

Dear DCMA Client,

On November 12 2020, President Trump issued an Executive Order 13959 (the "Order") prohibiting US persons from purchasing or investing in any publicly traded securities, or any securities that are a derivative of, or are designed to provide investment exposure to any Chinese military company as identified by the U.S. Secretaries of Defense and Treasury ('affected companies') as of **Monday, January 11, 2021**.

The affected companies list is subject to change, for the latest updates please visit the Office of Foreign Assets Control's ("OFAC") [website](#). If additional Chinese companies are added to the list by the US Treasury or Department of Defense, then new restrictions will go into effect 60 days after the designation, with an exemption allowing for divestments made within 365 days of the designation.

The Order allows US persons to divest their existing securities holdings in the affected companies through November 11, 2021.

### Who is impacted?

US persons are subject to the prohibitions in the Order. This includes US persons acting in a principal capacity for their own benefit or trading on behalf of underlying customers or investors that are US persons. We are notifying you of the trading prohibitions under the Order to ensure you are aware of your responsibility to comply upon its effective date. DCMA requires that any orders or transactions you submit to us beginning January 11, 2021 comply with the Order.

### What are the specific trading restrictions?

As of **Monday, January 11, 2021**, US persons will **not** be able to:

1. Purchase securities of the affected companies;
2. Enter short sale orders; or
3. Enter into derivative securities transactions of any kind that increase exposure to one or more of these affected companies.

### Important definitions

Under the Order, a "US person" is defined as any US citizen, permanent resident, entity organized under the law of the US; or any person in the United States (including foreign branches). A US person would include any person or entity located in the US, as well as any US citizen wherever they are located. For example, this would include: (a) US incorporated financial institution (including investment advisors) trading in a principal capacity; (b) a US incorporated financial institution (including investment advisors) acting as agent for an underlying customer or investors that a US person, or (c) a non-US incorporated financial institution (including investment advisors) acting as an agent for an underlying customer or investor that is a US person.

With respect to the affected companies, the terms "security" and "securities" track Section 3(a)(10) of the Securities Exchange Act of 1934 and include: any note, stock, treasury stock, security future, security-based swap, bond, debenture, certificate of interest or participation in any profit-sharing agreement or in any oil, gas or other mineral royalty or lease, any collateral trust certificate, preorganization certificate of deposit for a security, any put, call straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or in general any instrument commonly known as a "security"; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing; as well as currency or any note, draft, bill of exchange, or banker's acceptance which has a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited.

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) have recently issued [FAQs](#) on this topic.

If you have any questions, please contact [Compliance@us.daiwacm.com](mailto:Compliance@us.daiwacm.com) or your DCMA representative.