

Office of Foreign Assets Control (OFAC): Xinjiang Production and Construction Corp (XPCC)

21 August 2020

The purpose of this notice is to confirm that FTSE Russell is reviewing the potential implications of the Global Magnitsky Sanctions Regulations General License No. 2 announced by the Department of the Treasury - Office of Foreign Assets Control (OFAC) on 31 July 2020.

The OFAC announcement requires US persons to divest holdings in any entity in which Xinjiang Production and Construction Corp (XPCC) owns, directly or indirectly, a 50% or greater interest by 12:01 a.m. eastern daylight time, September 30, 2020.

Based on shareholder information published in company financial report, FTSE Russell has identified the following list of FTSE Global Equity Index Series (GEIS) and associated indexes constituents within which XPCC is deemed to have a controlling interest of 50% or greater or is identified as the controlling entity*.

*as defined in Article 84 of the Measures for the Administration of the Takeover of Listed Companies

http://www.csrc.gov.cn/pub/newsite/ssgsjgb/ssbssgsjgfgzc/jgfg/201505/t20150508_276474.html

(Chinese version)

http://www.fdi.gov.cn/1800000121_39_4237_0_7.html (English version)

Name	Country	Sedol CNY	Sedol CNH	Local Code	FTSE Global All Cap Index	FTSE Emerging China A Inclusion Index
Xinjiang Beixin Road & Bridge Construction (A)	China	B593GH3	-	002307	Non constituent	Small Cap
Xinjiang Guannong Fruit & Antler (Group) (A)	China	6623735	-	600251	Non constituent	Small Cap
Xinjiang Tecon Animal Husbandry Bio-Technology (A)	China	B1KL4X0	BD5LWR9	002100	Small Cap	Small Cap
Xinjiang Tianfu Energy (A)	China	6443632	-	600509	Non constituent	Small Cap
Xinjiang Tianye (A)	China	6001267	-	600075	Non constituent	Small Cap
Xinjiang Yilite Industry (A)	China	6168935	BP3RHZ6	600197	Small Cap	Small Cap

In conjunction with the FTSE Russell Index Policy Guide, "In the Event Clients are Unable to Trade a Market", section 2.3, "Sanctions are imposed which restrict investment into foreign jurisdictions", which states:

"Should sanctions, either primary or secondary, be imposed that prohibit US, UK and or European Union (EU) natural or legal persons from investing in particular countries, industries, named companies or companies linked to sanctioned individuals, FTSE Russell will delete the sanctioned securities from FTSE Russell indexes".

As a result, FTSE Russell proposes to delete these index constituents from the FTSE GEIS and associated indexes in conjunction with the FTSE GEIS September 2020 semi-annual review, effective from the open on Monday, 21 September 2020.

FTSE Russell invites comments from market participants on this proposal by Friday 4 September 2020 and will confirm index treatment on Monday 7 September 2020.

Please note that the FTSE GEIS September 2020 semi-annual indicative review files (scheduled to be published from Friday 21 August 2020) will continue to reflect the above stocks as index constituents until the final confirmed list is published on Monday 7 September 2020.

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