

## OFAC issues amended general license, FAQs clarifying scope of Chinese military companies sanctions

January 28, 2021 | Client Update

In its first public action with respect to the sanctions under the new Biden administration, OFAC issued an amended general license and two new responses to Frequently Asked Questions addressing the applicability of sanctions under Executive Order 13959, as amended by E.O. 13974, to subsidiaries of Communist Chinese Military Companies listed in the Annex to or designated under E.O. 13959. These actions by OFAC represent at least a partial reversal of the position the agency took earlier this month that sanctions under E.O. 13959 would apply automatically to any subsidiary of an entity named on the Annex to E.O. 13959 or designated pursuant to that order if the subsidiary's name is a "close match" to the name of its parent entity. They represent a welcome step in the direction of rationalizing OFAC's administration of E.O. 13959, and may preview a broader walk-back of the "close match" standard, which has raised substantial implementation challenges and is arguably inconsistent with the text and structure of E.O. 13959.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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