

Member Notification

U.S. Sanctions - EquityClear SA

8 January 2021

Dear Clearing Member,

U.S. Sanctions

On 12 November 2020, President Trump issued this executive order: "[Executive Order 13959 on Addressing the Threat from Securities Investments that Finance Communist Chinese Military Companies](#)" (the "**Executive Order**"). Subsequently, the Office of Foreign Assets Control ("**OFAC**") issued guidance as to the interpretation of the Executive Order, currently including the list of 35 sanctioned Chinese companies <https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions/20201228> (the "**OFAC Guidance**") (each such company, a "**Chinese Sanctioned Company**").

In summary, the effect of the Executive Order and OFAC Guidance is that, on and from 11 January 2021, United States persons ("**U.S. persons**") are prohibited from engaging in certain transactions in:

1. the securities of any Chinese Sanctioned Company; and
2. securities that are derivative of, or provide investment exposure to, such securities (e.g. ETF tracking an index which includes the securities of one or more Chinese Sanctioned Companies) (collectively, the "**U.S. Sanctions**").

Applicable Law and Contractual Obligations

Clearing Members of LCH SA are reminded:

1. to act in accordance with any applicable limitations or obligations arising under U.S. laws and regulations, as a result of the Executive Order, OFAC Guidance and any subsequent guidance OFAC may issue; and
2. of their contractual obligations under the LCH SA Clearing Rule Book for Cash, Derivatives, Fixed Income and Triparty Repos, article 2.4.1.4, and the CDS Clearing Rule Book, article 2.2.2.1 (v), including that a Clearing Member must perform its obligations, and exercise its rights, under the LCH SA Clearing Rule Books in

accordance with applicable law. LCH SA Clearing Rule Books are available here:
<https://www.lch.com/resources/rulebooks/lch-sa>

In this regard, LCH SA is not considered as a U.S. person for the purposes of the Executive Order.

U.S. Sanctions – Possible Changes

Please note that LCH SA continues to monitor the U.S. Sanctions closely and may take additional action, as appropriate. Clearing Members should be aware of the evolving nature of the U.S. Sanctions and act accordingly.

Should you have any question please contact your LCH Relationship Manager:
saequityclear@lch.com

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