergency declared in E.O. 13959, as amended, are prohibited pursuant to this part.

Note 1 to § 586.201. The names of persons identified in or pursuant to E.O. 13959, as amended, are published in the *Federal Register* and incorporated into OFAC’s Non-SDN Chinese Military-Industrial Complex Companies List (NS-CMIC List) using the following identifier formulation: “[CMIC-EO13959].” The NS-CMIC List is accessible through the following page on OFAC’s website: www.treasury.gov/ofac.

Note 2 to § 586.201. Section 501.807 of this chapter describes the procedures to be followed by persons seeking administrative reconsideration of their status as persons subject to the prohibitions of this section.

Subpart C—General Definitions

§ 586.300 Applicability of definitions.

The definitions in this subpart apply throughout the entire part.

§ 586.301 Entity.

The term *entity* means a partnership, association, trust, joint venture, corporation, group, subgroup, or other organization.

§ 586.302 Licenses; general and specific.

(a) Except as otherwise provided in this part, the term *license* means any license or authorization contained in or issued pursuant to this part.

(b) The term *general license* means any license or authorization the terms of which are set forth in subpart E of this part or made available on OFAC's website: www.treasury.gov/ofac.

(c) The term *specific license* means any license or authorization issued pursuant to this part but not set forth in subpart E of this part or made available on OFAC's website: www.treasury.gov/ofac.

Note 1 to § 586.302. See § 501.801 of this chapter on licensing procedures.

§ 586.303 OFAC.

The term *OFAC* means the Department of the Treasury's Office of Foreign Assets Control.

§ 586.304 Person.

The term *person* means an individual or entity.

§ 586.305 Publicly traded securities.

The term *publicly traded securities* includes any *security*, as defined in section 3(a)(10) of the Securities Exchange Act of 1934, Public Law 73–291 (as codified as amended at 15 U.S.C. 78c(a)(10)), denominated in any currency that trades on a securities exchange or through the method of trading that is commonly referred to as *over-the-counter*, in any jurisdiction.

§ 586.306 United States.

The term *United States* means the United States, its territories and possessions, and all areas under the jurisdiction or authority thereof.

§ 586.307 United States person; U.S. person.

The term *United States person* or *U.S. person* means any United States citizen, lawful permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States.

§ 586.308 U.S. financial institution.

The term *U.S. financial institution* means any U.S. entity (including its foreign branches) that is engaged in the business of accepting deposits, making, granting, transferring, holding, or brokering loans or credits, or purchasing or selling foreign exchange, securities, futures or options, or procuring purchasers and sellers thereof, as principal or agent. It includes depository institutions, banks, savings banks, money services businesses, trust companies, insurance companies, securities brokers and dealers, futures and options brokers and dealers, forward contract and foreign exchange merchants, securities and commodities exchanges, clearing corporations, investment companies, employee benefit plans, dealers in precious metals, stones, or jewels, and U.S. holding companies, U.S. affiliates, or U.S. subsidiaries of any of the foregoing. This term includes those branches, offices, and agencies of foreign financial institutions that

are located in the United States, but not such institutions' foreign branches, offices, or agencies.

Subpart D—Interpretations

§ 586.401 [Reserved]

§ 586.402 Effect of amendment.

Unless otherwise specifically provided, any amendment, modification, or revocation of any provision in or appendix to this part or chapter or of any order, regulation, ruling, instruction, or license issued by OFAC does not affect any act done or omitted, or any civil or criminal proceeding commenced or pending, prior to such amendment, modification, or revocation. All penalties, forfeitures, and liabilities under any such order, regulation, ruling, instruction, or license continue and may be enforced as if such amendment, modification, or revocation had not been made.

§ 586.403 Transactions ordinarily incident to a licensed transaction.

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized.

§ 586.404 Subsidiary entities.

The prohibitions in § 586.201(a) apply to a subsidiary of an entity identified in or pursuant to Executive Order (E.O.) 13959 of November 12, 2020, as amended by E.O. 14032 of June 3, 2021 (“E.O. 13959, as amended”), only if the subsidiary itself is identified in or pursuant to E.O. 13959, as amended.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

§ 586.501 General and specific licensing procedures.

For provisions relating to licensing procedures, see part 501, subpart E, of this chapter. Licensing actions taken pursuant to part 501 of this chapter with respect to the prohibitions contained in this part are considered actions taken pursuant to this part. General licenses and statements of licensing policy relating to this part also may be

available through the Chinese Military-Industrial Complex sanctions page on OFAC's website: *www.treasury.gov/ofac*.

§ 586.502 [Reserved]

§ 586.503 Exclusion from licenses.

OFAC reserves the right to exclude any person, property, transaction, or class thereof from the operation of any license or from the privileges conferred by any license. OFAC also reserves the right to restrict the applicability of any license to particular persons, property, transactions, or classes thereof. Such actions are binding upon actual or constructive notice of the exclusions or restrictions.

Subpart F—Reports

§ 586.601 Records and reports.

For provisions relating to required records and reports, see part 501, subpart C, of this chapter. Recordkeeping and reporting requirements imposed by part 501 of this chapter with respect to the prohibitions contained in this part are considered requirements arising pursuant to this part.

Subpart G—Penalties and Findings of Violation

§ 586.701 Penalties and Findings of Violation.

(a) The penalties available under section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1701–1706) (IEEPA), as adjusted annually pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990 (Pub. L. 101-410, as amended, 28 U.S.C. 2461 note) or, in the case of criminal violations, as adjusted pursuant to 18 U.S.C. 3571, are applicable to violations of the provisions of this part.

(b) OFAC has the authority, pursuant to IEEPA, to issue Pre-Penalty Notices, Penalty Notices, and Findings of Violation; impose monetary penalties; engage in settlement discussions and enter into settlements; refer matters to the United States Department of Justice for administrative collection; and, in appropriate circumstances,

refer matters to appropriate law enforcement agencies for criminal investigation and/or prosecution. For more information, see appendix A to part 501 of this chapter, which provides a general framework for the enforcement of all economic sanctions programs administered by OFAC, including enforcement-related definitions, types of responses to apparent violations, general factors affecting administrative actions, civil penalties for failure to comply with a requirement to furnish information or keep records, and other general civil penalties information.

Subpart H—Procedures

§ 586.801 Procedures.

For license application procedures and procedures relating to amendments, modifications, or revocations of licenses; administrative decisions; rulemaking; and requests for documents pursuant to the Freedom of Information and Privacy Acts (5 U.S.C. 552 and 552a), see part 501, subpart E, of this chapter.

§ 586.802 Delegation of certain authorities of the Secretary of the Treasury.

Any action that the Secretary of the Treasury is authorized to take pursuant to Executive Order (E.O.) 13959 of November 12, 2020, as amended by E.O. 14032 of June 3, 2021, and any further Executive orders issued pursuant to the national emergency declared therein, may be taken by the Director of OFAC or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

Subpart I—Paperwork Reduction Act

§ 586.901 Paperwork Reduction Act notice.

For approval by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3507) of information collections relating to recordkeeping and reporting requirements, licensing procedures, and other procedures, see § 501.901 of this chapter. An agency may not conduct or sponsor, and a person is not

required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

Appendix A to Part 586—Executive Order 13959 of November 12, 2020

Addressing the Threat From Securities Investments That Finance Communist Chinese Military Companies

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), and section 301 of title 3, United States Code,

I, DONALD J. TRUMP, President of the United States of America, find that the People's Republic of China (PRC) is increasingly exploiting United States capital to resource and to enable the development and modernization of its military, intelligence, and other security apparatuses, which continues to allow the PRC to directly threaten the United States homeland and United States forces overseas, including by developing and deploying weapons of mass destruction, advanced conventional weapons, and malicious cyber-enabled actions against the United States and its people.

Key to the development of the PRC's military, intelligence, and other security apparatuses is the country's large, ostensibly private economy. Through the national strategy of Military-Civil Fusion, the PRC increases the size of the country's military-industrial complex by compelling civilian Chinese companies to support its military and intelligence activities. Those companies, though remaining ostensibly private and civilian, directly support the PRC's military, intelligence, and security apparatuses and aid in their development and modernization.

At the same time, those companies raise capital by selling securities to United States investors that trade on public exchanges both here and abroad, lobbying United States index providers and funds to include these securities in market offerings, and

engaging in other acts to ensure access to United States capital. In that way, the PRC exploits United States investors to finance the development and modernization of its military.

I therefore further find that the PRC's military-industrial complex, by directly supporting the efforts of the PRC's military, intelligence, and other security apparatuses, constitutes an unusual and extraordinary threat, which has its source in substantial part outside the United States, to the national security, foreign policy, and economy of the United States. To protect the United States homeland and the American people, I hereby declare a national emergency with respect to this threat.

Accordingly, I hereby order:

Section 1. (a) The following actions are prohibited:

(i) beginning 9:30 a.m. eastern standard time on January 11, 2021, any transaction in publicly traded securities, or any securities that are derivative of, or are designed to provide investment exposure to such securities, of any Communist Chinese military company as defined in section 4(a)(i) of this order, by any United States person; and

(ii) beginning 9:30 a.m. eastern standard time on the date that is 60 days after a person is determined to be a Communist Chinese military company pursuant to section (4)(a)(ii) or (iii) of this order, any transaction in publicly traded securities, or any securities that are derivative of, or are designed to provide investment exposure to such securities, of that person, by any United States person.

(b) Notwithstanding subsection (a)(i) of this section, purchases for value or sales made on or before 11:59 p.m. eastern standard time on November 11, 2021, solely to divest, in whole or in part, from securities that any United States person held as of 9:30 a.m. eastern standard time on January 11, 2021, in a Communist Chinese military company as defined in section 4(a)(i) of this order, are permitted.

(c) Notwithstanding subsection (a)(ii) of this section, for a person determined to be a Communist Chinese military company pursuant to section 4(a)(ii) or (iii) of this order, purchases for value or sales made on or before 365 days from the date of such determination, solely to divest, in whole or in part, from securities that any United States person held in such person, as of the date 60 days from the date of such determination, are permitted.

(d) The prohibitions in subsection (a) of this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted before the date of this order.

Sec. 2. (a) Any transaction by a United States person or within the United States that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate the prohibitions set forth in this order is prohibited.

(b) Any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited.

Sec. 3. (a) The Secretary of the Treasury, after consultation with the Secretary of State, the Secretary of Defense, the Director of National Intelligence, and the heads of other executive departments and agencies (agencies) as deemed appropriate by the Secretary of the Treasury, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA, to carry out the purposes of this order. The Secretary of the Treasury may, consistent with applicable law, redelegate any of these functions within the Department of the Treasury. All agencies shall take all appropriate measures within their authority to carry out the provisions of this order.

(b) Rules and regulations issued pursuant to this order may, among other things, establish procedures to license transactions otherwise prohibited pursuant to this

order. But prior to issuing any license under this order, the Secretary of the Treasury shall consult with the Secretary of State, the Secretary of Defense, and the Director of National Intelligence.

Sec. 4. Definitions. For purposes of this order:

(a) the term “Communist Chinese military company” means

(i) any person that the Secretary of Defense has listed as a Communist Chinese military company operating directly or indirectly in the United States or in any of its territories or possessions pursuant to section 1237 of Public Law 105–261, as amended by section 1233 of Public Law 106–398 and section 1222 of Public Law 108–375, as of the date of this order, and as set forth in the Annex to this order, until such time as the Secretary of Defense removes such person from such list;

(ii) any person that the Secretary of Defense, in consultation with the Secretary of the Treasury, determines is a Communist Chinese military company operating directly or indirectly in the United States or in any of its territories or possessions and therefore lists as such pursuant to section 1237 of Public Law 105–261, as amended by section 1233 of Public Law 106–398 and section 1222 of Public Law 108–375, until such time as the Secretary of Defense removes such person from such list; or

(iii) any person that the Secretary of the Treasury publicly lists as meeting the criteria in section 1237(b)(4)(B) of Public Law 105–261, or publicly lists as a subsidiary of a person already determined to be a Communist Chinese military company, until the Secretary of the Treasury determines that such person no longer meets that criteria and removes such person from such list.

(b) the term “entity” means a government or instrumentality of such government, partnership, association, trust, joint venture, corporation, group, subgroup, or other organization;

(c) the term “person” means an individual or entity;

(d) the terms “security” and “securities” include the definition of “security” in section 3(a)(10) of the Securities Exchange Act of 1934, Public Law 73-291, as codified as amended at 15 U.S.C. 78c(a)(10), except that currency or any note, draft, bill of exchange, or banker’s acceptance which has a maturity at the time of issuance of not exceeding 9 months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited, shall be a security for purposes of this order.

(e) the term “transaction” means the purchase for value of any publicly traded security; and

(f) the term “United States person” means any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States.

Sec. 5. The Secretary of the Treasury, in consultation with the Secretary of State and, as appropriate, the Secretary of Defense, is hereby authorized to submit the recurring and final reports to the Congress on the national emergency declared in this order, consistent with section 401(c) of the NEA (50 U.S.C. 1641(c)) and section 204(c) of IEEPA (50 U.S.C. 1703(c)).

Sec. 6. *General Provisions.* (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the

United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

DONALD J. TRUMP
THE WHITE HOUSE,
November 12, 2020

Annex

Aero Engine Corp of China

Aviation Industry Corporation of China, Ltd. (AVIC)

China Academy of Launch Vehicle Technology (CALT)

China Aerospace Science & Technology Corporation (CASC)

China Aerospace Science & Industry Corporation (CASIC)

China Communication Construction Group Company, Ltd.

China Electronics Corporation (CEC)

China Electronics Technology Group Corporation (CETC)

China Mobile Communications

China National Chemical Corporation (ChernChina)

China National Chemical Engineering Group Co., Ltd. (CNCEC)

China National Nuclear

China Nuclear Engineering & Construction Corporation (CNECC)

China General Nuclear Power

China Railway Construction Corporation (CRCC)

China Shipbuilding Industry Corporation (CSIC)

China South Industries Group Corporation (CSGC)

China Spacesat

China State Construction Group Co., Ltd.

China State Shipbuilding Corporation (CSSC)

China Telecommunications

China Three Gorges Corporation Limited

China United Network Communications Group Co Ltd

CRRC Corporation

Dawning Information Industry Co. (Sugon)

Hikvision

Huawei

Inspur Group

Norinco

Panda Electronics

Sinochem Group Co Ltd

Appendix B to Part 586—Executive Order 14032 of June 3, 2021

Addressing the Threat From Securities Investments That Finance Certain Companies of the People’s Republic of China

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 *et seq.*) (NEA), and section 301 of title 3, United States Code,

I, JOSEPH R. BIDEN JR., President of the United States of America, find that additional steps are necessary to address the national emergency declared in Executive Order 13959 of November 12, 2020 (Addressing the Threat From Securities Investments That Finance Communist Chinese Military Companies), including the threat posed by the military-industrial complex of the People's Republic of China (PRC) and its involvement in military, intelligence, and security research and development programs, and weapons and related equipment production under the PRC’s Military-Civil Fusion strategy. In addition, I find that the use of Chinese surveillance technology outside the PRC and the development or use of Chinese surveillance technology to facilitate repression or serious human rights abuse constitute unusual and extraordinary threats, which have their source in whole or substantial part outside the United States, to the national security, foreign policy, and economy of the United States, and I hereby expand the scope of the national emergency declared in Executive Order 13959 to address those threats.

Accordingly, I hereby order as follows:

Section 1. Sections 1 through 5 of Executive Order 13959, as amended by Executive Order 13974 of January 13, 2021 (Amending Executive Order 13959 — Addressing the Threat From Securities Investments That Finance Communist Chinese Military Companies), are hereby replaced and superseded in their entirety to read as follows:

“Section 1. (a) The following activities by a United States person are prohibited: the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of any person listed in the Annex to this order or of any person 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:

(i) to operate or have operated in the defense and related materiel sector or the surveillance technology sector of the economy of the PRC; or

(ii) 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 in subsection (a)(i) of this section, or a person who is listed in the Annex to this order or who has otherwise been determined to be subject to the prohibitions in subsection (a) of this section.

(b) The prohibitions in subsection (a) of this section shall take effect:

(i) beginning at 12:01 a.m. eastern daylight time on August 2, 2021, with respect to any person listed in the Annex to this order; or

(ii) beginning at 12:01 a.m. eastern daylight time on the date that is 60 days after the date of the determination in subsection (a) of this section with respect to any person not listed in the Annex to this order.

(c) The purchase or sale of publicly traded securities described in subsection (a) of this section made solely to effect the divestment, in whole or in part, of such securities by a United States person is permitted prior to:

(i) 12:01 a.m. eastern daylight time on June 3, 2022, with respect to any person listed in the Annex to this order; or

(ii) 12:01 a.m. eastern daylight time on the date that is 365 days after the date of the determination in subsection (a) of this section with respect to any person not listed in the Annex to this order.

(d) The prohibitions in subsection (a) of this section apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted before the date of this order.

Sec. 2. (a) Any transaction that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions set forth in this order is prohibited.

(b) Any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited.

Sec. 3. For the purposes of this order:

(a) the term “entity” means a partnership, association, trust, joint venture, corporation, group, subgroup, or other organization;

(b) the term “person” means an individual or entity;

(c) the term “publicly traded securities” includes any “security,” as defined in section 3(a)(10) of the Securities Exchange Act of 1934, Public Law 73–291 (as codified as amended at 15 U.S.C. 78c(a)(10)), denominated in any currency that trades on a securities exchange or through the method of trading that is commonly referred to as “over-the-counter,” in any jurisdiction; and

(d) the term “United States person” means any United States citizen, lawful permanent resident, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States.

Sec. 4. The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA, as may be necessary to carry out the purposes of this order. The Secretary of the Treasury may,

consistent with applicable law, redelegate any of these functions within the Department of the Treasury. All executive departments and agencies (agencies) of the United States shall take all appropriate measures within their authority to carry out the provisions of this order.

Sec. 5. The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to submit recurring and final reports to the Congress on the national emergency declared in this order, consistent with section 401(c) of the NEA (50 U.S.C. 1641(c)) and section 204(c) of IEEPA (50 U.S.C. 1703(c)).

Sec. 6. 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, is hereby authorized to determine that circumstances no longer warrant the application of the prohibitions in section 1(a) of this order with respect to a person listed in the Annex to this order, and to take necessary action to give effect to that determination.”

Sec. 2. The Annex to Executive Order 13959 is replaced and superseded in its entirety by the Annex to this order.

Sec. 3. Section 6 of Executive Order 13959 is amended to replace “Sec. 6.” with “Sec. 7.”

Sec. 4. Executive Order 13974 is hereby revoked in its entirety. The Secretary of the Treasury and the heads of agencies shall take all necessary steps to rescind any orders or prohibitions issued prior to the date of this order implementing or enforcing Executive Order 13974 or the versions of sections 1 through 5 of Executive Order 13959 replaced and superseded by section 1 of this order.

Sec. 5. (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating

to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

JOSEPH R. BIDEN JR.
THE WHITE HOUSE,
June 3, 2021

Annex

AERO ENGINE CORPORATION OF CHINA

AEROSPACE CH UAV CO., LTD

AEROSPACE COMMUNICATIONS HOLDINGS GROUP COMPANY LIMITED

AEROSUN CORPORATION

ANHUI GREATWALL MILITARY INDUSTRY COMPANY LIMITED

AVIATION INDUSTRY CORPORATION OF CHINA, LTD.

AVIC AVIATION HIGH-TECHNOLOGY COMPANY LIMITED

AVIC HEAVY MACHINERY COMPANY LIMITED

AVIC JONHON OPTRONIC TECHNOLOGY CO., LTD.

AVIC SHENYANG AIRCRAFT COMPANY LIMITED

AVIC XI'AN AIRCRAFT INDUSTRY GROUP COMPANY LTD.

CHANGSHA JINGJIA MICROELECTRONICS COMPANY LIMITED

CHINA ACADEMY OF LAUNCH VEHICLE TECHNOLOGY

CHINA AEROSPACE SCIENCE AND INDUSTRY CORPORATION LIMITED

CHINA AEROSPACE SCIENCE AND TECHNOLOGY CORPORATION

CHINA AEROSPACE TIMES ELECTRONICS CO., LTD

CHINA AVIONICS SYSTEMS COMPANY LIMITED

CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED

CHINA COMMUNICATIONS CONSTRUCTION GROUP (LIMITED)

CHINA ELECTRONICS CORPORATION

CHINA ELECTRONICS TECHNOLOGY GROUP CORPORATION

CHINA GENERAL NUCLEAR POWER CORPORATION

CHINA MARINE INFORMATION ELECTRONICS COMPANY LIMITED

CHINA MOBILE COMMUNICATIONS GROUP CO., LTD.

CHINA MOBILE LIMITED

CHINA NATIONAL NUCLEAR CORPORATION
CHINA NATIONAL OFFSHORE OIL CORPORATION
CHINA NORTH INDUSTRIES GROUP CORPORATION LIMITED
CHINA NUCLEAR ENGINEERING CORPORATION LIMITED
CHINA RAILWAY CONSTRUCTION CORPORATION LIMITED
CHINA SATELLITE COMMUNICATIONS CO., LTD.
CHINA SHIPBUILDING INDUSTRY COMPANY LIMITED
CHINA SHIPBUILDING INDUSTRY GROUP POWER COMPANY LIMITED
CHINA SOUTH INDUSTRIES GROUP CORPORATION
CHINA SPACESAT CO., LTD.
CHINA STATE SHIPBUILDING CORPORATION LIMITED
CHINA TELECOM CORPORATION LIMITED
CHINA TELECOMMUNICATIONS CORPORATION
CHINA UNICOM (HONG KONG) LIMITED
CHINA UNITED NETWORK COMMUNICATIONS GROUP CO., LTD.
CNOOC LIMITED
COSTAR GROUP CO., LTD.
CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED
FUJIAN TORCH ELECTRON TECHNOLOGY CO., LTD.
GUIZHOU SPACE APPLIANCE CO., LTD
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO., LTD.
HUAWEI INVESTMENT & HOLDING CO., LTD.
HUAWEI TECHNOLOGIES CO., LTD.
INNER MONGOLIA FIRST MACHINERY GROUP CO., LTD.
INSPUR GROUP CO., LTD.
JIANGXI HONGDU AVIATION INDUSTRY CO., LTD.

NANJING PANDA ELECTRONICS COMPANY LIMITED
NORTH NAVIGATION CONTROL TECHNOLOGY CO., LTD.
PANDA ELECTRONICS GROUP CO., LTD.
PROVEN GLORY CAPITAL LIMITED
PROVEN HONOUR CAPITAL LIMITED
SEMICONDUCTOR MANUFACTURING INTERNATIONAL CORPORATION
SHAANXI ZHONGTIAN ROCKET TECHNOLOGY COMPANY LIMITED
ZHONGHANG ELECTRONIC MEASURING INSTRUMENTS COMPANY LIMITED

Dated: February 11, 2022.

Andrea M. Gacki,
Director, Office of Foreign Assets Control.

BILLING CODE 4810-AL

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