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2020

REPORT TO CONGRESS

of the

**U.S.-CHINA ECONOMIC AND
SECURITY REVIEW COMMISSION**

**ONE HUNDRED SIXTEENTH CONGRESS
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The following information corrects an error in the “2020 REPORT TO CONGRESS OF THE U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION”.

This Report’s discussion of risk disclosures for investment funds whose holdings are designed to mirror an investment index included factual errors in a footnote on page 269 of the Report. The below footnote replaces in full the previous text of the note marked “†” to remove an example of an actively managed fund that was misidentified as a passively managed exchange traded fund (ETF) and to clarify the inconsistencies in risk disclosures available to investors, highlighted as potentially insufficient by the President’s Working Group on Financial Markets and the Securities and Exchange Commission. The footnote marked “†” on page 269 now reads:

† Risks disclosed in the factsheets, prospectuses, and other documents prepared by investment companies for their investment funds which track indices featuring Chinese securities can vary significantly. Some do not sufficiently detail the risks unique to investing in Chinese securities as described in this chapter’s analysis, nor as highlighted by the SEC in a July 2020 staff paper discussing risks associated with Chinese issuers. The Presidential Working Group on Financial Markets recommended in a July 2020 report that the SEC seek enhanced risk disclosures and due diligence on the part of registered investment funds and their managers. U.S. Department of the Treasury, *President’s Working Group on Financial Markets Releases Report and Recommendations on Protecting U.S. Investors from Significant Risks from Chinese Companies*, August 6, 2020, 13. <https://home.treasury.gov/news/press-releases/sm1086>; U.S. Securities and Exchange Commission, “U.S. Investors Exposure to Chinese Issuers,” July 6, 2020. https://www.sec.gov/files/US-Investors-Exposure-to-Domestic-Chinese-Issuers_2020.07.06.pdf.