



U.S. Expands Sanctions Against Hong Kong Officials, Including Chief Executive Carrie Lam; White House Issues Executive Orders Targeting WeChat and TikTok

AUGUST 7, 2020

On August 7, 2020, the United States Department of the Treasury imposed new sanctions on eleven officials said to be “undermining Hong Kong’s autonomy and restricting the freedom of expression or assembly of the citizens of Hong Kong.” (Press release [here](#), detailed information [here](#)). The new additions to the Specially Designated Nationals (SDN) list come just a month after Beijing passed a national security law that implemented new national security measures, gave Beijing significantly more influence in Hong Kong, and the U.S government says severely restricted the autonomy and independence of Hong Kong (read more about this law and the U.S. response [here](#)).

Generally speaking, U.S. persons are prohibited from engaging, directly or indirectly, in any transactions with SDNs or for property in which an SDN has an interest. All assets of an SDN become blocked property and must be blocked by U.S. parties and not released back to the SDN without authorization from the Office of Foreign Assets Control (OFAC). Further, parties owned 50% or more by an SDN are, by operation of law, subject to the same restrictions as the listed party.

The full list of new additions, as identified by Treasury, are listed below:

- **Carrie Lam**, Chief Executive, Hong Kong Special Administrative Region (HKSAR)
- **Chris Tang**, Commissioner of Hong Kong Police Force (HKPF)
- **Stephen Lo**, Former Commissioner of HKPF
- **John Lee Ka-chiu**, HKSAR Secretary for Security
- **Teresa Cheng**, HKSAR Secretary for Justice
- **Erick Tsang**, HKSAR Secretary for Constitutional and Mainland Affairs
- **Xia Baolong**, Director of the Hong Kong and Macao Affairs Office of the State Council
- **Zhang Xiaoming**, Deputy Director of the Hong Kong and Macao Affairs Office of the State Council
- **Luo Huining**, Director of the Hong Kong Liaison Office
- **Zheng Yanxiong**, Director, Office for Safeguarding National Security in Hong Kong

- **Eric Chan**, Secretary General, Committee for Safeguarding National Security of the HKSAR

These additions do not directly affect the ability of companies to transact with the government of Hong Kong, but do place restrictions where any of these individuals is the signatory or primary interlocutor to a contract. Companies should survey existing contracts with Hong Kong entities to determine whether Ms. Lam or any other sanctioned party was a direct signatory or interlocutor—if so, the next step is to determine whether the contract involves a U.S. nexus.

New Action from Commerce Called for in August 6, 2020 Executive Orders

On August 6, the President issued two related executive orders (the Orders) pursuant to his authorities under the International Emergency Economic Powers Act. One Order calls for Commerce to take actions in 45 days against any transaction with TenCent Holdings or any subsidiary of TenCent identified by the Department of Commerce to be related to WeChat by any person or with any property subject to U.S. jurisdiction. The Order invokes Executive Order 13873, as well. The Order does not cause immediate prohibitions on U.S. Persons, but in preparation for the impending actions, entities (U.S. or otherwise) should review their business ties with WeChat, TenCent Holdings, and its subsidiaries to determine whether any transaction is also subject to U.S. jurisdiction.

The second Executive Order targets TikTok and prohibits, beginning 45 days after August 6, transactions by any person or with respect to any property subject to U.S. jurisdiction with ByteDance Ltd. (a.k.a. Zijié Tiàodòng), Beijing, China, or its subsidiaries, in which any such company has any interest, as identified by the Secretary of Commerce (Secretary). The Order calls for such interests to be identified after 45 days by the Department of Commerce.

In an interview with Larry Kudlow, Director of the United States National Economic Council, on August 7, Mr. Kudlow stated explicitly that these Orders are not a bluff and that the collective Treasury sanctions on the Hong Kong officials and Commerce action against TikTok and WeChat are both national security concerns as well as means to protect U.S. consumers.

Although the Orders do not have immediate effect on U.S. persons, the potential for sanctions is real and businesses should review business transactions with these entities and their subsidiaries in order to determine whether there also is a U.S. nexus. Businesses should also note that financial institutions may determine as a matter of policy to cease processing transactions with U.S. sanctioned parties – even when not required to do so as a matter of law.

China is likely to respond with retaliatory sanctions against U.S. officials, as China has already enacted such sanctions once in July in response to U.S. lawmakers criticizing the National Security Law.

3 Min Read

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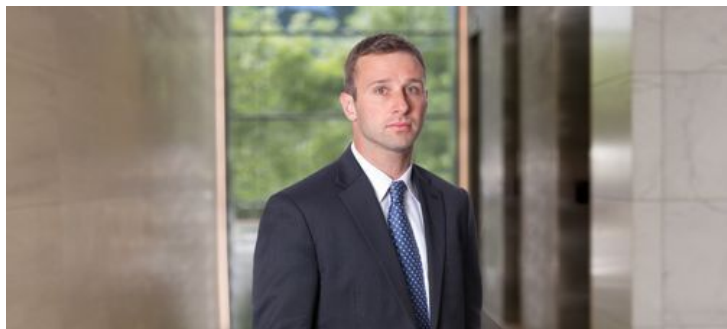
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