

FATF



FATF GUIDANCE ON COUNTER PROLIFERATION FINANCING

THE IMPLEMENTATION OF FINANCIAL
PROVISIONS OF UNITED NATIONS
SECURITY COUNCIL RESOLUTIONS TO
COUNTER THE PROLIFERATION OF
WEAPONS OF MASS DESTRUCTION



FEBRUARY 2018



The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CFT) standard.

For more information about the FATF, please visit www.fatf-gafi.org

This document and/or any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Citing reference:

FATF (2018), *Guidance on Counter Proliferation Financing – The Implementation of Financial Provisions of United Nations Security Council Resolutions to Counter the Proliferation of Weapons of Mass Destruction*, FATF, Paris
www.fatf-gafi.org/publications/fatfrecommendations/documents/guidance-counter-proliferation-financing.html

© 2018 FATF/OECD. All rights reserved.

No reproduction or translation of this publication may be made without prior written permission.

Applications for such permission, for all or part of this publication, should be made to

the FATF Secretariat, 2 rue André Pascal 75775 Paris Cedex 16, France

(fax: +33 1 44 30 61 37 or e-mail: contact@fatf-gafi.org).

Photocredits coverphoto: ©Thinkstock

Table of Contents

PART I.	INTRODUCTION.....	3
PART II.	TARGETED FINANCIAL SANCTIONS	6
A.	Recent changes in UNSCR TFS on proliferation financing.....	7
B.	Implementation of R.7.....	8
C.	Identifying and preventing sanctions evasion	11
PART III.	OTHER MEASURES	15
A.	Implementation of non-TFS UNSCR Provisions.....	17
PART IV.	INTER-AGENCY COOPERATION AND COORDINATION FOR COMPETENT AUTHORITIES	21
A.	Identification of key agencies/authorities.....	21
B.	Features of a well-coordinated inter-agency cooperation system	23
C.	Role of the lead agency/agencies/committee	23
D.	Effective sharing of information	24
E.	Possible issues which can be discussed at coordination meetings	25
F.	Case Studies	26
PART V.	SUPERVISION AND MONITORING OF COMPLIANCE	29
A.	Control and monitoring process	29
B.	Remedial actions and sanctions	30
C.	Other general supervision	31
D.	Promoting understanding of obligations	31
ANNEX A:	SITUATIONS INDICATING POSSIBLE PROLIFERATION FINANCING ACTIVITIES.....	32
A.	Elements that may indicate proliferation financing	32
B.	Additional potential indicators of sanctions evasion activity mentioned in third-party reports	33
ANNEX B:	FINANCIAL INSTITUTIONS SUBJECT TO TARGETED FINANCIAL SANCTIONS.....	35
A.	Introduction.....	35
B.	Application of targeted financial sanctions	35
C.	Payments made by designated financial institutions.....	36
D.	Payments due to the designated financial institution.....	38
ANNEX C:	UN SECURITY COUNCIL RESOLUTIONS RELATING TO THE PREVENTION OF WMD PROLIFERATION	40
	Bibliography.....	76

PART I. INTRODUCTION

1. Recommendation 7 of the FATF Standards requires countries¹ to implement proliferation financing-related Targeted Financial Sanctions (TFS) made under United Nations Security Council Resolutions (UNSCRs or resolutions). Recommendation 2 requires countries to put in place effective national cooperation and, where appropriate, coordination mechanisms to combat the financing of proliferation of weapons of mass destruction (WMD). Immediate Outcome 11 and certain elements of Immediate Outcome 1 relating to national cooperation and coordination aim to measure how effective countries are implementing these Recommendations.

2. This paper aims to give non-binding guidance to facilitate both public and private sector stakeholders² in understanding and implementing these obligations. Additional non-FATF required elements under relevant UNSCRs are also included to give stakeholders a more holistic perspective in countering proliferation financing.³

3. The United Nations Security Council (UNSC or UN Security Council) has a two-tiered approach to counter proliferation financing through resolutions made under Chapter VII of the UN Charter and thereby imposing mandatory obligations for UN Member States:

- (a) ***global approach under UNSCR 1540 (2004) and its successor resolutions:***
i.e. broad-based provisions both prohibiting the financing of proliferation-related activities by **non-state actors** and requiring countries to establish, develop, review and maintain appropriate controls on providing funds and services, such as financing, related to the export and trans-shipment of items that would contribute to WMD proliferation. Obligations under the global approach exist separately and do not form part of the FATF Recommendation 7 and its Interpretive Note, and Immediate Outcome 11, but do form part of the FATF Recommendation 2 and are relevant in the

¹ All references to country or countries apply equally to territories or jurisdictions or member states as referred in UNSCRs.

² Public sector stakeholders could include financial and non-financial supervisors, customs, export and trade control / licensing, law enforcement and intelligence authorities, financial intelligence units (FIUs), as well as other government departments or agencies responsible for sanctions implementation. Private sector stakeholders could include banks, MVTs institutions, insurance companies, trust and company service providers, lawyers, non-profit organisations or trading companies.

³ This guidance updates the previous version of June 2013 and *Best Practices Paper to Recommendation 2 – Information Sharing and Exchange Related to the Financing of Proliferation Among Relevant Authorities at the Domestic Level* of February 2012. It is without prejudice to other existing guidance or work in this area (available at www.fatf-gafi.org): *Proliferation Financing Report* (June 2008); *Combating Proliferation Financing: A Status Report on Policy Development and Consultation* (February 2010). Similar to other FATF guidance, this paper is not binding, and therefore compliance with it is not assessed in the FATF mutual evaluation or assessment process.

context of other FATF requirements on combating terrorist financing and money laundering; and

- (b) **country-specific approach under UNSCR 1718 (2006) and UNSCR 2231 (2015) and their (future) successor resolutions:** i.e. country-specific resolutions against the Democratic People's Republic of Korea (DPRK) and the Islamic Republic of Iran (Iran).⁴ The scope and nature of DPRK-related sanctions have been expanded following the country's repeated violations of UN resolutions. On the other hand, UNSCR 2231 (2015), endorsing the Joint Comprehensive Plan of Action (JCPOA), terminated previous provisions of resolutions relating to Iran and WMD proliferation, including UNSCRs 1737 (2006), 1747 (2007), 1803 (2008) and 1929 (2010), but retained TFS on a number of individuals and entities designated pursuant to these resolutions and also established new specific restrictions, including a number of other measures. TFS obligations under the country-specific approach form part of the FATF Recommendation 7 and Immediate Outcome 11.

4. Proliferation financing-related provisions contained in UNSCRs of both approaches are compiled and reproduced in their entirety in **Annex C**.⁵

5. The FATF Standards do not require countries to assess their proliferation financing risks, and this paper does not extend the FATF Standards.⁶ Furthermore, the requirement to apply targeted financial sanctions in accordance with Recommendation 7 is not risk-based, but rule-based.

6. Nevertheless, an understanding of proliferation financing risks will likely positively contribute to a country's ability to prevent persons⁷ and entities involved in WMD proliferation from raising, moving and using funds, and thus the implementation of targeted financial sanctions contributes to a stronger counter proliferation financing regime. Countries who wish to understand the proliferation financing risks they face or conduct such assessments may make reference to the general advice given in the 2013 *Guidance on National Money Laundering and Terrorist Financing Risk Assessment*.⁸ Participation by all relevant stakeholders from both public and private sectors in such assessments would be beneficial.

⁴ TFS under the country-specific approach fall within the scope of the FATF Recommendation 7. Other measures imposed under the country-specific approach are not within the scope of FATF Recommendation 7, but are mandatory for UN Member States.

⁵ This paper does not intend to replace other measures or obligations that may already be in place for dealing with funds or other assets, or items or technology relating to the proliferation of WMD. It is also not intended to extend the scope of relevant financial provisions contained in proliferation financing-related UNSCRs.

⁶ UNSCR 2325 (2016) OP 7 calls upon States to take into account developments on the evolving nature of risk of proliferation and rapid advances in science and technology in their implementation of UNSCR 1540 (2004).

⁷ All references to persons apply equally to individuals as referred in UNSCRs.

⁸ www.fatf-gafi.org/media/fatf/content/images/National_ML_TF_Risk_Assessment.pdf.

7. This paper is divided into the following sections:

- (a) implementation of targeted financial sanctions (including identifying and preventing sanctions evasion)**, which includes guidance on implementation of relevant UNSCRs, as required under FATF Recommendation 7 (i.e. TFS for financing of proliferation) and Immediate Outcome 11;
- (b) implementation of other measures included in UNSCRs⁹** which go beyond FATF Recommendation 7 but relate to proliferation financing (e.g. mandatory UNSCR obligations, such as activity-based financial provisions, economic/sectoral sanctions and other financial measures), since these are related to targeted financial sanctions which alone cannot address the financing of illicit procurement by the DPRK and Iran, and would require alternative approaches by public and private sectors;
- (c) inter-agency cooperation and coordination**, which includes material to assist countries in establishing and implementing a cooperation mechanism to counter the financing of proliferation as required under FATF Recommendation 2, Immediate Outcome 1 and Immediate Outcome 11. This section also includes examples of detection of sanctions evasion; and
- (d) supervision and monitoring of compliance**, to assist competent authorities (and self-regulatory bodies (SRBs)) in exercising oversight of private sector implementation of counter proliferation financing measures. This section is relevant to FATF Recommendations 7 and 2, and Immediate Outcome 11.

⁹

Please note that these provisions are made under Chapter VII of the Charter of the United Nations.

PART II. TARGETED FINANCIAL SANCTIONS

8. Recommendation 7 requires countries to implement targeted financial sanctions to comply with the UN Security Council Resolutions relating to the prevention, suppression and disruption of proliferation of WMD and its financing. The UN Security Council has also called upon countries to apply Recommendation 7 and related guidance papers for effective implementation of targeted financial sanctions related to proliferation.¹⁰

9. Recommendation 7 is currently applicable to two country-specific regimes, namely the DPRK and Iran. The Recommendation covers all existing and any future successor resolutions. A list of resolutions and the relevant provisions are set out at **Annex C**.

10. Targeted financial sanctions relating to proliferation financing are applicable to persons and/or entities designated by the UN Security Council or the relevant committees set up by the Security Council. Designation/listing criteria are:

- (a) persons or entities engaging in or providing support for, including through illicit means, proliferation-sensitive activities and programmes;¹¹
- (b) acting on behalf of or at the direction of designated persons or entities;¹²
- (c) owned or controlled by designated persons or entities;¹³ and
- (d) persons or entities assisting designated persons or entities in evading sanctions, or violating resolution provisions.¹⁴

11. Countries are required to freeze immediately the **funds, other financial assets and economic resources** which are on their territories or under their jurisdiction at the date of adoption of the resolution or at any time thereafter that are **owned or controlled, directly or indirectly** by the persons/entities mentioned in paragraph 10 above; and further ensure that no funds or other assets and economic resources are **made available** to such persons and entities, except in specific situations, and under conditions specified in the UNSC resolutions.

12. As mentioned in paragraph 5, Recommendation 7 is not risk-based. That said, risk-based measures across the Standards can assist effectiveness under IO.11.

¹⁰ UNSCRs 1810 (2008), 1977 (2011), 2094 (2013), and 2270 (2016).

¹¹ Relevant to both DPRK and Iran sanctions regimes. For DPRK, see UNSCR 1718 (2006) OP 8(d). For Iran, see UNSCR 2231 (2015) paragraph 6(c) of Annex B.

¹² Relevant to both DPRK and Iran sanctions regimes. For DPRK, see UNSCR 1718 (2006) OP 8(d). For Iran, see UNSCR 2231 (2015) paragraph 6(c) of Annex B.

¹³ Relevant to both DPRK and Iran sanctions regimes. For DPRK, see UNSCR 1718 (2006) OP 8(d). For Iran, see UNSCR 2231 (2015) paragraph 6(c) of Annex B.

¹⁴ Relevant to both DPRK and Iran sanctions regimes. For DPRK, see UNSCR 2087 (2013) OP 12; UNSCR 2094 (2013) OP 27. For Iran, see UNSCR 2231 (2015) paragraph 6(c) of Annex B.

A. Recent changes in UNSCR TFS on proliferation financing

(i) DPRK

13. Competent authorities, financial and non-financial stakeholders should note that **the scope of funds, financial assets and economic resources subject to assets freeze** has been expanded in recent resolutions for the sanctions regime relating to the DPRK:

- (a) clarifying the **definition of “economic resources”** subject to assets freezes, which includes assets such as vessels;
- (b) expanding the **categories of list-based designations** to include maritime vessels subject to freezing actions, in addition to listed persons and entities;¹⁵ and
- (c) including those funds, other financial resources or economic resources outside of the DPRK which are owned or controlled, directly or indirectly, by entities of the Government of the DPRK or the Worker’s Party of Korea, or by persons or entities acting on their behalf or at their direction, or by entities owned or controlled by them, that the State determines are associated with the DPRK’s nuclear or ballistic missile programmes or other activities prohibited by relevant UNSCRs.¹⁶

(ii) Iran

14. Following the implementation of the JCPOA that is endorsed in UNSCR 2231 (2015), some UN proliferation financing-related **targeted financial sanctions against Iran have been terminated** and a number of individuals and entities listed by previous Iran-related UNSCRs have been removed from the list.¹⁷ That said, a number of individuals and entities still remain on the list pursuant to UNSCR 2231 (2015), which also allows for the listing of additional persons and entities by the UNSC.¹⁸ Competent authorities should take measures to advise their supervised entities, such that the latter would be aware of the changes and update their procedures accordingly.

¹⁵ UNSCR 2270 (2016) OPs 12 and 23, and UNSCR 2397 (2017) OP 9.

¹⁶ UNSCR 2270 (2016) OP 32.

¹⁷ Since the Implementation Day of the JCPOA (16 January 2016), UN nuclear-related sanctions have been lifted under OP7 of UNSCR 2231 (2015) but subject to paragraph 6 of Annex B to the resolution. A number of proliferation-related sanctions and restrictions remain in place after the Implementation Day. At the time of issuance of this document (February 2018), the UNSCR 2231 list (www.un.org/en/sc/2231/list.shtml) contains a total of 23 persons and 61 entities. UNSCR 2231(2015), OP7.

¹⁸ UNSCR 2231 List: www.un.org/en/sc/2231/list.shtml.

B. Implementation of R.7

15. Countries are obliged to implement the financial provisions of the UNSCRs as they are made under Chapter VII of the UN Charter. The Interpretive Note to Recommendation 7 sets out specific requirements concerning the implementation of targeted financial sanctions on proliferation financing.

16. Countries are also required to submit implementation reports to the Committee established pursuant to UNSCR 1718 (2006).¹⁹

(i) Designation authorities

17. While the UN Security Council is responsible for making designations, it will generally set up a subsidiary organ (e.g. sanctions committee) to handle the related operational matters, including considering and making designations. Responsible designation authorities are listed below:

- (a) *DPRK*: both the UN Security Council and the Security Council 1718 Committee;
- (b) *Iran*: the UN Security Council only, as the former 1737 Committee has been terminated following the adoption of the UNSCR 2231 (2015).

(ii) Identifying and designating persons or entities financing or supporting WMD proliferation²⁰

18. In order to comply with and fulfil the preventive intent of the relevant UNSCRs, it is necessary for countries to be in a position to identify specific information supporting a determination and to propose additional persons and entities, as appropriate, to the UN Security Council or the relevant Committee for designation. Noting the increasingly prevalent use of sophisticated sanctions evasion techniques by proliferation networks (e.g. the use of multiple shell and front companies),²¹ it is important that countries submit information on these activities to the UN for potential listing. While there is no specific obligation upon countries to submit designation proposals to the relevant Security Council or its Committee, the UN Security Council or the Committee, in practice, depends upon requests for designation by countries. The Interpretive Note to Recommendation 7 specifically mentions in its paragraph 4 that countries should consider establishing the authority and effective procedures or mechanisms to propose persons and entities to the UN Security Council for designation in accordance with relevant UNSCRs which impose targeted financial sanctions in the context of the financing of proliferation of weapons of mass destruction.²² Countries should have appropriate legal authorities and procedures, and should consider establishing or identifying a

¹⁹ Required under OP 25 of UNSCR 2094 (2013), OP 40 of UNSCR 2270 (2016), OP 36 of UNSCR 2321 (2016), OP 18 of UNSCR 2371 (2017), OP 19 of UNSCR 2375 (2017) and OP 17 of UNSCR 2397 (2017). Implementation reports are published on the website of the Security Council 1718 Committee: www.un.org/sc/suborg/en/sanctions/1718/implementation-reports.

²⁰ Paragraph 18 specifies the mandatory requirements under FATF Standards.

²¹ UNSCR 2270 (2016) OP16 and UN Security Council (2017) Final Report of the Panel Of Experts submitted pursuant to UNSCR 2276 (2016).

²² Noting the requirements set out in INR.7, para 4 (e).

competent authority or authorities, to solicit and consider information from all relevant sources to identify, and to collect as much identifier information as possible about persons and entities that, based on reasonable grounds, or a reasonable basis to suspect or believe, meet the criteria for **designation** as set out in **section E of the Interpretive Note to Recommendation 7**. Countries should also develop and implement publicly known procedures to submit **de-listing** requests as set out in **section D of the Interpretive Note to Recommendation 7**.

19. In addition, competent authorities, financial and non-financial stakeholders should note that the screening of names and addresses against the consolidated list of designated persons and entities (including entities owned or controlled by them) published by the UN Security Council or its Committee is necessary in ensuring compliance with certain elements of targeted financial sanctions.²³ However, the screening would not be sufficient on its own, as targeted financial sanctions are also applicable to persons/entities acting on behalf of or at the direction of designated persons/entities. This adds additional complexities for public and private sector entities in identifying and detecting the persons, entities, and transactions related to proliferation financing.

20. Competent authorities including intelligence and law enforcement agencies as well as the FIUs are therefore encouraged to share information with and provide guidance to the private sector on how to identify persons, entities, and assets subject to freezing measures. (See **Part IV** of this *Guidance* on inter-agency cooperation and coordination, as well as **Annex B** for further guidance to financial institutions).

21. Information collection and sharing by countries is encouraged in order to facilitate the Security Council 1718 Committee in identifying and designating persons/entities engaged in sanctions evasion through the use of front companies, shell companies, joint ventures, and complex or opaque ownership structures, thereby fulfilling its mandate under UNSCR 2270 (2016) OP 16.

(iii) Freezing and prohibiting dealing in funds or other assets of designated persons and entities²⁴

22. **Paragraph 5 of the Interpretive Note to Recommendation 7** addresses the obligation of countries to implement targeted financial sanctions without delay against designated persons and entities when the relevant UN Security Council or Committee are acting under the authority of Chapter VII of the Charter of the UN.

23. Countries should undertake a number of additional measures and safeguards in order to:

- (a) ensure that targeted financial sanctions are implemented effectively, robustly, and without delay;
- (b) prevent any prohibited payments;
- (c) preserve the rights of innocent third parties; and

²³ A consolidated list of persons and entities designated under UNSCR 1718 (2006) and its successor resolutions (on the DPRK) and listed under UNSCR 2231 (2015) (on Iran) can be found at the websites of the Security Council 1718 Committee (www.un.org/sc/suborg/en/sanctions/1718/materials) and Security Council (www.un.org/en/sc/2231/list.shtml) respectively.

²⁴ Mandatory requirements under FATF Standards.

- (d) cooperate internationally with other competent authorities within their legal framework; and
- (e) prevent asset flight.

24. Further guidance regarding additional measures and safeguards, particularly in the context of implementing targeted financial sanctions against a designated financial institution or relating to a specific types of financial service, is provided in **Annex B** to this *Guidance*.

(iv) Post-freezing reporting and investigation²⁵

25. **Paragraph 6(d) of the Interpretive Note to Recommendation 7** states that countries should require financial institutions and designated non-financial businesses and professions (DNFBPs) to report to competent authorities any assets frozen or actions taken in compliance with the prohibition requirements of the relevant UNSCRs, including attempted transactions, and ensure that such information is effectively reviewed and utilised by competent authorities. As an example, countries may facilitate their implementation of this requirement by:

- (a) developing procedures, within their legal framework, to ensure that competent authorities receive, share, and act on information gathered from the private sector related to the freezing of funds or other assets, or attempted prohibited transactions, including sharing such information internationally to the extent appropriate; and
- (b) providing, to the extent appropriate, general feedback to and developing a dialogue with financial institutions and DNFBPs indicating how financial information relating to the reporting of frozen funds or other assets or attempted prohibited transactions is generally being used to support actions against WMD proliferation financing.

(v) Providing access to frozen funds or other assets²⁶

26. Where countries have determined that the exemption conditions set out in UNSCR 1718 (2006) and UNSCR 2231 (2015) are met, countries should authorise access to funds or other assets in accordance with the procedures set out therein, and pursuant to **paragraph 9 of the Interpretive Note to Recommendation 7**. Where the funds or other assets are owned or held by a designated financial institution, countries should undertake a number of additional measures and safeguards to ensure that only permitted payments are made. **Annex B** to this *Guidance* provides further guidance regarding such additional measures and safeguards.

²⁵ Mandatory requirements under FATF Standards.

²⁶ Mandatory requirements under FATF Standards.

C. Identifying and preventing sanctions evasion²⁷

27. As noted above, implementation of UN targeted financial sanctions on the DPRK not only requires freezing measures directed at those designated/listed by the United Nations, but also those:

- (a) acting on behalf of, or at their direction of, whether directly or indirectly of, designated persons or entities;
- (b) owned or controlled by them; and
- (c) assisting them in evading sanctions or violating resolution provisions.

28. In the case of Iran, paragraph 6(c) of Annex B to UNSCR 2231 (2015) specifies that it is for the Security Council to designate individuals or entities that fall into these categories.

29. To effectively implement the TFS, countries should put in place measures to identify persons and entities who fall under the categories above, and to employ the same measures against them that would be taken against those explicitly listed by the UN. Specifically, countries should have appropriate legal authority and procedures, and make the best use of all sources of information to identify persons and entities assisting in sanctions evasion.²⁸

30. An effective counter proliferation financing system requires adequate cooperation and coordination between the relevant authorities to prevent sanctions from being evaded.²⁹ Countries are encouraged to develop an understanding of the means of evading sanctions present in their countries that can be shared within and across competent authorities, and where appropriate, with the private sector, and with other countries. To facilitate the development of such an understanding, below is a non-exhaustive list of some examples of contextual factors and circumstances (including types of customers and transactions) as identified in previous FATF documents on proliferation financing and reports issued by the UNSC for reference.³⁰ Countries should note that not all factors listed below are applicable to all countries.

²⁷ As far as FATF Standards are concerned, one of the characteristics of an effective system in relation to Immediate Outcome 11 is that: targeted financial sanctions are ... monitored for compliance and there is adequate cooperation and coordination between the relevant authorities to prevent sanctions from being evaded. (See *FATF Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems*).

²⁸ The Security Council 1718 Committee may designate individuals or entities for evading of targeted financial sanctions imposed by relevant DPRK sanctions. See UNSCR 2094 (2013) OP 27. The UN Security Council or the Committee, in practice, depends upon requests for designation by countries.

²⁹ See characteristics of an effective system under *Methodology* for assessing technical compliance with the FATF Recommendations and the effectiveness of AML/CFT systems.

³⁰ See bibliography for source documents.

- (a) **Volume of international financial services** - financial centres have the potential to provide proliferators the opportunity to exploit legitimate financing and commercial channels to hide proliferation activities.
- (b) **Level of AML/CFT compliance** - illicit financial activities often take place in jurisdictions with weak legal and regulatory frameworks. Weak implementation of CDD measures, TFS, and beneficial ownership controls by supervised institutions may facilitate the use of legal persons or arrangements for sanctions evasion.
- (c) **Underlying proliferation risk** - factors affecting the proliferation risks (i.e. the illicit movement of proliferation-sensitive goods) may be relevant to the proliferation financing context. Such factors include the sectors and activities identified in relevant UNSCRs (e.g. industries producing dual-use, proliferation-sensitive or military goods; international trade and shipping services; geographical vulnerabilities; and the presence of diplomatic personnel and persons from countries subject to sanctions).
- (d) **Strength of export controls, customs and border controls, and other mitigation measures** - the extent to which the underlying proliferation risks are mitigated by the effective implementation of export controls and other measures.

31. As stated in paragraph 5 above, the FATF Standards do not require the application of risk-based approaches in the context of counter proliferation financing. Nevertheless, awareness of context can support more effective implementation of sanctions by both public and private sector stakeholders. Countries should consider providing guidance or analysis of the proliferation financing context to private sector stakeholders, indicating the factors with most relevance and impact.

32. Recognising the difficulty in identifying customers and transactions vulnerable to or engaged in proliferation financing activities, competent authorities together with supervised institutions should work within their legal framework to provide additional relevant information to their supervised institutions where appropriate. Examples of customers and transactions could include:

- (a) names of specific entities and persons potentially tied to proliferation networks, as well as end users of particular concern regarding items, materials, equipment, goods and technology prohibited under the country-specific resolutions set out in **Annex C Parts II (c) to (i)**, including lists provided by national export control authorities, where applicable;
- (b) available typologies of proliferation finance (not limiting to those typologies identified by the private sector stakeholders);³¹
- (c) available contextual factors and information related to proliferation finance;³²

³¹ See *FATF Proliferation Financing Report* (June 2008) and *Combating Proliferation Financing: A Status Report on Policy Development and Consultation* (February 2010), the latter of which was built on the former (available at: www.fatf-gafi.org).

³² See also Annex A to this *Guidance*.

- (d) lists and/or characteristics of persons who have been granted or denied export licenses and associated transactional details (e.g. type of goods involved, export routes, methods of financing, and the rationale for denial); and
 - (e) information relating to the diversion of items, materials, equipment, goods and technology prohibited under country-specific resolutions set out in **Annex C Part II (j)**.
33. Countries should encourage their supervised entities to take note of the following circumstances where customers and transactions are more vulnerable to be involved in proliferation financing activities relating to both DPRK and Iran sanctions regimes:
- (a) customers and transactions associated with countries subject to sanctions;
 - (b) instruments that could particularly be used to finance prohibited transactions, such as certain trade financing products and services;
 - (c) customers involved with and/or transactions related to items, materials, equipment, goods and technology prohibited by UNSCRs;
 - (d) reasonableness of invoiced goods against market value, inconsistency or discrepancies in trade-related documentation.
34. In particular, countries should encourage their supervised entities to be alert to the following non-exhaustive list of factors that are relevant to the DPRK sanctions regime:
- (a) significant withdrawals or deposits of bulk cash that could potentially be used to evade targeted financial sanctions and activity-based financial prohibitions;³³
 - (b) opening of banking accounts by DPRK diplomatic personnel, who have been limited to one account each under relevant UNSCRs (including number of bank accounts being held, holding of joint accounts with their family members);³⁴
 - (c) clearing of funds, granting of export credits or guarantees to persons or entities that are associated with trading transactions relating to the DPRK;³⁵
 - (d) providing insurance or re-insurance services to maritime vessels owned, controlled or operated, including through illicit means, by the DPRK or classification services to vessels which there are reasonable grounds to believe were involved in activities, or the transport of items, prohibited by UNSCRs concerning the DPRK, unless the Security Council 1718 Committee determines otherwise on a case-by-case basis;³⁶

³³ UNSCR 2087 (2013) OP 12, UNSCR 2094 (2013) OPs 11 and 14, UNSCR 2321 (2016) OPs 34 and 35, and UNSCR 2371 (2017) OP 11.

³⁴ UNSCR 2321 (2016) OP 16 requires all States to take steps to limit the number of bank accounts to one per DPRK diplomatic mission.

³⁵ UNSCR 1874 (2009) OP 20, UNSCR 2094 (2013) OP 15, UNSCR 2270 (2016) OP 36, UNSCR 2321 (2016) OP 32, and UNSCR 2371 (2017) OP 13.

³⁶ This does not fall under the remit of FATF Recommendation 7, but activity-based financial prohibition under UNSCR 2321 (2016) OP 22 and UNSCR 2397 (2017) OP 11.

- (e) direct or indirect supply, sale or transfer to the DPRK of any new or used vessels or providing insurance or re-insurance services to vessels owned, controlled, or operated, including through illicit means, by the DPRK, except as approved in advance by the Security Council 1718 Committee on a case-by-case basis;³⁷ or
 - (f) the leasing, chartering or provision of crew services to the DPRK without exception, unless the Security Council 1718 Committee approves on a case-by-case basis in advance;³⁸ or
 - (g) using real property that DPRK owns or leases in their territory for any purpose other than diplomatic or consular activities.³⁹
35. The 2008 *FATF Typologies Report on Proliferation Financing* provides a starting point to assist both public and private sectors in understanding the risks and situations where customers, transactions and other account activities may be involved in proliferation financing. Since then, proliferators have developed more sophisticated networks to hide such activities. Some of these recent proliferation financing-related sanctions evasion techniques have been captured in the Reports submitted by the UN Panel of Experts (PoE) to relevant UNSC or UNSCR committees.
36. With these contextual factors and indicators in mind, countries may take the following actions to assist in the early detection of sanctions evasion techniques:
- (a) focusing their oversight on targeted areas of sectors, institutions or activities, including extending monitoring to those sectors which do not fall under the definition of financial institution or DNFBPs but are vulnerable to proliferation financing (e.g. maritime insurers or dual-use goods exporters); and
 - (b) encouraging both financial and non-financial institutions to leverage on existing risk-based measures to identify potential customers and transactions that could be involved in sanctions evasions.
37. Regardless of the identified risk level, supervised institutions should be reminded by countries that the factors stated above do not diminish the obligation by supervised institutions to perform sanctions screening or other regulatory requirements.

³⁷ UNSCR 2321 (2016) OP 30 and UNSCR 2397 (2017) OP 14.

³⁸ UNSCR 2270 (2016) OP 19 and UNSCR 2321 (2016) OP 8.

³⁹ UNSCR 2321 (2016) OPs 17 and 18.

PART III. OTHER MEASURES

38. The UNSCR obligations mentioned in this Part go beyond the FATF Standards (and are not assessed in FATF Mutual Evaluations), though they are binding on UN Member States under Chapter VII of the UN Charter. However, as list-based targeted financial sanctions alone cannot address illicit procurement and proliferation financing from countries subject to sanctions (i.e. the DPRK and the Iran), the UN Security Council has introduced other measures to counter this illicit activity. Therefore, implementation of these measures contributes to a stronger counter proliferation financing regime. As these measures are enshrined in UN Security Council Resolutions, they carry certain obligations for member states and thus it is important for public and private sector stakeholders to be aware of the provisions. Countries may consider taking appropriate steps to ensure that their financial institutions and DNFBPs are aware of the sanctions provisions and their implications in this regard, since these are related to targeted financial sanctions although they require alternative approaches by public and private sectors.

39. Some of these measures include:

- (a) **activity-based financial prohibitions:** mandatory UNSCR obligations requiring countries to prevent and/or prohibit certain financial activities. Countries should take appropriate steps to ensure that their financial institutions and DNFBPs are aware of their obligations with respect to these provisions. A full list of these prohibitions is set out in **Annex C to this Guidance, Part (II) (c) to (i).**

Relevant to DPRK

- o preventing the provision of financial services or the transfer of any financial or other assets or resources that could contribute to WMD or delivery systems programmes;⁴⁰
- o preventing the procurement of missiles or missile related-items, materials, goods and technology from the DPRK, and the transfer of any financial resources in relation to DPRK's missile or WMD programmes;⁴¹
- o prohibiting the opening and operation of new branches, subsidiaries, and representative offices of banks, entering into joint ventures, or opening of accounts;
- o prohibiting the use and transfer of bulk cash;
- o prohibiting the provision of financial support for trade, e.g. granting of export credits, guarantees or insurance;

Relevant to Iran

- o prohibiting, without prior approval in advance by the UN Security Council, any financial assistance, investment, brokering or other services, the transfer of financial resources or services, or Iran's

⁴⁰ For DPRK, see UNSCR 1874 (2009) OP 18.

⁴¹ UNSCR 1695 (2006) OP 4.

- acquisition of an interest in any commercial activity in another State, related to items set out by the Nuclear Suppliers Group and the Missile Technology Control Regime;⁴²
- o prohibiting, without prior approval in advance by the UN Security Council, financial resources or services related to the supply, sale, transfer, manufacture, maintenance, or use of certain conventional arms, as defined by the UN Register of Conventional Arms.⁴³
- (b) **vigilance and other types of financial measures:** mandatory UNSCR obligations requiring countries to exercise vigilance and prevent procurement of items, materials, goods and technology by the DPRK, and transfer of any financial resources in relation to DPRK's ballistic missile or WMD programmes, or encourage countries to take additional precautions in relation to certain groups of persons, types of financial activities, types of goods, or types of activities conducted by certain groups of persons. The vigilance measure is set out in **Annex C to this Guidance, Part II (k)**; and
- (c) **economic/sectoral sanctions:** mandatory UNSCR obligations prohibiting the trading of certain types of materials or goods that could contribute to WMD or delivery systems programmes, such as aircraft, coal, iron, iron ore, gold, titanium, petroleum products, etc. A full list of these measures (relevant to DPRK sanctions regime) is set out in **Annex C to this Guidance, Part II (j)**.

⁴² In the case of financial services related to nuclear technology, the prescribed prohibition period is ten years after the JCPOA Adoption Day or until the date on which the IAEA submits a report confirming the Broader Conclusion, whichever is earlier. In the case of ballistic missile technology, the period is eight years or until the Broader Conclusion is confirmed. UNSCR 2231 (2015), Annex B, paragraphs 2 and 4.

⁴³ The prescribed prohibition period is five years after the JCPOA Adoption Day or until the date on which the IAEA submits a report confirming the Broader Conclusion, whichever is earlier. UNSCR 2231 (2015), Annex B, paragraph 5.

A. Implementation of non-TFS UNSCR Provisions

(i) General Principles

40. In applying the guidance in this section, countries should consider the following general principles:

- (a) countries should implement these measures according to their legal framework;
- (b) countries' efforts to implement these measures should complement, rather than duplicate, export control regimes or other existing WMD counter-proliferation controls, or through the adaptation or expansion of existing financial mechanisms, controls or prohibitions;
- (c) countries may consider leveraging their AML/CFT controls in carrying out their obligations relating to proliferation financing;
- (d) supervised institutions can comply with these measures by identifying high-risk customers and transactions, applying enhanced scrutiny⁴⁴ to such customers and transactions, and taking appropriate follow-up action to promote compliance with these UNSCR provisions;
- (e) supervised institutions should generally manage and mitigate their risk of exposure to these measures by considering:
 - o relevant information provided by competent authorities; and
 - o existing customer and transactional information currently being collected by financial institutions, including through their customer due diligence programmes and existing AML/CFT obligations when identifying high-risk customers and transactions; and
- (f) supervised institutions should consider undertaking reasonable efforts to collect additional information related to identified high-risk customers and transactions and subject such high-risk customers and transactions to ongoing/enhanced monitoring.
- (g) encourage supervised institutions to use a risk-based approach;
- (h) consider placing institutions involved in financial transactions or having accounts or customers that are more vulnerable to proliferation activities, under enhanced scrutiny; and
- (i) countries should prohibit DPRK banks from establishing or maintaining correspondent relationships with banks in their jurisdictions to prevent the provision of financial services,⁴⁵ and to consider enhanced supervision and monitoring.

⁴⁴ Enhanced scrutiny should be applied to high risk transactions flagged through monitoring. Straight-through processing would not be disrupted for transactions not flagged as high risk. Post-event monitoring should apply, in accordance with a risk-based approach, to all transactions.

⁴⁵ UNSCR 2094 (2013) OP 12.

(ii) Identification of High-Risk Customers And Transactions

41. Countries should encourage supervised institutions to apply a risk-based approach to identify high-risk customers and transactions. Recognising that information currently available to supervised institutions may be insufficient to identify high-risk customers and transactions, competent authorities should work within their legal framework to provide additional relevant information to financial institutions, where appropriate and in accordance with applicable data protection laws. Examples of relevant information could include:

- (a) names of specific entities and individuals of proliferation concern and end users of particular concern regarding items, materials, equipment, goods and technology prohibited under UNSCRs 1874(2009), 2087(2013), 2094(2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017), 2375 (2017) and 2397 (2017) (relating to the DPRK), and UNSCR 2231 (2015) (relating to Iran), including lists provided by national export control authorities, where applicable;
- (b) available typologies of proliferation finance (not limiting those typologies identified by the private sector stakeholders);
- (c) available red flags of financial activity related to proliferation finance;
- (d) lists and/or characteristics of persons who have been granted or denied export licenses and associated transactional details (e.g. type of goods involved, export routes, methods of financing, and the rationale for denial); and
- (e) information relating to the diversion of items, materials, equipment, goods and technology prohibited under UNSCRs 1874(2009), 2087(2013), 2094(2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017), 2375 (2017) and 2397 (2017) (relating to the DPRK), and UNSCR 2231 (2015) (relating to Iran).

42. In addition to relevant information provided by competent authorities, countries should encourage supervised institutions to consider and rely upon existing customer and transactional information that they currently collect, including through their customer due diligence programmes and existing AML/CFT obligations, to identify high-risk customers and transactions. Countries should encourage supervised institutions to consider among others the following determinants of risk specifically associated with UNSCRs 1874(2009), 2087(2013), 2094(2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017), 2375 (2017) and 2397 (2017) (relating to the DPRK), and UNSCR 2231 (2015) (relating to Iran), to assist in identifying high-risk customers and transactions:

- (a) customers and transactions associated with the DPRK and Iran;
- (b) financial products that particularly could be used to finance activity-based financial prohibitions, such as certain trade financing products and services;
- (c) customers involved with and/or transactions related to items, materials, equipment, goods and technology prohibited under UNSCRs 1874(2009), 2087(2013), 2094(2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017), 2375 (2017) and 2397 (2017) (relating to the DPRK), and UNSCR 2231 (2015) (relating to Iran); and
- (d) significant withdrawals or deposits of cash that could potentially be used to evade DPRK-related sanctions and activity based financial prohibitions.

43. Countries should also encourage their supervised institutions to be aware of risks associated with the use of their correspondent relationships or similar banking relationships to provide financial services or products on behalf of high-risk customers or to otherwise engage in high-risk transactions, particularly those involving Iranian and DPRK banks, and to consider enhanced supervision or monitoring.

(iii) Enhanced Scrutiny Of High-Risk Customers And Transactions

44. Countries should encourage financial institutions to use a risk-based approach to apply enhanced scrutiny to high-risk customers and transactions to determine whether a transaction is prohibited. Such enhanced scrutiny may include the collection of additional information as described in paragraph 45 below, as well as ongoing monitoring as described in paragraph 47 below. If a supervised institution has a reasonable basis to suspect or believe that a high-risk customer is involved with and/or a transaction is related to an activity-based financial prohibition, then the financial institution should take appropriate follow-up action as described in paragraph 48 below.

45. Countries should encourage their supervised institutions to **collect additional information on high-risk customers and transactions** in order to identify, and avoid engaging in, prohibited activities, and to enable follow-up actions. The ability of a financial institution to collect such additional information may depend in part on whether the supervised institution has a direct relationship with the customer, the mechanisms or instruments being used to finance the transaction, and the financial institution's role in the financial transaction. Depending on these factors, a supervised institution may or may not have access to additional information that may be useful in determining whether a high-risk customer is involved with and/or a transaction is related to an activity-based financial prohibition. Such additional information may include:

- (a) purpose of transaction or payment;
- (b) details about the nature, end use or end user of the item;
- (c) parties to the transaction;
- (d) sources of funds;
- (e) beneficial ownership of the counterparty;
- (f) export control information, such as copies of export-control or other licenses issued by the national export control authorities, and end-user certification; and
- (g) in the case of a financial institution handling incoming wire transfers, information in accordance with Recommendation 16 (Wire transfers).

46. Supervised institutions should apply these **information collection procedures** to:

- (a) Politically Exposed Persons (PEPs) from, or diplomatic personnel representing countries subject to sanctions and their family members and close associates (in the context of DPRK sanctions only); and
- (b) persons or entities which may act on behalf of or at the direction of DPRK financial institutions, including their branches, representatives, agents, joint ventures and subsidiaries abroad.

47. Supervised institutions should conduct **on-going monitoring of high-risk customer account activity**. Such monitoring should be conducted in accordance with the supervised institution's assessment of risk associated with the account. Such monitoring should also ensure that the activity in the account is consistent with the documentation associated with the transactions in the account.

(iv) Follow-Up Actions

48. Countries should encourage supervised institutions that either identify or cannot resolve concerns regarding high-risk customers and/or transactions to consider taking appropriate follow-up actions to prevent prohibited transactions. Such follow-up actions may include:

- (a) consulting with competent authorities, as permitted by existing legal frameworks, in seeking additional information to assist them in properly identifying such prohibited transactions;
- (b) suspending a given transaction, unless all information fields of payment instructions (which relate to the originator and beneficiary of the transaction in question) are completed;
- (c) suspending a particular transaction pending further investigation;
- (d) refusing to process or execute transactions when the supervised institution has been unable to clarify that such transactions do not violate the targeted financial sanctions and activity-based financial prohibitions contained in **Annex C** to this *Guidance*;
- (e) terminating the relationship with the relevant customer or account.

49. Countries should continue to study measures to facilitate the effective implementation of the activity-based financial prohibitions, with a view to facilitating a harmonised and workable approach for financial institutions to prevent engaging in financial activities prohibited under activity-based financial prohibitions.

50. Countries should share information provided by supervised institutions relating to potential activity-based financial prohibitions with other relevant counter proliferation authorities internally, as appropriate and subject to countries' existing legal frameworks. Information exchange related to WMD proliferation financing among competent authorities is further expounded upon in **Part IV** of this *Guidance*.

51. Countries should also share such information with counterparts from relevant countries, as appropriate. Countries should establish controls and safeguards to ensure that any information exchanged by competent authorities is used only in an authorised manner, consistent with their obligations concerning privacy and data protection.

52. Countries may encourage supervised institutions to consider proliferation financing typologies when reviewing transactional and customer information collected through their existing AML/CFT obligations and customer due diligence programmes. The information collected should allow supervised institutions to identify transactions, accounts (including correspondent accounts), or relationships (such as accounts of DPRK diplomats, joint ventures or jointly owned banking operations or facilities) with Iranian and DPRK banks and entities.

PART IV. INTER-AGENCY COOPERATION AND COORDINATION FOR COMPETENT AUTHORITIES

53. The FATF Standards require countries to establish the necessary legal authority and identify competent authorities responsible for implementing and enforcing targeted financial sanctions,⁴⁶ and for competent authorities, to have mechanisms for cooperation and, where appropriate, coordination mechanisms to combat the financing of proliferation of WMD.⁴⁷

54. Based on a review of mutual evaluations findings on countries' level of technical compliance and effectiveness in implementing targeted financial sanctions, lack of inter-agency cooperation and coordination in the context of proliferation financing is a common deficiency identified. While some countries have not established a legal and institutional framework for implementing FATF requirements on counter proliferation financing, others have not identified a single agency/key agencies, or established any committee to coordinate or to be in charge of supervision, enforcement or outreach relating to proliferation financing. Other identified deficiencies include: no specific provisions in the law to extend the power of the lead committee to coordinate and cooperate with other competent authorities on proliferation financing-related policies and activities; the coordinating committee only involves those authorities responsible for terrorist financing-related activities and not all authorities responsible for implementing assets freeze relating to proliferation financing are directly involved in the committee, or invited to participate even on "as necessary" basis. While the FATF Standards do not mandate a specific supervisory or monitoring model, being able to identify the relevant agencies and link them up in the context of proliferation financing could support implementation of IO.11 and R.7, as well as R.2.

55. This Part updates the FATF *Best Practices Paper on Recommendation 2: Sharing among domestic competent authorities information related to the financing of proliferation*, gives additional non-binding guidance to competent authorities by highlighting features of an effective inter-agency cooperation and coordination, as observed in recent mutual evaluations, and adds new case studies for reference.

A. Identification of key agencies/authorities

56. The implementation of UNSCR requirements often involves a range of agencies at both policy and operational levels, and some of these agencies may not participate in the AML/CFT framework. FIs' and DNFBPs' reporting on the assets frozen, attempted transactions or actions taken in compliance with UNSCRs on proliferation financing, as required by Interpretive Note to Recommendation 7 paragraph 6(d), is also relevant. Below is a list of agencies or authorities commonly involved in the implementation of UNSCRs on proliferation financing (including enforcement, monitoring of compliance, and information sharing and exchange), but may vary across countries:

⁴⁶ See paragraph 7.2 of *Methodology*.

⁴⁷ See paragraph 2.4 of *Methodology*.

- (a) **policy departments:** introducing changes to the domestic or jurisdictional regime, and identifying gaps in the regime. Examples include foreign affairs, finance, commerce, home and justice departments;
- (b) **financial supervisors, competent authorities, and SRBs:** carrying out regulation, supervision, and enforcement to ensure that access to financing for proliferation activities will be denied;
- (c) **export control and customs/border control agencies:** ensuring compliance with export controls and proliferation-related sanctions, stopping shipments by sanctioned suppliers or to a designated end-user (or by suppliers or to end-users of concern), sharing financial information or customer-relevant data which could be useful in detecting actual end-users and illegal transactions and could facilitate law enforcement agencies' investigations by permitting a more thorough understanding of the transaction and business structures and methods used to facilitate illegal transfers of prohibited items across jurisdictions. As users of information, export control authorities have noted that financial information may be helpful in detecting actual end-users and illegal transactions and may improve the effectiveness of investigations conducted by law enforcement authorities by permitting a more thorough understanding of the transaction and business structures and methods used to facilitate illegal transfers of prohibited items across jurisdictions. Export control agencies therefore are both providers and recipients of information in the context both UNSCR 1540 (2004) and of the UNSCRs relating to the DPRK and Iran;
- (d) **intelligence services:** identifying, analysing, and disseminating intelligence on persons or entities who may be involved in or supporting proliferation financing activities. Such intelligence-based information (i) could help link a dual-use item and its destination to potential proliferation use; (ii) could be used for proposals for public designation in accordance with UNSC requirements; and (iii) could facilitate the decision-making process on whether an export licence should be granted for a dual-use item;
- (e) **financial intelligence units:** although FATF does not require STR reporting on proliferation financing, some jurisdictions have chosen to establish reporting requirements for supervised institutions as an additional means to implement UNSC resolutions related to the DPRK, Iran, and UNSCR 1540 (2004). Further, even in jurisdictions with no STR reporting requirement for proliferation financing, FIUs may receive STRs on activity linked to proliferation financing that has been identified by reporting entities as a different type of illicit activity and may be able to share this information with other competent authorities;
- (f) **law enforcement and prosecution agencies:** investigating proliferation financing-related offences and enforcing criminal or civil penalties for violations of laws and regulations related to proliferation financing or export controls. UNSCR 1540 (2004) requires States to establish and enforce appropriate criminal or civil penalties for violations of laws and regulations related to export controls or countering the financing of proliferation;
- (g) **trade promotion and investment agencies:** identifying and analysing proliferation financing risks associated with countries subject to sanctions when considering, and before providing trade facilitation; and

- (h) **other agencies or authorities:** responsible for implementing the UNSCR requirements.

B. Features of a well-coordinated inter-agency cooperation system

57. Features of a well-coordinated inter-agency cooperation system usually include:

- (a) involvement of all relevant agencies at policy, legal and operational levels, as well as at national and regional levels;
- (b) presence of a lead agency/agencies/committee and an established coordination mechanism which is backed by a high-level of political will (e.g. mandate at ministerial level) and is responsible for policy making, prioritising policy programmes in the context of proliferation financing, considering making designations, etc.;
- (c) appointment of appropriate level of officers with decision-making power for other competent agencies participating at inter-agency activities;
- (d) conducting of regular and ad-hoc meetings, as well as periodic training sessions to allow exchange of information on latest supervisory and enforcement experiences, feedback on suspicious transactions reports, investigation and prosecution progress, follow-up on supervisory actions, latest typologies, evasions tactics, proliferation financing-related statistics (e.g. amount of assets seized);
- (e) competent authorities are provided with necessary statutory powers to allow exchange of information (e.g. intelligence, financial intelligence or sharing of suspicious transaction reports) and to conduct (joint) investigations. In some cases, a memorandum of understanding or a regulatory memorandum are prepared to clarify the specific operational procedures;
- (f) putting in place operational procedures or a response mechanism on how respective competent authorities should handle enquiries relating to freezing measures, false positives, potential evasions (including those by DPRK diplomats or those persons acting on their behalf);
- (g) adoption of a uniform approach in engagement and outreach, including the frequency and content of materials to be shared with the private sector; and
- (h) making use of both formal and informal communication and cooperation channels.

C. Role of the lead agency/agencies/committee

58. Specifically, the role of the lead agency/agencies/committee should often include:

- (a) ensuring that the legal and regulatory framework is consistent with the latest UNSCR and the FATF requirements on targeted financial sanctions on proliferation financing, and with the latest UNSCRs related to WMD proliferation;
- (b) disseminating the latest TFS requirements and UNSC obligations to government agencies, other competent authorities and stakeholders in the private sector;

- (c) updating government agencies, other competent authorities and stakeholders in the private sector on recent proliferation financing cases, where appropriate;
- (d) identifying the agencies that should be involved in information exchange;
- (e) promoting information exchange among different agencies to help identify and prevent sanctions evasion;
- (f) making use of a coordination platform/task force, regular issuance of circulars, or establishment of a hotline to ensure the various agencies' understanding of their respective supervisory roles and responsibilities, and responding to agencies' operational enquiries; and
- (g) ensuring coordinated communication with the private sector to allow consistency in the messages/requirements/obligations communicated, especially when more than one government agency/department is involved in such communication.

D. Effective sharing of information

59. A well-coordinated inter-agency mechanism, with participation of all relevant operational agencies, facilitates the investigation of proliferation financing activities and helps detect sanctions evasion through more effective sharing of information:

- (a) **sharing among public authorities:** lead agency/agencies/committee, FIU, law enforcement and intelligence agencies, as well as competent authorities responsible for sanctions implementation, may each have information relating to proliferation financing-related transactions such as possible assets owned or controlled, directly or indirectly, by designated persons or entities, or other sensitive proliferation financing, goods or trade-related information. Effective exchange of information among company registries and export control authorities with lead agency/agencies/committee, law enforcement/financial intelligence/intelligence agencies, and vice-versa, should also allow early detection of attempts to circumvent sanctions through the use of third parties, shell or front companies to conduct proliferation financing-related transactions;
- (b) **role of the FIU:** Financial intelligence units may be able to identify potential proliferation financing or sanctions evasion activities through STRs based on suspected criminal activities, or through transaction reports filed based on transactions above certain thresholds, or involving certain jurisdictions, or through FIs' and DNFBPs' reporting on the assets frozen, attempted transactions or actions taken in compliance with UNSCRs on proliferation financing. While the FATF Standards do not require the reporting of suspicious proliferation financing activities, the reports these institutions make to FIUs can be a highly relevant resource for identifying individuals and entities who may be involved in or supporting the financing of proliferation of WMDs and enforcing and monitoring compliance with laws to counter the financing of proliferation, and there is also no obligation for FIU to be involved in CPF measures. Access to proliferation financing-related information obtained by intelligence communities and other law enforcement agencies by the FIU would also allow the FIU to leverage STRs, which could be filed based on ML/TF or other illicit or suspicious activity,

against intelligence information to identify which transactions are of proliferation financing concerns. Additionally, to the extent it receives relevant proliferation financing information, the FIU should share it with the intelligence and law enforcement communities and other competent authorities;

- (c) **coordinated approach in communicating with private sector:** competent authorities should coordinate among themselves in issuing the updated list of designated persons/entities/vessels, implementation guidelines, and latest trends to the private sector by minimising duplication of resources and ensuring consistency. Information on suspected proliferation financing activities gathered by counter proliferation authorities, as well as FIU's feedback on STRs which eventually point to proliferation financing activities should also be shared with supervised institutions as appropriate and subject to countries' existing legal frameworks. This will help private sectors detect proliferation financing sanctions evasion early.

60. Countries should establish controls and safeguards to ensure that any information exchanged by competent authorities is used only in an authorised manner, consistent with their obligations concerning privacy and data protection.

E. Possible issues which can be discussed at coordination meetings

61. Incorporating all agencies identified above to coordinate the implementation of the UNSCRs is a critical way of combating proliferation financing, and allowing for joint analysis, coordinated and complementary operations, and more developed policy positions. Such coordination and cooperation can also be a key confidence and relationship building measure. A possible avenue to achieve this cooperation, information sharing, and joint coordination may be regular or ad hoc inter-agency meetings that may include representatives from financial, intelligence, export control, law enforcement, regulatory/supervisory and policy agencies. Issues which may be discussed at these meetings might include:

- (a) monitoring and analysis of risks, threats, new trends and vulnerabilities in the counter financing of proliferation regime;
- (b) development of policy on combating the financing of proliferation of nuclear, biological, and chemical weapons and their means of delivery;
- (c) recommendations of appropriate responses for competent agencies to take action to counter the financing of proliferation;
- (d) identification of key intelligence gaps related to the financing of proliferation and development of possible solutions to close those gaps;
- (e) consideration of potential interdiction opportunities to impede financing of proliferation activities and coordination of such actions;
- (f) coordination and de-confliction of the activities of competent agencies (including financial, intelligence and law enforcement agencies) in terms of combating the financing of proliferation;
- (g) coordination of investigations of financial support for export control violations, and the enforcement of laws related to the export and transshipment of controlled dual-use goods, including to sanctioned countries;
- (h) coordination and de-confliction of potential plans of financial, intelligence and law enforcement agencies to identify and designate persons and entities

who may be involved in or supporting the financing of proliferation of WMD; and

- (i) review of mechanisms to ensure effective scrutiny of suspicious activity reporting and to meet the requirements of sanctions implementation.

F. Case Studies

62. Below are **two case studies** of successful inter-agency coordination for reference:

Case Study 1

One successful example of interagency cooperation on combating proliferation activities involved the Finance, Justice, Customs, and Commerce Departments of Country A taking action against a global procurement network that sought to evade sanctions by illegally exporting controlled machinery with WMD development applications to a country subject to UN WMD-related sanctions (Country X). The network cantered around a father and son team, as well as other individuals, that established a series of front companies in multiple jurisdictions to act on behalf of the designated entities and ultimately export the controlled goods to the country subject to sanctions.

Starting in the 1990's, Individual A (the father) assisted Country X in procuring WMD-related goods through a network of companies connected to a sanctioned entity from Country X and its subordinates and was involved in shipping items to Country X that could be used to support the country's ballistic missile program. Individual A was indicted by a third country's (Country Y) Prosecutors Office for forging shipping invoices and illegally shipping restricted materials to Country X in June 2008 and was found to have used at least two front companies based in Country Y to accomplish this scheme. As a result of these schemes, Individual A and his front companies were designated by the Finance Ministry of Country A in January 2009 for providing financial, technological, or other support to the Country X entity, which itself was designated by the Country A in 2005 and by the UN in 2006.

After the Country A designations, Individual A, his son (Individual B), and a third person (Individual C) continued to conduct business together, but attempted to hide the now-designated Individual A and his companies' involvement in those transactions by conducting business under different company names. For example, by August 2009 – approximately eight months after the Country A designations – the three individuals began using a new company to purchase and export WMD-sensitive machinery on behalf of the designated individuals. Individuals A and B used bank accounts located in Country Y banks to transfer funds to Country A bank accounts of their Country A-based facilitators, who would in turn use the funds to procure the goods and ship them to Country Y. Due to the 2009 Country A designations of the network, these transactions were already part of an illegal sanctions evasion scheme, which would become the focus of the criminal charges to be filed.

Country A's Justice, Customs, and Commerce Departments coordinated on the

investigation of this case, based upon their individual subject matter expertise. In May 2013, both Individual A and Individual B were arrested on criminal charges, including conspiracy to evade prohibitions and restrictions imposed by Country A and money laundering conspiracy. Both individuals eventually pleaded guilty to various criminal charges in their indictments.

Case Study 2

(Relating to interagency coordination for implementation of targeted financial sanctions by designating)

The development of designations for targeted financial sanctions in Country A is undertaken in consultation with the Finance, Foreign, and Justice Ministries. The Finance Ministry is very engaged with colleagues, in a variety of agencies, throughout the investigation process. Initial targets are suggested through an interagency working group, and closely coordinated and vetted within appropriate agencies in the early stages of development. Depending on the amount of intelligence involved in constructing a case, the Finance Ministry also works closely with the intelligence community to develop a case for a designation.

In addition, the Finance Ministry goes through a formal coordination phase designed to de-conflict proposed designations with the operational and policy interests of other agencies, and to ensure that the targets are consistent with and further the strategic national security and foreign policy goals of the country. Interagency coordination is clearly a critical part of the process because it ensures that the public designation of entities and persons involved in or supporting WMD proliferation do not jeopardise the ongoing operations of colleagues in the law enforcement or the intelligence communities, and are consistent with the government's foreign policy and national security objectives and interests. The government is acutely mindful of the importance of ensuring that it does not compromise sensitive sources or methods that would harm national interests or the fundamental rights of parties involved, and that the actions are coordinated with ongoing diplomatic efforts in order to achieve effectively the national security and foreign policy objectives.

Once this very thorough interagency review process has been completed and the Finance Ministry has received concurrences from interagency colleagues, the final evidentiary package is presented. Before the designation is formally announced, the Finance Ministry investigates whether a designation target has a presence in the country. If such a presence is detected, investigators work to prepare an operation to block any property that can be identified. Any domestic enforcement operations are closely coordinated with law enforcement officers from other federal agencies and local authorities.

In one particular case, Country A designated Company X due to its provision of support for WMD proliferation. Company X was subject to a call for enhanced vigilance by the United Nations Security Council. Company X was known to use deceptive practices, including the creation and use of front companies to try and evade sanctions and continue to engage in financial transactions with banks in

Country A. The Finance Ministry received information of possible front companies from financial institutions who had discovered relevant data from performing due diligence and investigating certain transactions which they deemed to be suspicious. Based upon this and sensitive government information, including intelligence, the Finance Ministry began to develop an evidentiary case to also designate front companies of Company X to prevent them from using Country A's financial system to make payments which may have supported proliferation activity. Financial information was used in the development of the designation and the corresponding indictment against persons and entities involved. For example, in the account opening documents for establishing one of the front companies, the listed address and telephone number were the same as that for Company X. The Finance Ministry worked with the relevant other government agencies, in particular the Foreign and Justice Ministry, through a formal coordination phase to de-conflict the proposed designations with the operational and policy interests of other agencies.

63. In addition to the case studies above, countries may wish to note the following recent cases of successful cooperation:

- detection of proliferation financing activity based on a suspicious transaction report filed on false documentation submitted by a financial institution, and then followed up by investigation conducted by the customs agency with assistance from the intelligence agency. The investigation eventually led to prosecution and conviction, and reporting to the UN Sanctions Committee;
- seizure of assets by law enforcement agencies based on systematic reporting of transactions involving countries subject to sanctions, or of transactions exceeding a threshold to the FIU. Reports were followed up by the FIU, which conducted analysis on capital movements and foreign transactions. When irregularities were identified (e.g. such as the use of shell companies), this information was then passed to law enforcement agencies; and
- reporting of suspicious information through the making use of an electronic platform which links up various competent authorities and private sector stakeholders including export industry, carriers, airlines, insurance companies, lawyers and trustees to allow reporting of suspicious information.

64. Countries should also share such information with counterparts from relevant countries, as appropriate. The implementation reports compiled by the UNSC Panel of Experts also recommend countries to strengthen information sharing on transnational network evasion cases and typologies to assist financial institutions in determining whether certain transactions involve activities prohibited under UNSCRs. Examples of disruption of proliferation financing activities through cross-border cooperation include detection of proliferation financing activity based on a suspicious transaction report filed on sharp increase in the amounts of money handled by the bank of a small-sized firm procuring sanctioned prohibited dual-use products. Intelligence agency conducted investigation and forward case information to entities in other countries through cross-border cooperation. The investigation eventually led to prosecution and disruption of activity.

PART V. SUPERVISION AND MONITORING OF COMPLIANCE

65. Another common deficiency identified among countries in carrying out their proliferation financing obligations is weak or unfocused supervision in the context of proliferation financing. Mutual evaluation findings suggest that supervisors (including SRBs) are not adequately supervising for TFS, and that financial institutions and DNFBPs generally do not pay sufficient attention to the implementation of targeted financial sanctions related to proliferation financing. This section sets out the elements of an effective counter proliferation financing supervisory regime.

66. While the FATF does not prescribe a particular supervisory model, the supervisory system so chosen should be appropriate for the country's risk and context. In building up a supervisory model in the context of proliferation financing under Recommendation 7, countries should also make reference to Recommendations 2, 26 and 28, as well as Recommendations 1, 19, 27, 34, 35 and 40.

67. Specifically, an effective supervisory model in the proliferation financing context often involve the following measures:

A. Control and monitoring process

- (a) competent authorities should communicate the consolidated list of persons and entities through their websites immediately after publication by the UN Security Council/Sanctions Committee, and preferably through one single website to prevent confusion to different supervised institutions;
- (b) supervisors may encourage their supervised institutions to apply a risk-based approach in the context of proliferation financing, by making reference to the *FATF Guidance for a Risk-based Approach Effective Supervision and Enforcement by AML/CFT Supervisors of the Financial Sector and Law Enforcement*; ⁴⁸
- (c) supervisors should understand the proliferation financing contextual situation or exposure to potential sanctions evasion faced by supervised institutions and sectors in their country, e.g. customers, products, geographical reach and delivery channels. While not a binding requirement under FATF Standards, supervisors may note that proliferation financing risks are distributed differently from ML and TF risks between and within financial institutions. Adequately supervising the implementation of counter proliferation financing measures may require supervisors to focus on different business units and different products from those which are relevant to AML/CFT supervision;
- (d) supervisors should apply TFS screening as part of fit and proper tests to control market entry;
- (e) supervisors should consider the capacity and the counter proliferation financing experience of the supervised institutions and individual sectors, and their understanding of targeted financial sanctions obligations;

⁴⁸

www.fatf-gafi.org/media/fatf/documents/reports/RBA-Effective-supervision-and-enforcement.pdf

- (f) supervisors may determine risk-based methodology and procedures of supervisory activities, including frequency, comprehensiveness, and tools employed (e.g. from issuing questionnaires to carrying out follow-up on remedial measures for off-site, or from conducting interviews, sample testing, to reviewing records for on-site);
- (g) supervisors should adopt a risk-based approach for determining the frequency of off-site and on-site supervision;
- (h) supervisors should determine in the course of supervision, the extent of board and senior management oversight of proliferation financing matters and adequacy of escalation of proliferation financing-related issues to board and senior management;
- (i) supervisors should focus on the effectiveness of sanctions screening, on processes and procedures to detect sanctioned entities, and assets which are owned or controlled by them. They should also review whether supervised institutions are implementing CDD measures sufficiently to identify and verify the beneficial owner of a customer or party to a transaction;
- (j) supervisors should focus on supervised institutions' identification and management of false positives in the implementation of controls on persons and entities subject to targeted financial sanctions;
- (k) as far as the non-financial sector is concerned, supervisors may also note the vulnerabilities associated with company formation (which is also applicable to lawyers and TCSPs);
- (l) countries should ensure their legal frameworks allowing supervisors' appropriate access to the books and records of each supervised institution to collect the widest range of information that a supervisor or a competent authority needs;
- (m) supervisors should cooperate with foreign supervisory counterparts, where relevant, such as in instances where supervised institutions operate across borders, including through arrangements to share confidential information.

B. Remedial actions and sanctions

- (a) supervisors should ensure that they have a range of supervisory tools available for use, i.e. from remedial, administrative, civil to criminal, and understand how and when to apply them;
- (b) supervisors should be able to revoke licences in cases of significant or sustained non-compliance;
- (c) supervisors should ensure proportionality of measures taken, depending on seriousness of the breach;
- (d) supervisors should communicate clearly and early to supervised institutions on their failings and shortcomings. They should also keep supervised institutions updated, especially on the results of supervision and subsequent supervisory actions, in order to allow stakeholders to understand the latest trends of proliferation financing activities and consequences of non-compliance;
- (e) supervisors should track progress of follow-up and remedial actions;
- (f) supervisors should consider publishing manuals or procedures to facilitate supervised institutions' understanding of targeted financial sanctions requirements, or general factors which supervisors would consider as a breach of obligations.

C. Other general supervision

- (a) countries should ensure that supervisors are adequately resourced;
- (b) supervisors should ensure officers responsible for supervisory activities are well-trained;
- (c) supervisors should ensure consistency in communicating obligations to supervised institutions, and applying remedial actions and sanctions.

D. Promoting understanding of obligations

- (a) competent authorities should conduct regular outreach and issue guidelines and circulars to supervised institutions to explain their sanctions obligations and cases of sanctions evasion;
- (b) countries should establish communication channels (e.g. a hotline, or a dedicated email account) to provide operational guidance and answer enquiries;
- (c) supervisors should update guidance material to reflect the latest sanctions obligations;
- (d) supervisors should consider providing both general and introductory materials, as well as sector-specific information to cater to the needs of different institutions with different levels of understanding of obligations, different implementation focus, different methods of implementation, and different geographical coverage.

68. Countries should also be mindful that supervised institutions adopt controls relevant to their business model and assessed risks, and not all institutions need to adopt identical controls in the context of proliferation financing. Supervisors' monitoring should be adapted according to the supervised institutions' size and sophistication.

69. The monitoring programme should be conducted on a regular basis, instead of conducting checks only when there is suspected violation of supervisory requirements. It is noted from published MERs that there is often an absence of systematic supervision on non-bank institutions, and especially non-financial institutions. Countries should ensure that there is a comprehensive monitoring programme for all supervised institutions.

ANNEX A:
SITUATIONS INDICATING
POSSIBLE PROLIFERATION FINANCING ACTIVITIES

1. The 2008 FATF *Typologies Report on Proliferation Financing* provides a starting point to assist both public and private sectors in understanding the threats and situations where customers, transactions and other account activities may be involved in proliferation financing. Since then, proliferators have developed more sophisticated networks to hide such activities. Some of these recent proliferation financing-related sanctions evasion techniques have been captured in the reports submitted by the UN Panel of Experts (PoE) to relevant UNSC or UNSCR committees.

2. In addition to the FATF typologies and UN PoE reports, national authorities and academic institutions have identified a number of situations below, which may indicate possible proliferation financing activities. However, information contained in this Annex is not uniquely determinative of proliferation financing, and proliferation financing activities may share similar traits with money laundering (especially trade-based money laundering) and terrorist financing activities.

A. Elements that may indicate proliferation financing

- (a) Indicators of possible proliferation financing as mentioned in Annex 1 to the 2008 FATF *Typologies Report on Proliferation Financing* (with updated order)⁴⁹
 - (i) Transaction involves person or entity in foreign country of proliferation concern.
 - (ii) Transaction involves person or entity in foreign country of diversion concern.
 - (iii) The customer or counter-party or its address is similar to one of the parties found on publicly available lists of “denied persons” or has a history of export control contraventions.
 - (iv) Customer activity does not match business profile, or end-user information does not match end-user’s business profile.
 - (v) A freight forwarding firm is listed as the product’s final destination.
 - (vi) Order for goods is placed by firms or persons from foreign countries other than the country of the stated end-user.
 - (vii) Transaction involves shipment of goods incompatible with the technical level of the country to which it is being shipped, (e.g. semiconductor manufacturing equipment being shipped to a country that has no electronics industry).
 - (viii) Transaction involves possible shell companies (e.g. companies do not have a high level of capitalisation or displays other shell company indicators).

⁴⁹

P.54 of the 2008 FATF *Typologies Report*.

- (ix) Transaction demonstrates links between representatives of companies exchanging goods i.e. same owners or management.
- (x) Circuitous route of shipment (if available) and/or circuitous route of financial transaction.
- (xi) Trade finance transaction involves shipment route (if available) through country with weak export control laws or weak enforcement of export control laws.
- (xii) Transaction involves persons or companies (particularly trading companies) located in countries with weak export control laws or weak enforcement of export control laws.
- (xiii) Transaction involves shipment of goods inconsistent with normal geographic trade patterns (e.g. does the country involved normally export/import good involved?).
- (xiv) Transaction involves financial institutions with known deficiencies in AML/CFT controls and/or domiciled in countries with weak export control laws or weak enforcement of export control laws.
- (xv) Based on the documentation obtained in the transaction, the declared value of the shipment was obviously under-valued vis-à-vis the shipping cost.
- (xvi) Inconsistencies in information contained in trade documents and financial flows, such as names, companies, addresses, final destination etc.
- (xvii) Pattern of wire transfer activity that shows unusual patterns or has no apparent purpose.
- (xviii) Customer vague/incomplete on information it provides, resistant to providing additional information when queried.
- (xix) New customer requests letter of credit transaction awaiting approval of new account.
- (xx) Wire instructions or payment from or due to parties not identified on the original letter of credit or other documentation.

B. *Additional potential indicators of sanctions evasion activity mentioned in third-party reports (e.g. UN PoE Reports, academic research)*

- (i) Involvement of items controlled under WMD export control regimes or national control regimes.
- (ii) Involvement of a person connected with a country of proliferation concern (e.g. a dual-national), and/or dealing with complex equipment for which he/she lacks technical background.
- (iii) Use of cash or precious metals (e.g. gold) in transactions for industrial items.
- (iv) Involvement of a small trading, brokering or intermediary company, often carrying out business inconsistent with their normal business.

- (v) Involvement of a customer or counter-party, declared to be a commercial business, whose transactions suggest they are acting as a money-remittance business.
- (vi) Transactions between companies on the basis of “ledger” arrangements that obviate the need for international financial transactions.
- (vii) Customers or counterparties to transactions are linked (e.g. they share a common physical address, IP address or telephone number, or their activities may be coordinated).
- (viii) Involvement of a university in a country of proliferation concern.
- (ix) Description of goods on trade or financial documentation is non-specific, innocuous or misleading.
- (x) Evidence that documents or other representations (e.g. relating to shipping, customs, or payment) are fake or fraudulent.
- (xi) Use of personal account to purchase industrial items.

ANNEX B:
FINANCIAL INSTITUTIONS
SUBJECT TO TARGETED FINANCIAL SANCTIONS

A. Introduction

1. A number of additional issues arise where a financial institution is designated for the purpose of financial sanctions under United Nations (UN) Security Council Resolutions (UNSCRs, or resolutions). This annex is intended for competent authorities and focuses on the actions that should be undertaken for the implementation of targeted financial sanctions.⁵⁰
2. When implementing Recommendation 7, competent authorities may wish to consider other regulatory measures within their legal framework to prevent asset flight and overall risks on financial and payment systems and protect the position of counter-parties acting in good faith.
3. Where implementing financial sanctions against a designated bank, competent authorities should also ensure that the sanctions are implemented effectively and robustly by preventing new business relationships. Within a framework of robust controls competent authorities should seek to protect third parties from the impact of sanctions to the extent possible, for example by making use of exemptions that allow for payments due under contracts concluded before the financial institution was designated. Such payments should, however, be closely monitored.
4. The application of targeted financial sanctions affects the liquidity and/or solvency of a designated financial institution, increases the risks of insolvency over time, and raises immediate issues of prudential concern. In such circumstances, the country's insolvency or similar procedures, if applicable, should be applied in accordance with national laws and subject to the requirements of financial sanctions. This may involve the appointment of an administrator or auditor.

B. Application of targeted financial sanctions

5. Where a financial institution has been designated, competent authorities should seek to implement targeted financial sanctions immediately. In so doing, they should take a number of immediate actions:
6. Determine whether the designated financial institution has a presence in their country. A financial institution may have a presence by being constituted within that country, because it has a branch there or because it owns or controls an entity in the country (e.g. a subsidiary). The authorities should also determine

⁵⁰

It should be noted that this annex is applicable to the UN proliferation financing-related sanction regimes against the DPRK and Iran. While the UNSCR 2231 (2015) has delisted 36 individuals and entities specified in the Attachment to Annex B of the same resolution, there are currently 23 individuals and 61 entities remaining on the 2231 List. The 2231 List can be found here: <https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/iran.xsl>.

whether the designated financial institution has accounts in a financial institution located in its territory.

7. Consider whether the designation of the financial institution will cause fit-and-proper concerns relating to the institution's directors or senior management, and consider whether the designation of the institution will cause other regulatory concerns, such as systemic risks (e.g. other financial institutions suffering an adverse effect) or other market impacts (e.g. a run of creditors on the institution or potential disturbances in the payment systems). Such a determination may lead authorities to consider the appointment of an administrator or auditor, or other appropriate action.

8. Countries containing branches or subsidiaries of a designated financial institution should communicate with each other to ensure that sanctions are being applied in a consistent and effective manner across countries.

9. Wider cooperation between competent authorities regarding payments to and from designated financial institutions that cross jurisdictional boundaries should aim to ensure that permitted payments can move as efficiently as possible, subject to proper controls, recording and monitoring and that any prohibited payments are quickly identified and prevented. The cooperation between countries may include coordinated exemption notifications to the UN Sanctions Committee.

C. Payments made by designated financial institutions

10. No payments should be made by a designated financial institution except where authorised by competent authorities that are actually implementing the targeted financial sanctions.

11. In determining authorisation on the basis of the relevant UNSCRs, competent authorities should consider:

- what payments should in principle be authorised; and
- what safeguards should be built into the authorisation regime to ensure that only permitted payments are made, including what type of monitoring and scrutiny should be conducted.

(i) Safeguards

12. Competent authorities should put in place robust safeguards to ensure that only permitted payments are made. This should include, at a minimum:

- pre-vetting of all payments made by the financial institution under authorisation by competent authorities or, if legislation allows for it, independent bodies, such as auditors, acting at the request of the competent authorities and under their supervision;
- regular reporting by the financial institution, verified by the administrator/auditor, if applicable, to the competent authority on all payments made and received by the financial institution.

(ii) Payments due under prior contracts

13. Competent authorities should consider how to deal with payments due under prior contracts. Annex B to UNSCR 2231 (2015) notes that the asset freeze provisions shall not prevent a designated person or entity from making payments due under contracts entered into prior to listing, where the relevant countries have determined that the contract is not related to items, assistance or services prohibited under the resolution and that the payment is not directly or indirectly received by a designated person or entity. This can include the transfer of funds between the head office, branches or accounts of the financial institution necessary for such payments. Countries are required to notify the UN Security Council of their intention to authorise payments due under prior contracts 10 working days before issuing an authorisation. (See paragraph 6(d) of Annex B to the resolution.)

14. In order to prevent new financial business with a designated financial institution, countries should not permit payments under discretionary facilities such as overdrafts or revolving facilities, such that a designated financial institution cannot continue to be a vehicle for future commercial contracts.

15. Competent authorities should consider whether prior contracts that have been amended after the designation of the respective financial institution should be treated as prior contracts for sanctions purposes (e.g. the renewal of a lease), or whether the changes to the contract are sufficiently substantive that they should be treated as new contracts. Competent authorities should be aware that third parties may wish to consider alternative financing arrangements.

16. Where the designated financial institution has a branch, the competent authority where the branch is located may allow the designated entity to transfer funds between branches or offices in order to make payments due under prior contract to third parties acting in good faith, on its behalf or on behalf of its head office. In this case, the competent authority of the country where the branch is located should exercise appropriate vigilance when granting such an authorisation.

(iii) Other payments: Basic and extraordinary expenses

17. Competent authorities may need to consider authorising certain basic and extraordinary expenses that do not create new obligations but are necessary in order to ensure an orderly wind down of the financial institution's obligations under prior contracts to third parties acting in good faith, including non-designated account holders.

18. Basic expenses requests will require the absence of a negative decision by the UN Security Council (for Iran)/Sanctions Committee (for DPRK), and extraordinary expenses will require prior approval by the Security Council (for Iran)/Sanctions Committee (for DPRK).

(a) Basic expenses

19. Both DPRK and Iran-related resolutions provide for authorisation that freezing measures do not apply to funds, other financial assets or (economic) resources that relevant countries have determined to be necessary for basic expenses:

- For DPRK: OP 9(a) of UNSCR 1718 (2006) specifies that freezing measures do not apply to financial or other assets or resources that relevant countries have determined to be necessary for basic expenses, including payment for foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums, and public utility charges, or exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated.
- For Iran: paragraph 6(d)(i) of Annex B to UNSCR 2231 (2015) including e.g. payment for foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums, and public utility charges or exclusively for payment of reasonable professional fees such as those for legal services.

(b) Extraordinary expenses

20. Both DPRK and Iran-related resolutions specify that the freezing measures do not apply to funds, other financial assets or economic resources that relevant countries have determined to be necessary for extraordinary expenses and that the UN Security Council or Sanctions Committee has approved as such. (See OP 9(b) of UNSCR 1718 (2006) for DPRK and paragraph 6(d)(ii) of Annex B to UNSCR 2231 (2015) for Iran.)

21. As far as Iran is concerned, extraordinary expenses include inter alia any expenses in connection with ancillary transactions of a subsidiary or a branch of the financial institution not covered by paragraph 6(d) of Annex B to UNSCR 2231 (2015) that are necessary to ensure an orderly wind down of the institution's obligations under prior contracts to third parties acting in good faith or for expenses necessary to ensure the protection of such third parties. Examples of such extraordinary expenses might include:

- Expenses in connection with ancillary transactions that are necessary to allow the financial institution to repatriate or transfer its assets within the financial group or from other financial institutions (e.g., transactions to align currency reserves in order to repatriate or transfer assets);
- Where appropriate, allowing a subsidiary to "set off" against a parent financial group's frozen assets held by the subsidiary;
- Expenses in connection with certain foreign exchange transactions to allow the financial institution to meet its obligations under prior contracts (e.g., to allow for payment under prior contracts in the currency called for by the contract at issue);
- The fees of an administrator or auditor.

D. Payments due to the designated financial institution

22. As far as Iran is concerned, allows payments to be made to the frozen accounts of a designated person or entity provided that the payment is due under a prior contract, agreement or obligation (see paragraph 6(d) of Annex B to UNSCR 2231 (2015)).

23. In principle, competent authorities should permit these payments to be made, as long as they are payments due under prior contracts, agreements or

obligations and do not create new obligations, as this will help the financial institution to meet its prior obligations to third parties. However, competent authorities will need to ensure that payments made to the financial institution are properly frozen in the same way as the financial institution's existing assets, and are subject to close monitoring and scrutiny by the competent authorities.

ANNEX C:
UN SECURITY COUNCIL RESOLUTIONS (UNSCRs)
RELATING TO THE PREVENTION OF WMD PROLIFERATION

I. List of UNSCRs

Non-state Actors

Resolution	Relevant Provisions
Resolution 1540 (2004)	OP 2 and 3(d)
Successor resolutions	Relevant Provisions
Resolution 1673 (2006)	OP 1
Resolution 1810 (2008)	OP 1
Resolution 1977 (2011)	OP 1
Resolution 2325 (2016)	OP 1, 7 and 12

Democratic People's Republic of Korea (DPRK)

Resolution	Relevant Provisions
Resolution 1718 (2006)	OP 8(a)(i),(ii), 8(b), 8(c) and 8(d), 9(a)-(c), 12(e)
Successor resolutions	Relevant Provisions
Resolution 1874 (2009)	OP 7, 9, 10, 18, 19 and 20
Resolution 2087 (2013)	OP 5, 6 and 12, Annexes I and II
Resolution 2094 (2013)	Preambular 6 and OP 7, 8, 11- 15, 20, 24, Annexes I and II
Resolution 2270 (2016)	OP 6, 10, 12, 15, 16, 19, 20, 23, 29-31, 32-38, Annexes I, II and III
Resolution 2321 (2016)	OP 3, 8, 9, 12, 16, 18, 20, 22, 23, 26, 28, 31-35, Annexes I and II
Resolution 2356 (2017)	OP 3, Annexes I and II
Resolution 2371 (2017)	OP 3, 8-14, 18, Annexes I and II
Resolution 2375 (2017)	OP 3, 8, 13-16, 18, 19, Annexes I and II
Resolution 2397 (2017)	OP 3-8, 11, 13-15, 17 Annexes I and II

Islamic Republic of Iran (Iran)

Resolution	Relevant Provisions
Resolution 2231 (2015)	OP 1, 6, 7, 11, 12, 14, 16, 21, 22; Paragraphs 2, 4, 5 and 6 (a), (b), (c), (d) and (f) of Annex B

II. Financial provisions and their categorisation

Part II (a) General anti-proliferation

Part II (a) General anti-proliferation	UNSCR	OP	Extract of Provision
	Part II (a) General anti-proliferation		
	1540 (2004)	2	<i>Decides</i> also that all States, in accordance with their national procedures, shall adopt and enforce appropriate effective laws which prohibit any non-State actor to manufacture, acquire, possess, develop, transport, transfer or use nuclear, chemical or biological weapons and their means of delivery, in particular for terrorist purposes, as well as attempts to engage in any of the foregoing activities, participate in them as an accomplice, assist or finance them
	1540 (2004)	3(d)	<i>Decides</i> also that all States shall take and enforce effective measures to establish domestic controls to prevent the proliferation of nuclear, chemical, or biological weapons and their means of delivery, including by establishing appropriate controls over related materials and to this end shall: (d) Establish, develop, review and maintain appropriate effective national export and trans-shipment controls over such items, including appropriate laws and regulations to control export, transit, trans-shipment and re-export and controls on providing funds and services related to such export and trans-shipment such as financing, and transporting that would contribute to proliferation , as well as establishing end-user controls; and establishing and enforcing appropriate criminal or civil penalties for violations of such export control laws and regulations
	1673 (2006)	1	<i>Reiterates</i> its decisions in and the requirements of resolution 1540 (2004) and <i>emphasises</i> the importance for all States to implement fully that resolution
	1810 (2008)	1	<i>Reiterates</i> its decisions in and the requirements of resolution 1540 (2004) and <i>emphasises</i> the importance for all States to implement fully that resolution
	1977 (2011)	1	<i>Reiterates</i> its decisions in and the requirements of resolution 1540 (2004), and <i>re-emphasises</i> the importance for all States to implement fully that resolution
	2325 (2016)	1	<i>Reiterates</i> its decisions in and the requirements of resolution 1540 (2004) and <i>re-emphasises</i> the importance for all States to implement fully and effectively that resolution
	2325 (2016)	7	<i>Calls upon</i> States to take into account developments of the evolving nature of risk of proliferation and rapid advances in science and technology in their implementation of resolution of 1540 (2004)
	2325 (2016)	12	<i>Decides</i> that the 1540 Committee shall continue to intensify its efforts to promote the full implementation by all States of resolution 1540 (2004), through its Programme of Work, which includes the compilation and general examination of information on the status of States' implementation of resolution 1540 (2004) and addresses all aspects of paragraphs 1, 2 and 3 of that resolution, particularly noting the need for more attention on: enforcement measures ; measures relating to biological, chemical and nuclear weapons; proliferation finance measures ; accounting for and securing related materials; and national export and transshipment controls

Part II (b) Targeted Financial Sanctions: DPRK

Part II (b) Targeted Financial Sanctions (DPRK) (R.7)	UNSCR	OP	Extract of Provision
	Part II (b) Targeted Financial Sanctions (corresponds to Recommendation 7)		
	DPRK		
	1718 (2006)	8(d)	<i>Decides that:</i> (d) All Member States shall, in accordance with their respective legal processes, freeze immediately the funds, other financial assets and economic resources which are on their territories at the date of the adoption of this resolution or at any time thereafter, that are owned or controlled, directly or indirectly , by the persons or entities designated by the Committee or by the Security Council as being engaged in or providing support for, including through other illicit means, DPRK's nuclear-related, other weapons of mass destruction-related and ballistic missile related programmes, or by persons or entities acting on their behalf or at their direction , and ensure that any funds, financial assets or economic resources are prevented from being made available by their nationals or by any persons or entities within their territories, to or for the benefit of such persons or entities
	1718 (2006)	9(a)- (c) ⁵¹	<i>Decides that the provisions of paragraph 8 (d) above do not apply to financial or other assets or resources that have been determined by relevant States:</i> (a) To be necessary for basic expenses , including payment for foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums, and public utility charges, or exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services, or fees or service charges, in accordance with national laws, for routine holding or maintenance of frozen funds, other financial assets and economic resources, after notification by the relevant States to the Committee of the intention to authorise, where appropriate, access to such funds, other financial assets and economic resources and in the absence of a negative decision by the Committee within five working days of such notification; (b) To be necessary for extraordinary expenses , provided that such determination has been notified by the relevant States to the Committee and has been approved by the Committee; or (c) To be subject of a judicial, administrative or arbitral lien or judgement , in which case the funds, other financial assets and economic resources may be used to satisfy that lien or judgement provided that the lien or judgement was entered prior to the date of the present resolution, is not for the benefit of a person referred to in paragraph 8(d) above or an individual or entity identified by the Security Council or the Committee, and has been notified by the relevant States to the Committee
	1718 (2006)	12	<i>Decides to establish, in accordance with rule 28 of its provisional rules of procedure, a Committee of the Security Council consisting of all the members of the Council, to undertake the following tasks: ...</i> (e) To designate additional individuals and entities subject to the measures imposed by paragraphs 8(d) and (e) above

51

Provides exceptions from assets freeze.

Part II (b) Targeted Financial Sanctions (DPRK) (R.7) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (b) Targeted Financial Sanctions (corresponds to Recommendation 7)		
	DPRK		
	1874 (2009)	7 ⁵²	<i>Calls upon</i> all Member States to implement their obligations pursuant to resolution 1718 (2006) , including with respect to designations made by the Committee established pursuant to resolution 1718 (2006) (“the Committee”) pursuant to the statement of its President of 13 April 2009 (S/PRST/2009/7)
	2087 (2013)	5(a) ⁵³	<i>Recalls</i> the measures imposed by paragraph 8 of resolution 1718 (2006), as modified by resolution 1874 (2009), and <i>determines</i> that: (a) The measures specified in paragraph 8 (d) of resolution 1718 (2006) shall apply to the individuals and entities listed in Annex I and II ... ; and, (b) The measures imposed in paragraph 8 (a), 8 (b) and 8 (c) of resolution 1718 (2006) shall apply to the items in INFCIRC/254/Rev.11/Part 1 and INFCIRC/254/Rev.8/Part 2 and S/2012/947
	2094 (2013)	Preambular 6	<i>Welcoming</i> the Financial Action Task Force’s (FATF) new Recommendation 7 on targeted financial sanctions related to proliferation, and urging Member States to apply FATF’s [Interpretive] Note to Recommendation 7 and related guidance papers for effective implementation of targeted financial sanctions related to proliferation
	2094 (2013)	8 ⁵⁴	<i>Decides further</i> that measures specified in paragraph 8 (d) of resolution 1718 (2006) shall apply also to the individuals and entities listed in annexes I and II of this resolution and to any individuals or entities acting on their behalf or at their direction , and to entities owned or controlled by them, including through illicit means, and <i>decides further</i> that the measures specified in paragraph 8 (d) of resolution 1718 (2006) shall apply to any individuals or entities acting on the behalf or at the direction of the individuals and entities that have already been designated , to entities owned or controlled by them, including through illicit means
	2270 (2016)	10 ⁵⁵	<i>Decides</i> that the measures specified in paragraph 8(d) of resolution 1718 (2006) shall apply also to the individuals and entities listed in Annex I and II of this resolution and to any individuals or entities acting on their behalf or at their direction , and to entities owned or controlled by them, including through illicit means
	2270 (2016)	12 ⁵⁶	<i>Affirms</i> that “ economic resources ,” as referred to in paragraph 8(d) of resolution 1718 (2006) , includes assets of every kind , whether tangible or intangible, movable or immovable, actual or potential , which potentially may be used to obtain funds, goods, or services, such as vessels (including maritime vessels)

⁵² Extends the TFS of UNSCR 1718 (2006), OP 8(d).

⁵³ Extends the TFS of UNSCR 1718 (2006), OP 8(d).

⁵⁴ Extends the TFS of UNSCR 1718 (2006), OP 8(d).

⁵⁵ Extends the list of person/entity subject to TFS of UNSCR 1718 (2006), OP 8(d).

⁵⁶ Extends the definition of “economic resources” to cover vessels; and adds the new elements of “actual or potential”.

Part II (b) Targeted Financial Sanctions (DPRK) (R.7) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (b) Targeted Financial Sanctions (corresponds to Recommendation 7)		
	DPRK		
	2270 (2016)	15 ⁵⁷	<i>Underscores</i> that, as a consequence of implementing the obligations imposed in paragraph 8(d) of resolution 1718 (2006) and paragraphs 8 and 11 of resolution 2094 (2013), all Member States shall close the representative offices of designated entities and prohibit such entities, as well as individuals or entities acting for or on their behalf, directly or indirectly , from participating in joint ventures or any other business arrangements , and <i>underscores</i> that if a representative of such an office is a DPRK national, then States are required to expel the individual from their territories for the purpose of repatriation to the DPRK consistent with applicable national and international law, pursuant to and consistent with paragraph 10 of resolution 2094 (2013)
	2270 (2016)	16 ⁵⁸	<i>Notes</i> that the DPRK frequently uses front companies, shell companies, joint ventures and complex, opaque ownership structures for the purpose of violating measures imposed in relevant Security Council resolutions, and, in this regard, <i>directs</i> the Committee, with the support of the Panel, to identify individuals and entities engaging in such practices and , if appropriate, designate them to be subject to the measures imposed in resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013) and this resolution
	2270 (2016)	23 ⁵⁹	<i>Recalls</i> that the Committee has designated the DPRK firm Ocean Maritime Management (OMM) , <i>notes</i> that the vessels specified in Annex III of this resolution are economic resources controlled or operated by OMM and therefore subject to the asset freeze imposed in paragraph 8 (d) of resolution 1718 (2006) , and <i>underscores</i> that Member States are required to implement the relevant provisions of that resolution

⁵⁷ Extends the scope of sanctions against designated persons/entities to include closing of representative offices of designated entities and prohibiting joint ventures and business arrangements with designated entities.

⁵⁸ Relating to designation.

⁵⁹ Extends the scope of assets freeze to include certain vessels.

Part II (b) Targeted Financial Sanctions (DPRK) (R-7) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (b) Targeted Financial Sanctions (corresponds to Recommendation 7)		
	DPRK		
	2270 (2016)	32 ⁶⁰	<i>Decides</i> that the asset freeze imposed by paragraph 8 (d) of resolution 1718 (2006) shall apply to all the funds, other financial assets and economic resources outside of the DPRK that are owned or controlled, directly or indirectly, by entities of the Government of the DPRK or the Worker's Party of Korea, or by individuals or entities acting on their behalf or at their direction, or by entities owned or controlled by them , that the State determines are associated with the DPRK's nuclear or ballistic missile programs or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013) or this resolution, <i>decides further</i> that all States except the DPRK shall ensure that any funds, financial assets or economic resources are prevented from being made available by their nationals or by any individuals or entities within their territories, to or for the benefit of such individuals or entities, or individuals or entities acting on their behalf or at their direction, or entities owned or controlled by them , and <i>decides</i> that these measures shall not apply with respect to funds, other financial assets and economic resources that are required to carry out activities of the DPRK's missions to the United Nations and its specialised agencies and related organisations or other diplomatic and consular missions of the DPRK, and to any funds, other financial assets and economic resources that the Committee determined in advance on a case-by-case basis are required for the delivery of humanitarian assistance, denuclearisation or any other purpose consistent with the objectives of this resolution
	2270 (2016)	38	<i>Recalls</i> that the Financial Action Task Force (FATF) has called upon countries to apply enhanced due diligence and effective countermeasure to protect their jurisdictions from the DPRK's illicit financial activity , and <i>calls upon</i> Member States to apply the FATF Recommendation 7, its Interpretive Note, and related guidance to effectively implement targeted financial sanctions related to proliferation
	2321 (2016)	3 ⁶¹	<i>Decides</i> that the measures specified in paragraph 8(d) of resolution 1718 (2006) shall apply also to the individuals and entities listed in annex I and II of this resolution and to any individuals or entities acting on their behalf or at their direction, and to entities owned or controlled by them, including through illicit means ...

⁶⁰ Extends the category of persons and entities subject to assets freeze to cover those relating to the Government of the DPRK or the Worker's Party of Korea; Provides exemptions from assets freeze.

⁶¹ Extends the list of designated persons and entities.

Part II (b) Targeted Financial Sanctions (DPRK) (R.7) (con't)	UNSCR	OP	Extract of Provision
	(con't)Part II (b) Targeted Financial Sanctions (corresponds to Recommendation 7)		
	DPRK		
	2321 (2016)	12 ⁶²	<i>Decides</i> that the Committee, if it has information that provides reasonable grounds to believe that vessels are or have been related to nuclear- or ballistic missile-related programmes or activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016) or this resolution, may require any or all of the following measures with respect to vessels it designates pursuant to this paragraph: ... (d) a vessel designated by the Committee shall be subject to the asset freeze imposed in paragraph 8 (d) of resolution 1718 (2006)
	2356 (2017)	3 ⁶³	<i>Recalls</i> the measures imposed by paragraph 8 of resolution 1718 (2006) , as modified by subsequent resolutions, and <i>decides</i> that the measures specified in paragraph 8(d) of resolution 1718 (2006) shall apply to the individuals and entities listed in Annex I and II of this resolution and to any individuals or entities acting on their behalf or at their direction, and to entities owned or controlled by them , including through illicit means ...
	2371 (2017)	3 ⁶⁴	<i>Decides</i> that the measures specified in paragraph 8(d) of resolution 1718 (2006) shall apply also to the individuals and entities listed in Annex I and II of this resolution and to any individuals or entities acting on their behalf or at their direction, and to entities owned or controlled by them , including through illicit means ...
	2371 (2017)	18	<i>Decides</i> that Member States shall report to the Security Council within ninety days of the adoption of this resolution , and thereafter upon request by the Committee, on concrete measures they have taken in order to implement effectively the provisions of this resolution, <i>requests</i> the Panel of Experts, in cooperation with other UN sanctions monitoring groups, to continue its efforts to assist Member States in preparing and submitting such reports in a timely manner
	2375 (2017)	3 ⁶⁵	<i>Decides</i> that the measures specified in paragraph 8(d) of resolution 1718 (2016) shall apply also to the individual and entities listed in Annex I and II of this resolution and to any individuals or entities acting on their behalf or at their direction, and to entities owned or controlled by them , including through illicit means ...

⁶² Relating to designation of vessels.

⁶³ Extends the list of designated persons and entities.

⁶⁴ Extends the list of designated persons and entities.

⁶⁵ Extends the list of designated persons and entities.

Part II (b) Targeted Financial Sanctions (DPRK) (R.7) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (b) Targeted Financial Sanctions (corresponds to Recommendation 7)		
	DPRK		
	2375 (2017)	8 ⁶⁶	<i>Calls upon</i> all States to cooperate with the inspections pursuant to paragraph 7 above, and, if the flag State does not consent to inspection on the high seas, <i>decides</i> that the flag State shall direct the vessel to proceed to an appropriate and convenient port for the required inspection by the local authorities pursuant to paragraph 18 of resolution 2270 (2016), and <i>decides further</i> that, if a flag State neither consents to inspection on the high seas nor directs the vessel to proceed to an appropriate and convenient port for the required inspection , or if the vessel refuses to comply with flag State direction to permit inspection on the high seas or to proceed to such a port, then the Committee shall consider designating the vessel for the measures imposed in paragraph 8(d) of resolution 1718 (2006) and paragraph 12 of resolution 2321 (2016) and the flag State shall immediately deregister that vessel provided that such designation has been made by the Committee
	2375 (2017)	19	<i>Decides</i> that Member States shall report to the Security Council within ninety days of the adoption of this resolution , and thereafter upon request by the Committee, on concrete measures they have taken in order to implement effectively the provisions of this resolution, <i>requests</i> the Panel of Experts, in cooperation with other UN sanctions monitoring groups, to continue its efforts to assist Member States in preparing and submitting such reports in a timely manner
	2397 (2017)	3 ⁶⁷	<i>Decides</i> that the measures specified in paragraph 8(d) of resolution 1718 (2006) shall apply also to individuals and entities listed in Annex I and II of this resolution and to any individuals or entities acting on their behalf or at their direction , and to entities owned or controlled by them, including through illicit means ...
	2397 (2017)	15	<i>Decides</i> that, if a Member State has information regarding the number, name, and registry of vessels encountered in its territory or on the high seas that are designated by the Security Council or by the Committee as subject to the asset freeze imposed by paragraph 8(d) of resolution 1718 (2006) , the various measures imposed by paragraph 12 of resolution 2321 (2016), the port entry ban imposed by paragraph 6 of resolution 2371 (2017), or relevant measures in this resolution, then the Member State shall notify the Committee of this information and what measures were taken to carry out an inspection, an asset freeze and impoundment or other appropriate action as authorised by the relevant provisions of resolution 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017), 2375 (2017), or this resolution

⁶⁶ Relating to designation of vessels.

⁶⁷ Extends the list of designated persons and entities.

Part II (b) TFS (DPRK) (R.7) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (b) Targeted Financial Sanctions (corresponds to Recommendation 7)		
	DPRK		
	2397 (2017)	17	<i>Decides that Member States shall report to the Security Council within ninety days of the adoption of this resolution, and thereafter upon request by the Committee, on concrete measures they have taken in order to implement effectively the provisions of this resolution, <i>requests</i> the Panel of Experts, in cooperation with other UN sanctions monitoring groups, to continue its efforts to assist Member States in preparing and submitting such reports in a timely manner</i>

Part II (b) Targeted Financial Sanctions: Iran

Part II (b) Targeted Financial Sanctions (Iran) (R.7)	UNSCR	OP	Extract of Provision
	Part II (b) Targeted Financial Sanctions (corresponds to Recommendation 7)		
	Iran		
	2231 (2015)	7 ⁶⁸	<i>Decides, acting under Article 41 of the Charter of the United Nations, that, upon receipt by the Security Council of the report from the IAEA described in paragraph 5: (a) The provisions of resolutions 1696 (2006), 1737 (2006), 1747 (2007), 1803 (2008), 1835 (2008), 1929 (2010) and 2224 (2015) shall be terminated</i>
	2231 (2015)	Annex B Para.6(c)	For eight years after the JCPOA Adoption Day or until the date on which the IAEA submits a report confirming the Broader Conclusion, whichever is earlier, continue to freeze the funds, other financial assets and economic resources which are on their territories at the date of adoption of the JCPOA, and freeze the funds, other financial assets and economic resources which are on their territories at any time thereafter, that are owned or controlled by the individuals and entities that were specified on the list established and maintained by the Committee pursuant to resolution 1737 (2006) as of the date of adoption of the new resolution, with the exception of those individuals and entities specified in Attachment hereto, or that may be de-listed by the Security Council, and freeze those of additional individuals and entities that may be designated by the Security Council as: having engaged in, directly associated with or provided support for Iran's proliferation-sensitive nuclear activities undertaken contrary to Iran's commitments in the JCPOA or the development of nuclear weapon delivery systems, including through the involvement in procurement of prohibited items, goods, equipment, materials and technology specified in this statement; having assisted designated individuals or entities in evading or acting inconsistently with the JCPOA or the new resolution; having acted on behalf or at the direction of designated individuals or entities; or having been owned or controlled by designated individuals or entities, including through illicit means
	2231 (2015)	Annex B Para.6(d)	... In addition, this provision shall not prevent a designated individual or entity from making payment due under a contract entered into prior to the listing of such individual or entity , provided that the relevant States have determined that the contract is not related to any of the prohibited items, materials, equipment, goods, technologies, assistance, training, financial assistance, investment, brokering or services referred to in this statement; the payment is not directly or indirectly received by an individual or entity subject to the measures in this paragraph; and after notification by the relevant States to the Security Council of the intention to make or receive such payments or to authorise, where appropriate, the unfreezing of funds, other financial assets or economic resources for this purpose, ten working days prior to such authorisation

68

Terminates the Iran-related TFS/PF provisions that were based on UNSCR 1737 (2006) and its successor resolutions.

Part II (c) Other measures: Activity-based Financial Prohibitions
(relating to DPRK financial transactions or provision of financial services)

Part II (c) Other Measures: Activity-based Financial Prohibitions (DPRK)	UNSCR	OP	Extract of Provision
	Part II (c) Other Measures: Activity-based Financial Prohibitions		
	<i>(relating to DPRK financial transactions or provision of financial services)</i>		
	1874 (2009)	9 ⁶⁹	<i>Decides</i> that the measures in paragraph 8(b) of resolution 1718 (2006) shall also apply to all arms and related materiel, as well as to financial transactions , technical training, advice, services or assistance related to the provision , manufacture, maintenance or use of such arms or materiel
	1874 (2009)	10 ⁷⁰	<i>Decides</i> that the measures in paragraph 8(a) of resolution 1718 (2006) shall also apply to all arms and related materiel, as well as to financial transactions , technical training, advice, services or assistance related to the provision , manufacture, maintenance or use of such arms, except for small arms and light weapons and their related materiel, and <i>calls upon</i> States to exercise vigilance over the direct or indirect supply, sale or transfer to the DPRK of small arms or light weapons, and further <i>decides</i> that States shall notify the Committee at least five days prior to selling, supplying or transferring small arms or light weapons to the DPRK
	1874 (2009)	18	<i>Calls upon</i> Member States, in addition to implementing their obligations pursuant to paragraphs 8(d) ... of resolution 1718 (2006), to prevent the provision of financial services or the transfer to , through, or from their territory, or to or by their nationals or entities organised under their laws (including branches abroad), or persons or financial institutions in their territory, of any financial or other assets or resources that could contribute to the DPRK's nuclear-related, ballistic missile-related, or other weapons of mass destruction-related programmes or activities , including by freezing any financial or other assets or resources on their territories or that hereafter come within their territories , or that are subject to their jurisdiction or that hereafter become subject to their jurisdiction, that are associated with such programmes or activities and applying enhanced monitoring to prevent all such transactions in accordance with their national authorities and legislation
	1874 (2009)	19	<i>Calls upon</i> all Member States and international financial and credit institutions not to enter into new commitments for grants, financial assistance, or concessional loans to the DPRK except for humanitarian and developmental purposes directly addressing the needs of the civilian population, or the promotion of denuclearisation, and also <i>calls upon</i> States to exercise enhanced vigilance with a view to reducing current commitments
	2087 (2013)	5(b) ⁷¹	<i>Recalls</i> the measures imposed by paragraph 8 of resolution 1718 (2006), as modified by resolution 1874 (2009), and <i>determines</i> that: ... (b) The measures imposed in paragraph 8 (a), 8 (b) and 8 (c) of resolution 1718 (2006) shall apply to the items in INFCIRC/254/Rev.11/Part 1 and INFCIRC/254/Rev.8/Part 2 and S/2012/947

⁶⁹ Extends the prohibitions of UNSCR 1718 (2006), OP 8(b) to financial transactions, services or assistance.

⁷⁰ Extends the prohibitions of UNSCR 1718 (2006), OP 8(a) to financial transactions, services or assistance.

⁷¹ Extends the items to which the measures of UNSCR 1718 (2006), OP 8(a) to (c) apply.

Part II (c) Other Measures: Activity-based Financial Prohibitions (DPRK) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (c) Other Measures: Activity-based Financial Prohibitions		
	(relating to DPRK financial transactions or provision of financial services)		
	2094 (2013)	7 ⁷²	<i>Reaffirms</i> that the measures imposed in paragraph 8 (c) of resolution 1718 (2006) apply to items prohibited by paragraph 8 (a)(i), 8 (a)(ii) of resolution 1718 (2006) and paragraphs 9 and 10 of resolution 1874 (2009), <i>decides</i> that the measures imposed in paragraph 8 (c) of resolution 1718 (2006) also apply to paragraphs 20 and 22 of this resolution, and notes that these measures apply also to brokering or other intermediary services , including when arranging for the provision, maintenance or use of prohibited items in other States or the supply, sale or transfer to or exports from other States
	2094 (2013)	11	<i>Decides</i> that Member States shall, in addition to implementing their obligations pursuant to paragraphs 8 (d) and (e) of resolution 1718 (2006) , prevent the provision of financial services or the transfer to , through, or from their territory, or to or by their nationals or entities organised under their laws (including branches abroad), or persons or financial institutions in their territory, of any financial or other assets or resources , including bulk cash , that could contribute to the DPRK's nuclear or ballistic missile programmes, or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), or this resolution, or to the evasion of measures imposed by resolutions 1718 (2006), 1874 (2009), 2087 (2013), or this resolution, including by freezing any financial or other assets or resources on their territories or that hereafter come within their territories, or that are subject to their jurisdiction or that hereafter become subject to their jurisdiction, that are associated with such programmes or activities and applying enhanced monitoring to prevent all such transactions in accordance with their national authorities and legislation
	2094 (2013)	20 ⁷³	<i>Decides</i> that the measures imposed in paragraphs 8(a) and (b) of resolution 1718 (2006) shall also apply to the items, materials, equipment, goods and technology listed in annex III of this resolution.

⁷² Extends the items to which the measures of UNSCR 1718 (2006), OP 8(c) apply.

⁷³ Extends the items to which the measures of UNSCR 1718 (2006), OP 8(a) and 8(b) apply.

Part II (c) Other Measures: Activity-based Financial Prohibitions (DPRK) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (c) Other Measures: Activity-based Financial Prohibitions		
	(relating to DPRK financial transactions or provision of financial services)		
	2270 (2016)	6	<i>Decides</i> that the measures in paragraph 8 (a) of resolution 1718 (2006) shall also apply to all arms and related materiel, including small arms and light weapons and their related materiel, as well as to financial transactions, technical training, advice, services or assistance related to the provision, manufacture, maintenance or use of such arms and related materiel
	2371 (2017)	13	<i>Clarifies</i> that the prohibitions contained in paragraph 11 of resolution 2094 (2013) apply to clearing of funds through all Member States' territories
	2371 (2017)	14	<i>Clarifies</i> that companies performing financial services commensurate with those provided by banks are considered financial institutions for the purposes of implementing paragraph 11 of resolution 2094 (2013), paragraphs 33 and 34 of resolution 2270 (2016), and paragraph 33 of resolution 2321 (2016)

Part II (c) Other measures: Activity-based Financial Prohibitions

(relating to Iran financial transactions or provision of financial services)

Part II (c) Other Measures: Activity-based Financial Prohibitions (Iran)	UNSCR	OP	Extract of Provision
	Part II (c) Other Measures: Activity-based Financial Prohibitions		
	<i>(relating to Iran financial transactions or provision of financial services)</i>		
	2231 (2015)	Annex B Para 2	All States may participate in and permit the following activities provided that approval is provided in advance, on a case-by-case basis, by the Security Council: (a) the supply, sale or transfer directly or indirectly from their territories, or by their nationals or using their flag vessels or aircraft to, or for the use in or benefit of, Iran, and whether or not originating in their territories, of all items, materials, equipment, goods and technology set out in INFCIRC/254/Rev.12/Part 1 and INFCIRC/254/Rev.9/Part 2 (or the most recent versions of these documents, as updated by the Security Council), as well as any further items if the State determines that they could contribute to reprocessing or enrichment-related or heavy water-related activities inconsistent with the JCPOA; (b) the provision to Iran of any technical assistance or training, financial assistance, investment, brokering or other services, and the transfer of financial resources or services, related to the supply, sale, transfer, manufacture or use of the items, materials, equipment, goods and technology described in subparagraph (a) above; and (c) acquisition by Iran of an interest in a commercial activity in another State involving uranium mining or production or use of nuclear materials and technology as listed in INFCIRC/254/Rev.12/Part 1, and such investment in territories under their jurisdiction by Iran, its nationals, and entities incorporated in Iran or subject to its jurisdiction, or by individuals or entities acting on their behalf or at their direction, or by entities owned or controlled by them, <i>except that</i> approval in advance by the Security Council shall not be required for the supply, sale, or transfer to Iran of equipment covered by B.1 of INFCIRC/254/Rev.12/Part 1 when such equipment is for light water reactors, low-enriched uranium covered by A.1.2 of INFCIRC/254/Rev.12/Part 1 when it is incorporated in assembled nuclear fuel elements for such reactors, as well as items, materials, equipment, goods and technology set out in INFCIRC/254/Rev. 9/Part 2 only when for exclusive use in light water reactors

Part II (c) Other Measures: Activity-based Financial Prohibitions (Iran) (con't)	UNSCR	OP	Extract of Provision
	(Con't) Part II (c) Other Measures: Activity-based Financial Prohibitions		
	<i>(relating to Iran financial transactions or provision of financial services)</i>		
	2231 (2015)	Annex B Para 2 (con't)	For any items, materials, equipment, goods and technology that are approved by the Security Council pursuant to subparagraph (a) above, or are supplied, sold, or transferred subject to the exception stated above, States are to ensure that: (a) the requirements, as appropriate, of the Guidelines as set out in the referenced INFCIRC have been met; (b) they have obtained and are in a position to exercise effectively a right to verify the end-use and end-use location of any supplied item; (c) they notify the Security Council within ten days of the supply, sale or transfer; and d) in the case of supplied items, materials, equipment, goods and technology listed in the referenced INFCIRCs, they also notify the IAEA within ten days of the supply, sale or transfer. And <i>except</i> also that approval in advance by the Security Council is not required for the supply, sale, or transfer of items, materials, equipment, goods and technology, and the provision of any related technical assistance, training, financial assistance, investment, brokering or other services, that is directly related to the necessary modification of two cascades at the Fordow facility for stable isotope production, the export of Iran's enriched uranium in excess of 300 kilograms in return for natural uranium, and the modernisation of the Arak reactor based on the agreed conceptual design and, subsequently, on the agreed final design of such reactor, provided that Member States ensure that: (a) all such activities are undertaken strictly in accordance with the JCPOA; (b) they notify the Security Council and Joint Commission ten days in advance of such activities; (c) the requirements, as appropriate, of the Guidelines as set out in the referenced INFCIRC have been met; (d) they have obtained and are in a position to exercise effectively a right to verify the end-use and end-use location of any supplied item; and (e) in case of supplied items, materials, equipment, goods and technology listed in the referenced INFCIRCs, they also notify the IAEA within ten days of the supply, sale or transfers. This paragraph shall apply until the date ten years after JCPOA Adoption Day, as defined in the JCPOA, except if the IAEA submits a report confirming the Broader Conclusion before that date, then the requirement to obtain approval in advance by the Security Council shall be suspended immediately and, beginning on the date of this suspension, the exceptions provided for in this paragraph shall continue to apply and all States may participate in and permit the activities set forth in this paragraph if they notify the Security Council and the Joint Commission at least ten working days in advance of each such activity on a case-by-case basis.

Part II (c) Other Measures: Activity-based Financial Prohibitions (Iran) (con't)	UNSCR	OP	Extract of Provision
	(Con't) Part II (c) Other Measures: Activity-based Financial Prohibitions		
	(relating to Iran financial transactions or provision of financial services)		
	2231 (2015)	Annex B Para 4	All States may participate in and permit the activities described below <i>provided that the Security Council decides in advance on a case-by-case basis to permit such activity:</i> ... (a) the supply, sale or transfer directly or indirectly from their territories, or by their nationals or using their flag vessels or aircraft to or from Iran, or for the use in or benefit of Iran, and whether or not originating in their territories, of all items, materials, equipment, goods and technology set out in S/2015/546 and of any items, materials, equipment, goods and technology that the State determines could contribute to the development of nuclear weapon delivery systems; and (b) the provision to Iran of any technology or technical assistance or training, financial assistance, investment, brokering or other services, and the transfer of financial resources or services, or Iran's acquisition of an interest in any commercial activity in another State, related to the supply, sale, transfer, manufacture or use of the items, materials, equipment, goods and technology described in subparagraph a of this paragraph or related to the activities described in paragraph 3. <i>provided that in the event of an approval by the Security Council:</i> (a) the contract for delivery of such items or assistance include appropriate end-user guarantees; and (b) Iran commit not to use such items for development of nuclear weapon delivery systems. This paragraph shall apply until the date eight years after the JCPOA Adoption Day or until the date on which the IAEA submits a report confirming the Broader Conclusion, whichever is earlier.
	2231 (2015)	Annex B Para 5	All States may participate in and permit, provided that the Security Council decides in advance on a case-by-case basis to approve: the supply, sale or transfer directly or indirectly from or through their territories, or by their nationals or individuals subject to their jurisdiction, or using their flag vessels or aircraft, and whether or not originating in their territories, to Iran, or for the use in or benefit of Iran, of any battle tanks, armoured combat vehicles, large calibre artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems, as defined for the purpose of the United Nations Register of Conventional Arms, or related materiel, including spare parts, and the provision to Iran by their nationals or from or through their territories of technical training, financial resources or services, advice, other services or assistance related to the supply, sale, transfer, manufacture, maintenance, or use of arms and related materiel described in this subparagraph. This paragraph shall apply until the date five years after the JCPOA Adoption Day or until the date on which the IAEA submits a report confirming the Broader Conclusion, whichever is earlier.

Part II (d) Other Measures: Activity-based Financial Prohibitions
(relating to opening of branches, subsidiaries, joint ventures, opening of accounts, etc.)
(DPRK only)

Part II (d) Other Measures: Activity-based Financial Prohibitions (DPRK)	UNSCR	OP	Extract of Provision
	Part II (d) Other Measures: Activity-based Financial Prohibitions		
	<i>(relating to opening of branches, subsidiaries, joint ventures, opening of accounts, etc.)</i>		
	DPRK		
	2094 (2013)	12	<i>Calls upon</i> States to take appropriate measures to prohibit in their territories the opening of new branches, subsidiaries, or representative offices of DPRK banks , and also <i>calls upon</i> States to prohibit DPRK banks from establishing new joint ventures and from taking an ownership interest in or establishing or maintaining correspondent relationships with banks in their jurisdiction to prevent the provision of financial services if they have information that provides reasonable grounds to believe that these activities could contribute to the DPRK's nuclear or ballistic missile programmes, or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), and this resolution, or to the evasion of measures imposed by resolutions 1718 (2006), 1874 (2009), 2087 (2013), or this resolution.
	2094 (2013)	13	<i>Calls upon</i> States to take appropriate measures to prohibit financial institutions within their territories or under their jurisdiction from opening representative offices or subsidiaries or banking accounts in the DPRK if they have information that provides reasonable grounds to believe that such financial services could contribute to the DPRK's nuclear or ballistic missile programmes, and other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), and this resolution.
	2270 (2016)	33	<i>Decides</i> that States shall prohibit in their territories the opening and operation of new branches, subsidiaries, and representative offices of DPRK banks , <i>decides</i> further that States shall prohibit financial institutions within their territories or subject to their jurisdiction from establishing new joint ventures and from taking an ownership interest in or establishing or maintaining correspondent relationship with DPRK banks , unless such transactions have been approved by the Committee in advance, and <i>decides</i> that States shall take the necessary measures to close such existing branches, subsidiaries and representative offices , and also to terminate such joint ventures, ownership interests and correspondent banking relationships with DPRK banks within ninety days from the adoption of this resolution
	2270 (2016)	34	<i>Decides</i> that States shall prohibit financial institutions within their territories or subject to their jurisdiction from opening new representative offices or subsidiaries, branches or banking accounts in the DPRK

Part II (d) Other Measures: Activity-based Financial Prohibitions (DPRK) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (d) Other Measures: Activity-based Financial Prohibitions		
	(relating to opening of branches, subsidiaries, joint ventures, opening of accounts, etc.)		
	DPRK		
	2270 (2016)	35	<i>Decides</i> that States shall take the necessary measures to close existing representative offices, subsidiaries or banking accounts in the DPRK within ninety days, if the State concerned has credible information that provides reasonable grounds to believe that such financial services could contribute to the DPRK's nuclear or ballistic missile programmes , or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013) or this resolution, and <i>decides</i> further that this provision shall not apply if the Committee determines on a case-by-case basis that such offices, subsidiaries or accounts are required for the delivery of humanitarian assistance or the activities of diplomatic missions in the DPRK pursuant to the Vienna Convention on Diplomatic Relations or the activities of the United Nations or its specialised agencies or related organisations, or for any other purposes consistent with resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013) or this resolution
	2321 (2016)	16	<i>Decides</i> that all States shall take steps to limit the number of bank accounts to one per DPRK diplomatic mission and consular post, and one per accredited DPRK diplomat and consular officer , at banks in their territory
	2321 (2016)	31	<i>Decides</i> that Member States shall take the necessary measures to close existing representative offices, subsidiaries or banking accounts in the DPRK within 90 days, unless the Committee determines on a case-by-case basis that such offices, subsidiaries or accounts are required for the delivery of humanitarian assistance or the activities of diplomatic missions in the DPRK or the activities of the United Nations or its specialised agencies or related organisations or any other purpose consistent with the objectives of this resolution
	2371 (2017)	12	<i>Decides</i> that States shall prohibit, by their nationals or in their territories, the opening of new joint ventures or cooperative entities with DPRK entities or individuals, or the expansion of existing joint ventures through additional investments , whether or not acting for or on behalf of the government of the DPRK, unless such joint ventures or cooperative entities have been approved by the Committee in advance on a case-by-case basis
	2375 (2017)	18	<i>Decides</i> that States shall prohibit, by their nationals or in their territories, the opening, maintenance, and operation of all joint ventures or cooperative entities, new and existing, with DPRK entities or individuals, whether or not acting for or on behalf of the government of the DPRK , unless such joint ventures or cooperative entities, in particular those that are non-commercial, public utility infrastructure projects not generating profit, have been approved by the Committee in advance on a case-by-case basis, <i>further decides</i> that States shall close any such existing joint venture or cooperative entity within 120 days of the adoption of this resolution if such joint venture or cooperative entity has not been approved by the Committee on a case-by-case basis, and States shall close any such existing joint venture or cooperative entity within 120 days after the Committee has denied a request for approval, and <i>decides</i> that this provision shall not apply with respect to existing China-DPRK hydroelectric power infrastructure projects and the Russia-DPRK-Rajin-Khasan port and rail project solely to export Russia-origin coal as permitted by paragraph 8 of resolution 2371 (2017)

Part II (e) Other Measures: Activity-based Financial Prohibitions

(relating to the use and transfer of cash; relevant to banks and MVTs institutions)
(DPRK only)

Part II (e) Other Measures: Activity-based Financial Prohibitions (DPRK)	UNSCR	OP	Extract of Provision
	Part II (e) Other Measures: Activity-based Financial Prohibitions		
	<i>(relating to the use and transfer of cash; relevant to banks and MVTs institutions)</i>		
	DPRK		
	2087 (2013)	12	<i>Deplores</i> the violations of the measures imposed in resolution 1718 (2006) and 1874 (2009), including the use of bulk cash to evade sanctions , <i>underscores</i> its concern over the supply, sale or transfer to or from the DPRK or through States' territories of any item that could contribute to activities prohibited by resolutions 1718 (2006) or 1874 (2009) and the importance of appropriate action by States in this regard, <i>calls on</i> States to exercise vigilance and restraint regarding the entry into or transit through their territories of individuals working on behalf or at the direction of a designated individual or entity, directs the Committee to review reported violations and take action as appropriate, including through designating entities and individuals that have assisted the evasion of sanctions or in violating the provisions of resolutions 1718 (2006) and 1874 (2009)
	2094 (2013)	11	<i>Decides</i> that Member States shall, in addition to implementing their obligations pursuant to paragraphs 8 (d) and (e) of resolution 1718 (2006), prevent the provision of financial services or the transfer to , through, or from their territory, or to or by their nationals or entities organised under their laws (including branches abroad), or persons or financial institutions in their territory, of any financial or other assets or resources , including bulk cash , that could contribute to the DPRK's nuclear or ballistic missile programmes, or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), or this resolution, or to the evasion of measures imposed by resolutions 1718 (2006), 1874 (2009), 2087 (2013), or this resolution, including by freezing any financial or other assets or resources on their territories or that hereafter come within their territories, or that are subject to their jurisdiction or that hereafter become subject to their jurisdiction, that are associated with such programmes or activities and applying enhanced monitoring to prevent all such transactions in accordance with their national authorities and legislation
	2094 (2013)	14	<i>Expresses concern</i> that transfers to the DPRK of bulk cash may be used to evade the measures imposed in resolutions 1718 (2006), 1874 (2009), 2087 (2013), and this resolution, and <i>clarifies</i> that all States shall apply the measures set forth in paragraph 11 of this resolution to the transfers of cash, including through cash couriers, transiting to and from the DPRK so as to ensure such transfers of bulk cash do not contribute to the DPRK's nuclear or ballistic missile programmes, or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), or this resolution, or to the evasion of measures imposed by resolutions 1718 (2006), 1874 (2009), 2087 (2013), or this resolution including through gold couriers , transiting to and from the DPRK so as to ensure such transfers of gold do not contribute to the DPRK's nuclear or ballistic missile programs, or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013) or this resolution, or to the evasion of measures imposed by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013) or this resolution
	2270 (2016)	37	<i>Expresses concern</i> that transfers to the DPRK of gold may be used to evade the measures imposed in resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013) and this resolution, and <i>clarifies</i> that all States shall apply the measures set forth in paragraph 11 of resolution 2094 (2013) to the transfers of gold

Part II (e) Other Measures: Activity-based Financial Prohibitions (DPRK) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (e) Other Measures: Activity-based Financial Prohibitions		
	<i>(relating to the use and transfer of cash; relevant to banks and MVTs institutions)</i>		
	DPRK		
2321 (2016)	34	<i>Expresses concern</i> that DPRK nationals are sent to work in other States for the purpose of earning hard currency that the DPRK uses for its nuclear and ballistic missile programmes, and <i>calls upon</i> States to exercise vigilance over this practice	
2321 (2016)	35	<i>Reiterates</i> its concern that bulk cash may be used to evade measures imposed by the Security Council , and <i>calls upon</i> Member States to be alert to this risk	

Part II (f) Other Measures: Activity-based Financial Prohibitions
(relating to granting of export credits or providing insurance services) (DPRK only)

Part II (f) Other Measures: Activity-based Financial Prohibitions (DPRK)	UNSCR	OP	Extract of Provision
	Part II (f) Other Measures: Activity-based Financial Prohibitions		
	<i>(relating to granting of export credits or providing insurance services)</i>		
	DPRK		
	1874 (2009)	20	<i>Calls upon</i> all Member States not to provide public financial support for trade with the DPRK (including the granting of export credits, guarantees or insurance to their national or entities involved in such trade) where such financial support could contribute to the DPRK's nuclear-related or ballistic missile-related or other WMD-related programs or activities
	2094 (2013)	15	<i>Decides</i> that all Member States shall not provide public financial support for trade with the DPRK (including the granting of export credits, guarantees or insurance to their nationals or entities involved in such trade) where such financial support could contribute to the DPRK's nuclear or ballistic missile programmes, or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), or this resolution, or to the evasion of measures imposed by resolutions 1718 (2006), 1874 (2009), 2087 (2013), or this resolution
	2270 (2016)	20	<i>Decides</i> that all States shall prohibit their nationals, persons subject to their jurisdiction and entities incorporated in their territory or subject to their jurisdiction from registering vessels in the DPRK, obtaining authorisation for a vessel to use the DPRK flag, and from owning, leasing, operating, providing any vessel classification, certification or associated service, or insuring any vessel flagged by the DPRK...
	2270 (2016)	36	<i>Decides</i> that all States shall prohibit public and private financial support from within their territories or by persons or entities subject to their jurisdiction for trade with the DPRK (including the granting of export credits, guarantees or insurance to their nationals or entities involved in such trade) where such financial support could contribute to the DPRK's nuclear or ballistic missile programs or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013) or this resolution, including paragraph 8
	2321 (2016)	9	<i>Decides</i> that paragraph 20 of resolution 2270 (2016) shall apply to registering vessels in the DPRK, obtaining authorisation for a vessel to use the DPRK flag, and owning, leasing, operating, providing any vessel classification, certification or associated service, or insuring any vessel flagged by the DPRK, without exception , unless the Committee approves on a case-by-case basis in advance
	2321 (2016)	22	<i>Decides</i> that all Member States shall prohibit their nationals, persons subject to their jurisdiction and entities incorporated in their territory or subject to their jurisdiction from providing insurance or re-insurance services to vessels owned, controlled, or operated , including through illicit means, by the DPRK unless the Committee determines on a case-by-case basis that the vessel is engaged in activities exclusively for livelihood purposes which will not be used by DPRK individuals or entities to generate revenue or exclusively for humanitarian purposes

Part II (f) Other Measures: Activity-based Financial Prohibitions (DPRK) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (f) Other Measures: Activity-based Financial Prohibitions		
	(relating to granting of export credits or providing insurance services)		
	DPRK		
	2321 (2016)	32	<i>Decides</i> that all Member States shall prohibit public and private financial support from within their territories or by persons or entities subject to their jurisdiction for trade with the DPRK (including the granting of export credits, guarantees or insurance to their nationals or entities involved in such trade), except as approved in advance by the Committee on a case-by-case basis
	2321 (2016)	33	<i>Decides</i> that, if a Member State determines that an individual is working on behalf of or at the direction of a DPRK bank or financial institution , then Member States shall expel the individual from their territories for the purpose of repatriation to the individual's state of nationality, consistent with applicable national and international law, unless the presence of the individual is required for fulfilment of a judicial process or exclusively for medical, safety or other humanitarian purposes, or the Committee has determined on a case-by-case basis that the expulsion of the individual would be contrary to the objectives of resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), or this resolution
	2371 (2017)	13	<i>Clarifies</i> that the prohibitions contained in paragraph 11 of resolution 2094 (2013) apply to clearing of funds through all Member States' territories
	2371 (2017)	14	<i>Clarifies</i> that companies performing financial services commensurate with those provided by banks are considered financial institutions for the purposes of implementing paragraph 11 of resolution 2094 (2013), paragraphs 33 and 34 of resolution 2270 (2016), and paragraph 33 of resolution 2321 (2016)
	2397 (2017)	11	<i>Reaffirms</i> paragraph 22 of resolution 2321 (2016) and <i>decides</i> that each Member State shall prohibit its nationals, persons subject to its jurisdiction and entities incorporated in its territory or subject to its jurisdiction from providing insurance or re-insurance services to vessels it has reasonable grounds to believe were involved in activities, or the transport of items, prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017), 2375 (2017), or this resolution, unless the Committee determines on a case-by-case basis that the vessel is engaged in activities exclusively for livelihood purposes which will not be used by DPRK individuals or entities to generate revenue or exclusively for humanitarian purposes

Part II (g) Other Measures: Activity-based Financial Prohibitions
(relating to earnings of DPRK workers abroad) (DPRK only)

Part II (g) Other Measures: Activity-based Financial Prohibitions (DPRK)	UNSCR	OP	Extract of Provision
	Part II (g) Other Measures: Activity-based Financial Prohibitions		
	<i>(relating to earnings of DPRK workers abroad)</i>		
	DPRK		
2371 (2017)	11	Expresses concern that DPRK nationals frequently work in other States for the purpose of generating foreign export earnings that the DPRK uses to support its prohibited nuclear and ballistic missile programs, <i>decides</i> that all Member States shall not exceed on any date after the date of adoption of this resolution the total number of work authorisations for DPRK nationals provided in their jurisdictions at the time of the adoption of this resolution unless the Committee approves on a case-by-case basis in advance that employment of additional DPRK nationals beyond the number of work authorisations provided in a member state's jurisdiction at the time of the adoption of this resolution is required for the delivery of humanitarian assistance, denuclearisation or any other purpose consistent with the objectives of resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016), 2356 (2017), or this resolution	
2397 (2017)	8 ⁷⁴	Expresses concern that DPRK nationals continue to work in other States for the purpose of generating foreign export earnings that the DPRK uses to support its prohibited nuclear and ballistic missile programmes despite the adoption of paragraph 17 of resolution 2375 (2017), <i>decides</i> that Member States shall repatriate to the DPRK all DPRK nationals earning income in that Member State's jurisdiction and all DPRK government safety oversight attachés monitoring DPRK workers abroad immediately but no later than 24 months from the date of adoption of this resolution unless the Member State determines that a DPRK national is a national of that Member State or a DPRK national whose repatriation is prohibited, subject to applicable national and international law, including international refugee law and international human rights law, and the United Nations Headquarters Agreement and the Convention on the Privileges and Immunities of the United Nations...	

74

UNSCR 2375 (2017) refers to the obligation that Member States shall not provide work authorisation for DPRK nationals in their jurisdictions in connection with admission to their territories unless a case-by-case basis approval from the Security Council 1718 Committee for humanitarian purposes has been obtained.

Part II (h) Other measures: Activity-based Financial Prohibitions
(relating to the real estate sector) (DPRK only)

Part II (h) Other Measures (DPRK)	UNSCR	OP	Extract of Provision
	Part II (h) Other Measures: Activity-based Financial Prohibitions		
	(relating to the real estate sector)		
	DPRK		
	2321 (2016)	18	<i>Decides</i> that all Member States shall prohibit the DPRK from using real property that it owns or leases in their territory for any purpose other than diplomatic or consular activities

Part II (i): Other Measures: Activity-based Financial Prohibitions
(relating to leasing or chartering of vessels and related services) (DPRK only)

Part II (i) Other Measures: Activity-based Financial Prohibitions (DPRK)	UNSCR	OP	Extract of Provision
	Part II (i) Other Measures: Activity-based Financial Prohibitions		
	<i>(relating to leasing or chartering of vessels and related services)</i>		
	DPRK		
	2270 (2016)	19	<i>Decides</i> that Member States shall prohibit their nationals and those in their territories from leasing or chartering their flagged vessels or aircraft or providing crew services to the DPRK , and <i>decides</i> that this prohibition shall also apply with respect to any designated individuals or entities, any other DPRK entities, any other individuals or entities whom the State determines to have assisted in the evasion of sanctions or in violating the provisions of resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013) or this resolution, any individuals or entities acting on behalf or at the direction of any of the aforementioned, and any entities owned or controlled by any of the aforementioned, calls upon Member States to de-register any vessel that is owned, operated or crewed by the DPRK, <i>further calls upon</i> Member States not to register any such vessel that is de-registered by another Member State pursuant to this paragraph, and <i>decides</i> that this provision shall not apply with respect to such leasing, chartering or provision of crew services notified to the Committee in advance on a case-by-case basis accompanied by: a) information demonstrating that such activities are exclusively for livelihood purposes which will not be used by DPRK individuals or entities to generate revenue, and b) information on measures taken to prevent such activities from contributing to violations of the aforementioned resolutions
	2321 (2016)	8	<i>Decides</i> that paragraph 19 of resolution 2270 (2016) shall apply with respect to all leasing, chartering or provision of crew services to the DPRK without exception , unless the Committee approves on a case-by-case basis in advance
	2321 (2016)	23	<i>Decides</i> that all Member States shall prohibit their nationals from procuring vessel and aircraft crewing services from the DPRK
	2397 (2017)	14	<i>Recalls</i> paragraph 30 of resolution 2321 (2016) and <i>decides</i> that all Member States shall prevent the direct or indirect supply, sale or transfer to the DPRK, through their territories or by their nationals, or using their flag vessels or aircraft, and whether or not originating in their territories, of any new or used vessels, except as approved in advance by the Committee on a case-by-case basis

Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related) (DPRK only)

Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related) (DPRK)	UNSCR	OP	Extract of Provision
	Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related)		
	DPRK		
1718 (2006)	8(a)	<i>Decides</i> that: (a) All Member States shall prevent the direct or indirect supply, sale or transfer to the DPRK, through their territories or by their nationals, or using their flag vessels or aircraft, and whether or not originating in their territories, of: (i) Any battle tanks, armoured combat vehicles, large calibre artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems as defined for the purpose of the United Nations Register on Conventional Arms, or related materiel including spare parts, or items as determined by the Security Council or the Committee established by paragraph 12 below (the Committee): (ii) All items, materials, equipment, goods and technology as set out in the lists in documents S/2006/814 and S/2006/815, unless within 14 days of adoption of this resolution the Committee has amended or completed their provisions also taking into account the list in document S/2006/816, as well as other items, materials, equipment, goods and technology, determined by the Security Council or the Committee, which could contribute to DPRK's nuclear-related, ballistic missile-related or other weapons of mass destruction-related programmes;	
1718 (2006)	8(b)	<i>Decides</i> that ... (b) The DPRK shall cease the export of all items covered in subparagraphs (a)(i) and (a)(ii) above and that all Member States shall prohibit the procurement of such items from the DPRK by their nationals, or using their flagged vessels or aircraft, and whether or not originating in the territory of the DPRK;	
1718 (2006)	8(c)	<i>Decides</i> that ... (c) All Member States shall prevent any transfers to the DPRK by their nationals or from their territories, or from the DPRK by its national or from its territory, of technical training, advice, services or assistance related to the provision, manufacture, maintenance or use of the items in subparagraphs a(i) and a(ii) above	
2270 (2016)	29 ⁷⁵	<i>Decides</i> that the DPRK shall not supply, sell or transfer, directly or indirectly, from its territory or by its nationals or using its flag vessels or aircraft, coal, iron, and iron ore, and that all States shall prohibit the procurement of such material from the DPRK by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of the DPRK, and decides that this provision shall not apply with respect to: (a) Coal that the procuring State confirms on the basis of credible information has originated outside the DPRK and was transported through the DPRK solely for export from the Port of Rajin (Rason), provided that the State notifies the Committee in advance and such transactions are unrelated to generating revenue for the DPRK's nuclear or ballistic missile programs or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013) or this resolution; and, (b) Transactions that are determined to be exclusively for livelihood purposes and unrelated to generating revenue for the DPRK's nuclear or ballistic missile programs or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013) or this resolution;	

75

Refer to entry of OP 8 of UNSCR 2371 (2017) for updated requirements.

Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related) (DPRK) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related)		
	DPRK		
	2270 (2016)	30	Decides that the DPRK shall not supply, sell or transfer, directly or indirectly, from its territory or by its nationals or using its flag vessels or aircraft, gold, titanium ore, vanadium ore, and rare earth minerals , and that all States shall prohibit the procurement of such material from the DPRK by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of the DPRK
	2321 (2016)	26 ⁷⁶	Decides that paragraph 29 of resolution 2270 (2016) shall be replaced by the following: “Decides that the DPRK shall not supply, sell or transfer, directly or indirectly, from its territory or by its nationals or using its flag vessels or aircraft, coal, iron, and iron ore, and that all States shall prohibit the procurement of such material from the DPRK by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of the DPRK, and decides that this provision shall not apply with respect to: (a) Coal that the procuring State confirms on the basis of credible information has originated outside the DPRK and was transported through the DPRK solely for export from the Port of Rajin (Rason), provided that the State notifies the Committee in advance and such transactions are unrelated to generating revenue for the DPRK’s nuclear or ballistic missile programmes or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013) or this resolution; (b) Total exports to all Member States of coal originating in the DPRK that in the aggregate do not exceed 53 495 894 US dollars or 1 000 866 metric tons, whichever is lower, between the date of adoption of this resolution and 31 December 2016, and total exports to all Member States of coal originating in the DPRK that in the aggregate do not exceed 400 870 018 US dollars or 7 500 000 metric tons per year, whichever is lower, beginning 1 January 2017, provided that the procurements (i) involve no individuals or entities that are associated with the DPRK’s nuclear or ballistic missile programmes or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016) or this resolution, including designated individuals or entities, or individuals or entities acting on their behalf or at their direction, or entities owned or controlled by them, directly or indirectly, or individuals or entities assisting in the evasion of sanctions, and (ii) are exclusively for livelihood purposes of DPRK nationals and unrelated to generating revenue for the DPRK’s nuclear or ballistic missile programmes or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016) or this resolution, and decides that each Member State that procures coal from the DPRK shall notify the Committee of the aggregate amount of the volume of such procurement for each month no later

76

Refer to entry of OP 8 of UNSCR 2371 (2017) for updated requirements.

Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related) (DPRK) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related)		
	DPRK		
	2321 (2016) (con't)	26 (con't)	than 30 days after the conclusion of that month on the form in annex V to this resolution, directs the Committee to make publicly available on its website the volume of procurement of coal from the DPRK reported by Member States and value calculated by the Committee Secretary, as well as the amount reported for each month and with the number of States that reported for each month, directs the Committee to update this information on a real-time basis as it receives notifications, calls upon all States that import coal from the DPRK to periodically review this website to ensure that they do not exceed the mandatory aggregate annual limit, directs the Committee Secretary to notify all Member States when an aggregate value or volume of coal procurements from the DPRK of 75 per cent of the aggregate yearly amount has been reached, also directs the Committee Secretary to notify all Member States when an aggregate value or volume of coal procurements from the DPRK of 90 per cent of the aggregate yearly amount has been reached, further directs the Committee Secretary to notify all Member States when an aggregate value or volume of coal procurements from the DPRK of 95 per cent of the aggregate yearly amount has been reached and to inform them that they must immediately cease procuring coal from the DPRK for the year, and requests the Secretary-General to make the necessary arrangements to this effect and provide additional resources in this regard; and (c) Transactions in iron and iron ore that are determined to be exclusively for livelihood purposes and unrelated to generating revenue for the DPRK's nuclear or ballistic missile programmes or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016) or this resolution.

Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related) (DPRK) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related)		
	DPRK		
	2321 (2016)	28	<i>Decides</i> that the DPRK shall not supply, sell or transfer, directly or indirectly, from its territory or by its nationals or using its flag vessels or aircraft, copper, nickel, silver and zinc , and that all Member States shall prohibit the procurement of such material from the DPRK by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of the DPRK
	2371 (2017)	8 ⁷⁷	<i>Decides</i> that paragraph 26 of resolution 2321 (2016) shall be replaced by the following: <i>“Decides</i> that the DPRK shall not supply, sell or transfer, directly or indirectly, from its territory or by its nationals or using its flag vessels or aircraft, coal, iron, and iron ore, and that all States shall prohibit the procurement of such material from the DPRK by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of the DPRK, <i>decides</i> that for sales and transactions of iron and iron ore for which written contracts have been finalised prior to the adoption of this resolution, all States may allow those shipments to be imported into their territories up to 30 days from the date of adoption of this resolution with notification provided to the Committee containing details on those imports by no later than 45 days after the date of adoption of this resolution, and <i>decides further</i> that this provision shall not apply with respect to coal that the exporting State confirms on the basis of credible information has originated outside the DPRK and was transported through the DPRK solely for export from the Port of Rajin (Rason), provided that the exporting State notifies the Committee in advance and such transactions involving coal originating outside of the DPRK are unrelated to generating revenue for the DPRK’s nuclear or ballistic missile programs or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016), 2356 (2017), or this resolution

⁷⁷

Refer to entry of OP 8 of UNSCR 2371 (2017) for updated requirements.

Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related)		
	DPRK		
	2371 (2017)	9	<i>Decides</i> that the DPRK shall not supply, sell or transfer, directly or indirectly, from its territory or by its nationals or using its flag vessels or aircraft, seafood (including fish, crustaceans, mollusks, and other aquatic invertebrates in all forms), and that all States shall prohibit the procurement of such items from the DPRK by their nationals, or using their flag vessels or aircraft, whether or not originating in the territory of the DPRK, and <i>further decides</i> that for sales and transactions of seafood (including fish, crustaceans, mollusks, and other aquatic invertebrates in all forms) for which written contracts have been finalised prior to the adoption of this resolution, all States may allow those shipments to be imported into their territories up to 30 days from the date of adoption of this resolution with notification provided to the Committee containing details on those imports by no later than 45 days after the date of adoption of this resolution
	2371 (2017)	10	<i>Decides</i> that the DPRK shall not supply, sell or transfer, directly or indirectly, from its territory or by its nationals or using its flag vessels or aircraft, lead and lead ore , and that all States shall prohibit the procurement of such items from the DPRK by their nationals, or using their flag vessels or aircraft, whether or not originating in the territory of the DPRK, and <i>further decides</i> that for sales and transactions of lead and lead ore for which written contracts have been finalised prior to the adoption of this resolution, all States may allow those shipments to be imported into their territories up to 30 days from the date of adoption of this resolution with notification provided to the Committee containing details on those imports by no later than 45 days after the date of adoption of this resolution
	2375 (2017)	13	<i>Decides</i> that all Member States shall prohibit the direct or indirect supply, sale or transfer to the DPRK , through their territories or by their nationals, or using their flag vessels or aircraft, and whether or not originating in their territories, of all condensates and natural gas liquids , and <i>decides</i> that the DPRK shall not procure such materials

Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related) (DPRK) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related)		
	DPRK		
2375 (2017)	14	<i>Decides that all Member States shall prohibit the direct or indirect supply, sale or transfer to the DPRK, through their territories or by their nationals, or using their flag vessels or aircraft, and whether or not originating in their territories, of all refined petroleum products, decides that this provision shall not apply with respect to procurement by the DPRK or the direct or indirect supply, sale or transfer to the DPRK, through their territories or by their nationals, or using their flag vessels or aircraft, and whether or not originating in their territories, of refined petroleum products in the amount of up to 500 000 barrels during an initial period of three months beginning on 1 October 2017 and ending on 31 December 2017, and refined petroleum products in the amount of up to 2 000 000 barrels per year during a period of twelve months beginning on 1 January 2018 and annually thereafter, provided that ... (b) the supply, sale, or transfer of refined petroleum products involve no individuals or entities that are associated with the DPRK's nuclear or ballistic missile programmes or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017) or this resolution, including designated individuals or entities, or individuals or entities acting on their behalf or at their direction, or entities owned or controlled by them, directly or indirectly, or individuals or entities assisting in the evasion of sanctions, and (c) the supply, sale, or transfer of refined petroleum products are exclusively for livelihood purposes of DPRK nationals and unrelated to generating revenue for the DPRK's nuclear or ballistic missile programmes or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017) or this resolution ...</i>	
2375 (2017)	15	<i>Decides that all Member States shall not supply, sell, or transfer to the DPRK in any period of twelve months after the date of adoption of this resolution an amount of crude oil that is in excess of the amount that the Member State supplied, sold or transferred in the period of twelve months prior to adoption of this resolution, unless the Committee approves in advance on a case-by-case basis a shipment of crude oil is exclusively for livelihood purposes of DPRK nationals and unrelated to the DPRK's nuclear or ballistic missile programmes or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016), 2356 (2017), or this resolution</i>	

Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related) (DPRK) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (j) Other Measures: Economic/ Sectoral Sanctions (Trade-related)		
	DPRK		
	2375 (2017)	16	<i>Decides</i> that the DPRK shall not supply, sell or transfer, directly or indirectly, from its territory or by its nationals or using its flag vessels or aircraft, textiles (including but not limited to fabrics and partially or fully completed apparel products), and that all States shall prohibit the procurement of such items from the DPRK by their nationals, or using their flag vessels or aircraft, whether or not originating in the territory of the DPRK, unless the Committee approves on a case-by-case basis in advance, and <i>further decides</i> that for such sales, supplies, and transfers of textiles (including but not limited to fabrics and partially or fully completed apparel products) for which written contracts have been finalised prior to the adoption of this resolution, all States may allow those shipments to be imported into their territories up to 90 days from the date of adoption of this resolution with notification provided to the Committee containing details on those imports by no later than 135 days after the date of adoption of this resolution
	2397 (2017)	4	<i>Decides</i> that all Member States shall prohibit the direct or indirect supply, sale or transfer to the DPRK , through their territories or by their nationals, or using their flag vessels, aircraft, pipelines, rail lines, or vehicles and whether or not originating in their territories, of all crude oil , unless the Committee approves in advance on a case-by-case basis a shipment of crude oil which is exclusively for livelihood purposes of DPRK nationals and unrelated to the DPRK's nuclear or ballistic missile programmes or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017), 2375 (2017) or this resolution, <i>further decides</i> that this prohibition shall not apply with respect to crude oil that, for a period of twelve months after the date of adoption of this resolution, and for twelve months periods thereafter, does not exceed 4 million barrels or 525 000 tons in the aggregate per twelve month period, and decides that all Member States providing crude oil shall provide a report to the Committee every 90 days from the date of adoption of this resolution of the amount of crude oil provided to the DPRK

Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related) (DPRK) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (j) Other Measures: Economic/Sectoral Sanctions (Trade-related)		
	DPRK		
2397 (2017)	5	<i>Decides that all Member States shall prohibit the direct or indirect supply, sale or transfer to the DPRK, through their territories or by their nationals, or using their flag vessels, aircraft, pipelines, rail lines, or vehicles, and whether or not originating in their territories, of all refined petroleum products, decides that the DPRK shall not procure such products, further decides that this provision shall not apply with respect to procurement by the DPRK or the direct or indirect supply, sale, or transfer to the DPRK, through their territories or by their nationals, or using their flag vessels, aircraft, pipelines, rail lines, or vehicles, and whether or not originating in their territories, of refined petroleum products, including diesel and kerosene, in the aggregate amount of up to 500 000 barrels during a period of twelve months beginning on January 1, 2018, and for twelve month periods thereafter, provided that (a) the Member State notifies the Committee every thirty days of the amount of such supply, sale, or transfer to the DPRK of refined petroleum products along with information about all the parties to the transaction, (b) the supply, sale, or transfer of refined petroleum products involve no individuals or entities that are associated with the DPRK's nuclear or ballistic missile programmes or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017), 2375 (2017), or this resolution, including designated individuals or entities, or individuals or entities acting on their behalf or at their direction, or entities owned or controlled by them, directly or indirectly, or individuals or entities assisting in the evasion of sanctions..., directs the Panel of Experts to closely monitor the implementation efforts of all Member States to provide assistance and ensure full and global compliance ...</i>	
2397 (2017)	6	<i>Decides that the DPRK shall not supply, sell or transfer, directly or indirectly, from its territory or by its nationals or using its flag vessels or aircraft, food and agricultural products (HS codes 12, 08, 07), machinery (HS code 84), electrical equipment (HS code 85), earth and stone including magnesite and magnesia (HS code 25), wood (HS code 44), and vessels (HS code 89), and that all States shall prohibit the procurement of the above-mentioned commodities and products from the DPRK by their nationals, or using their flag vessels or aircraft, whether or not originating in the territory of the DPRK, clarifies that the full sectoral ban on seafood in paragraph 9 of resolution 2371 (2017) prohibits the DPRK from selling or transferring, directly or indirectly, fishing rights...</i>	

Part II(j) Other Measures (DPRK) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (j) Other Measures: Economic/ Sectoral Sanctions (Trade-related)		
	DPRK		
	2397 (2017)	7	<i>Decides</i> that all Member States shall prohibit the direct or indirect supply, sale or transfer to the DPRK , through their territories or by their nationals, or using their flag vessels, aircraft, pipelines, rail lines, or vehicles and whether or not originating in their territories, of all industrial machinery (HS codes 84 and 85), transportation vehicles (HS codes 86 through 89), and iron, steel, and other metals (HS codes 72 through 83) ...

**Part II (k): Other Measures: Vigilance and Other Financial Measures
(DPRK only)**

Part II (k) Other Measures: Vigilance and other Financial Measures (DPRK)	UNSCR	OP	Extract of Provision
	Part II (k) Vigilance and other financial measures		
	DPRK		
	1695 (2006)	4	<i>Requires</i> all Member States...to exercise vigilance and prevent the procurement of missiles or missile related-items, materials, goods and technology from the DPRK, and the transfer of any financial resources in relation to DPRK's missile or WMD programmes
	1874 (2009)	19 ⁷⁸	<i>Calls upon</i> all Member States and international financial and credit institutions not to enter into new commitments for grants, financial assistance, or concessional loans to the DPRK , except for humanitarian and developmental purposes directly addressing the needs of the civilian population, or the promotion of denuclearisation, and also <i>calls upon</i> States to exercise enhanced vigilance with a view to reducing current commitments
	2087 (2013)	6 ⁷⁹	<i>Recalls</i> paragraph 18 of resolution 1874 (2009), and <i>calls upon</i> Member States to exercise enhanced vigilance in this regard, including monitoring the activities of their nationals, persons in their territories, financial institutions, and other entities organised under their laws (including branches abroad) with or on behalf of financial institutions in the DPRK, or of those that act on behalf or at the direction of DPRK financial institutions, including their branches, representatives, agents and subsidiaries abroad
	2094 (2013)	24 ⁸⁰	<i>Calls upon</i> States to exercise enhanced vigilance over DPRK diplomatic personnel so as to prevent such individuals from contributing to the DPRK's nuclear or ballistic missile programmes, or other activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), and this resolution, or to the evasion of measures imposed by resolutions 1718 (2006), 1874 (2009), 2087 (2013), or this resolution
	2321 (2016)	20	<i>Recalls</i> that paragraph 18 of resolution 2270 (2016) requires all States to inspect the cargo within or transiting through their territory, including their airports, that has originated in the DPRK, or that is destined for the DPRK, or has been brokered or facilitated by the DPRK or its nationals, or by individuals or entities acting on their behalf or at their direction, or entities owned or controlled by them, or by designated individuals or entities, or that is being transported on DPRK-flagged aircraft, <i>emphasises</i> that this measure requires States to inspect DPRK-flagged aircraft when they land in or take off from their territory, recalls also that paragraph 31 of resolution 2270 (2016) requires all States to prevent the sale or supply, by their nationals or from their territories or using their flag vessels or aircraft, of aviation fuel, to the territory of the DPRK, and <i>calls upon</i> all States to exercise vigilance to ensure that no more fuel is provided to DPRK-flagged civil passenger aircraft than is necessary for the relevant flight, including a standard margin for safety of flight

⁷⁸ Originally grouped under Vigilance Measures in 2013 Guidance.

⁷⁹ Originally grouped under Vigilance Measures in 2013 Guidance.

⁸⁰ Originally grouped under Vigilance Measures in 2013 Guidance.

Part II (k) Other Measures: Vigilance and other Financial Measures (DPRK) (con't)	UNSCR	OP	Extract of Provision
	(con't) Part II (k) Vigilance and other financial measures		
	DPRK		
	2321 (2016)	34	<i>Expresses concern</i> that DPRK nationals are sent to work in other States for the purpose of earning hard currency that the DPRK uses for its nuclear and ballistic missile programmes, and <i>calls upon</i> States to exercise vigilance over this practice
	2321 (2016)	35 ⁸¹	<i>Reiterates</i> its concern that bulk cash may be used to evade measures imposed by the Security Council , and <i>calls upon</i> Member States to be alert to this risk
	2397 (2017)	13	<i>Expresses concern</i> that DPRK-flagged, controlled, chartered, or operated vessels intentionally disregard requirements to operate their automatic identification systems (AIS) to evade UNSCR sanctions monitoring by turning off such systems to mask their full movement history and <i>calls upon</i> Member States to exercise enhanced vigilance with regards to such vessels conducting activities prohibited by resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017), 2375 (2017), or this resolution

81

Extends the items to which the measures of UNSCR 2094 (2013), OPs 11 and 14 apply.

Bibliography

FATF (2008), Proliferation Financing Report, FATF, Paris

www.fatf-gafi.org/topics/methodsandtrends/documents/typologiesreportonproliferationfinancing.html

FATF (2010), Combating Proliferation Financing: A Status Report on Policy Development and Consultation, FATF, Paris

www.fatf-gafi.org/media/fatf/documents/reports/Status-report-proliferation-financing.pdf

FATF (2012), FATF Best Practices Paper on Recommendation 2: Sharing among domestic competent authorities information related to the financing of proliferation, FATF, Paris

www.fatf-gafi.org/topics/fatfrecommendations/documents/bestpracticespaperonrecommendation2sharingamongdomesticcompetentauthoritiesinformationrelatedtothefinancingofproliferation.html

FATF (2013), FATF Guidance National Money Laundering and Terrorist Financing Risk Assessment, FATF, Paris

www.fatf-gafi.org/media/fatf/content/images/National ML TF Risk Assessment.pdf

FATF (2015), Guidance for a Risk-based Approach Effective Supervision and Enforcement by AML/CFT Supervisors of the Financial Sector and Law Enforcement, FATF, Paris

www.fatf-gafi.org/media/fatf/documents/reports/RBA-Effective-supervision-and-enforcement.pdf

King's College London (2017), Final Report: Study of Typologies of Financing of WMD Proliferation, King's College London, London

<https://projectalpha.eu/wp-content/uploads/sites/21/2017/10/FoP-13-October-2017-Final.pdf>

UN Security Council (2017), Midterm report of the Panel of Experts submitted pursuant to resolution 2345 (2017), United Nations, New York

www.un.org/ga/search/view_doc.asp?symbol=S/2017/742

UN Security Council (2017), Final Report of the Panel of Experts submitted pursuant to resolution 2276 (2016), United Nations, New York

www.un.org/ga/search/view_doc.asp?symbol=S/2017/150

UN Security Council, Reports about the Implementation of the Assets Freeze Provisions pursuant

www.un.org/en/sc/2231/sg-reports.shtml



FATF GUIDANCE ON COUNTER PROLIFERATION FINANCING

THE IMPLEMENTATION OF FINANCIAL PROVISIONS OF UNITED NATIONS SECURITY COUNCIL RESOLUTIONS TO COUNTER THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION

This guidance aims to help both public and private sector stakeholders understand and implement the obligations of the United Nations Security Council Resolutions, as well as how to prevent sanctions from being evaded. It also aims to assist public sector stakeholders in building a more effective national coordination mechanism and supervisory regime to counter proliferation financing.

www.fatf-gafi.org | November 2017

