

State Department Sends Hong Kong Autonomy Act Report to Congress

October 15, 2020 | Client Update

On October 14, 2020, the U.S. State Department submitted to relevant committees of Congress the report required under Section 5(a) of the Hong Kong Autonomy Act of 2020 (“HKAA”). The announcement of the report did not involve the imposition of any new sanctions related to China or Hong Kong, as the ten individuals named in the report were previously sanctioned earlier this year. The issuance of the report creates new secondary sanctions risks under the HKAA for foreign financial institutions (“FFIs”) that knowingly engage in “significant” transactions with the named individuals. However, guidance issued by the Treasury Department suggests that the U.S. government will take a measured approach to implementing secondary sanctions under the HKAA, including a commitment to contact an FFI regarding potentially sanctionable conduct before taking steps that could lead to the imposition of sanctions against the FFI.

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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