

The background features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. The shapes are primarily triangles and polygons, creating a dynamic, layered effect. The text is centered in the white space between these shapes.

Targeted Financial Sanctions (TFS) on Terrorist Financing (TF) and Proliferation Financing (PF) of Weapons of Mass Destruction (WMD)

What we are going to discuss;

- ▶ What is United Nations Security Council Resolution (UNSCR)
- ▶ What are Targeted Financial Sanctions (TFS)
- ▶ What is Terrorist Financing (TF)
- ▶ What is Proliferation Financing of Weapons of Mass Destruction (PF-WMD)
- ▶ UNSCRs which are relevant to you as Financial Institutions
- ▶ Legal framework for countering TF and PF-WMD
- ▶ Complying with those regulations
- ▶ Consequence of non-compliance

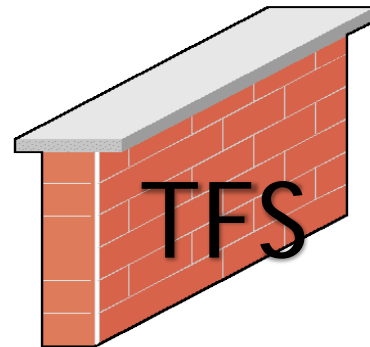
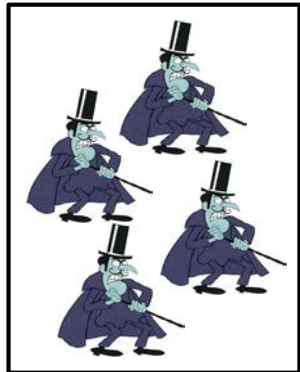
What is United Nations Security Council Resolution (UNSCR)?

- ▶ UN Security Council - Global Policeman
- ▶ Issue binding obligatory orders to members
- ▶ Famous for imposing sanction measures on countries (and individuals)
- ▶ Financial sanction measures are relevant to Financial Institutions



What are Targeted Financial Sanctions (TFS)?

- ▶ **Asset freezing and prohibitions** to prevent funds or other assets from being made available, directly or indirectly, for the benefit of **designated persons and entities**.
- ▶ Designated persons and entities - Lists of “bad actors” who threaten the world peace (terrorism / proliferation)
- ▶ The lists are updated by the Security Council regularly
- ▶ UN member countries can't do financial dealings with such designated individuals and entities.



What is Terrorist Financing?

- ▶ Providing funds for terrorist activities
- ▶ Legitimate sources as well as criminal sources
- ▶ Terrorists use techniques to evade authorities' attention
- ▶ Tend to be in small amounts than is the case with money laundering
- ▶ Hard to detect the illegitimate funds
- ▶ Funds are moved through the formal banking system, as well as other methods

What is Proliferation Financing of Weapons of Mass Destruction (PF-WMD)?

- ▶ Providing funds for the rapid construction of WMD (Chemical/Biological/Radio Active/Nuclear - CBRN)
- ▶ State actors (governments) and non-state actors (individuals and organizations)
- ▶ Closely associated with science and technological research projects
- ▶ Separate UNSCRs for state and non-state actors
- ▶ Currently, North Korea (DPRK) and Iran have been designated as state actors



UN Security Council's Approach to Counter TF and PF-WMD

- ▶ UNSCR 1373 (2001)* - for local terrorists, UNSCR 1267 (1999)* - for Al-Qaida and ISIL, and UNSCR 1988 (2011)* for Taliban (CTF)
- ▶ Global approach under UNSCR 1540 (2004) and its successor resolutions (Non-state actors) (CPF-WMD)
- ▶ Country-specific approach under UNSCR 1718 (2006) and UNSCR 2231 (2015) and their successor resolutions (State actors) (CPF-WMD)

* and successor resolutions

UNSCRs which are Relevant to You as FIs

- ▶ Relevant because they are associated with TFS regimes
- ▶ UNSCR 1267 and related resolutions
 - ▶ Al-Qaida and ISIL related individuals and entities
- ▶ UNSCR 1988 and related resolutions
 - ▶ Taliban related individuals and entities
- ▶ UNSCR 1373 and related resolutions
 - ▶ Local terrorist related individuals and entities (LTTE)
- ▶ UNSCR 1718 and related resolutions
 - ▶ North Korea related individuals and entities - *State Actors*
- ▶ UNSCR 2231 and related resolutions
 - ▶ Iran related individuals and entities - *State Actors*
- ▶ UNSCR 1540 and related resolutions
 - ▶ Individuals and organizations (no list!) - *Non-state Actors*

Regulations for Countering the TF and PF-WMD

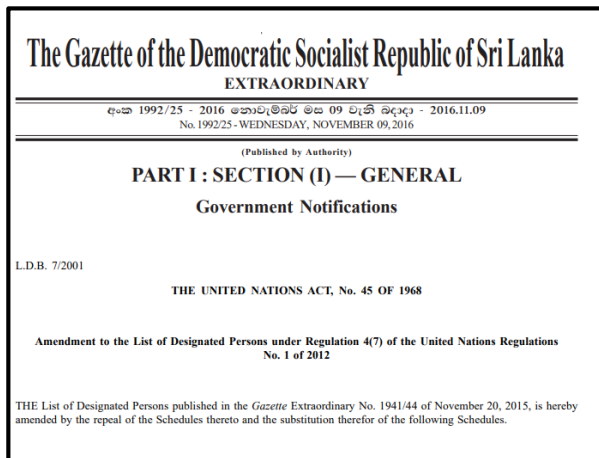
- ▶ United Nations Regulation No. 1 of 2012 (for UNSCR 1373)
- ▶ United Nations Regulations No. 2 of 2012 (for UNSCR 1267)
- ▶ United Nations (Sanctions in relation to Democratic People's Republic of Korea) Regulations of 2017 (for UNSCR 1718)
- ▶ United Nations (Sanctions in relation to Iran) Regulations No. 1 of 2018
- ▶ United Nations (Sanctions relating to Proliferation of Nuclear, Chemical or Biological Weapons) Regulations of 2017 (for UNSCR 1540)

CFT

CPF-WMD

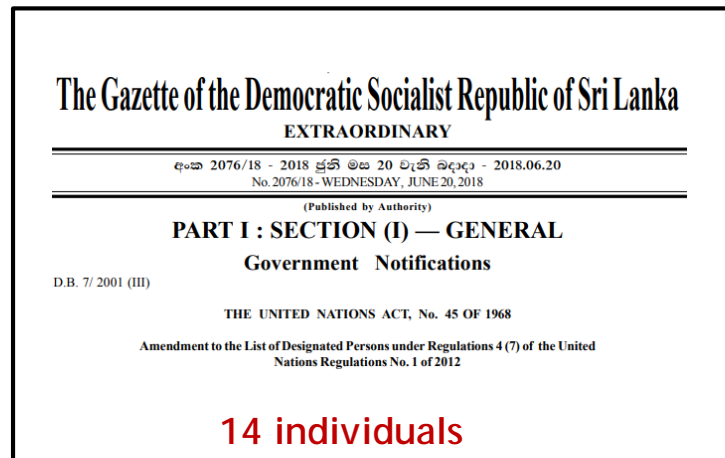
United Nations Regulation No. 1 of 2012

- ▶ To freeze the funds and other assets of local terrorists.
- ▶ Secretary of the Defense is the Competent Authority (CA)
- ▶ FIU facilitates the implementation process by circulating the updates to REs
- ▶ Currently, a list of 100 individuals and 8 entities (latest update is Gazette Extraordinary No. 2076/18 dated 20/06/2018)



**08 Entities and
86 individuals**

+



=

**08 Entities and
100 individuals**

- ▶ Freezing order by CA (Gazette Extraordinary No. 1863/25 dated 22/05/2014)

United Nations Regulation No. 1 of 2012 (Contd.)

- ▶ All institutions shall immediately freeze funds and other assets of designated individuals and entities. Funds credited to a frozen account will also be frozen - *regulation 5*
- ▶ Cannot tip off customers - *regulation 5*
- ▶ CA may grant a special authorization to permit the use of frozen funds and assets for special conditions - *regulation 6*
- ▶ Inform FIU after freezing - *regulation 9*
- ▶ Imprisonment and/or fine for non-compliance - *regulation 11*

United Nations Regulation No. 2 of 2012

- ▶ To freeze the funds and other assets of individuals and entities of Al-Qaida/Taliban/ISIL
- ▶ Secretary of the Defense is the Competent Authority (CA), and the FIU is facilitating the implementation process
- ▶ CA has gazetted the first list of designated individuals and entities - *regulation 4*
- ▶ FIU facilitates the implementation process by circulating the updates to REs
- ▶ All institutions shall immediately freeze funds and other assets of designated individuals and entities. Funds credited will also be frozen - *regulation 5 & 6*

United Nations Regulation No. 2 of 2012 (Contd.)

- ▶ CA can grant a special authorization to permit the use of frozen funds and assets - *regulation 9*
- ▶ Inform the CA and the FIU after freezing - *regulation 12*
- ▶ Inform the customer after freezing and informing FIU & CA - *regulation 13*
- ▶ Can't tip off customer - *regulation 14*
- ▶ Imprisonment and/or fine for non-compliance - *regulation 15*

United Nations (Sanctions in relation to Democratic People's Republic of Korea) Regulations of 2017

- ▶ To freeze the funds and other assets of North Korean individuals and entities (including the government)
- ▶ Secretary of the Defense is the Competent Authority (CA), and the FIU is facilitating the implementation process
- ▶ CA has gazetted the first list of designated individuals, entities and items - *regulations 4 & 19*
- ▶ Institutions cannot facilitate any service for the usage of designated items by North Korean persons - *regulations 4 & 7*
- ▶ Institutions cannot facilitate any financial service for the usage of vessels by North Korean persons - *regulations 6 & 12*

United Nations (Sanctions in relation to Democratic People's Republic of Korea) Regulations of 2017 (Contd.)

- ▶ All institutions shall immediately freeze funds and other assets of designated individuals and entities. Funds to a frozen account will stay frozen - *regulations 8, 9, 19, 20, 21*
- ▶ Institutions cannot facilitate trade with North Korean persons - *regulation 11*
- ▶ Institutions cannot maintain financial relationships with North Korean FIs - *regulation 14*
- ▶ Only one account for North Korean diplomatic missions or consular post - *regulation 18*
- ▶ Inform the CA and the FIU after freezing - *regulation 28*

United Nations (Sanctions in relation to Democratic People's Republic of Korea) Regulations of 2017 (Contd.)

- ▶ Inform the customer after freezing and informing FIU & CA - *regulation 29*
- ▶ Don't tip off the customer - *regulation 30*
- ▶ CA may grant a special authorization to permit the use of frozen funds and assets - *regulation 31*
- ▶ Imprisonment and/or fine for non-compliance - *regulation 34*

United Nations (Sanctions in relation to Iran) Regulations No. 1 of 2018.

- ▶ Less stricter than DPRK regulations (only focused on implementing the TFS provisions)
- ▶ Secretary of the Defense is the Competent Authority (CA), and the FIU is facilitating the implementation process
- ▶ Immediately freeze funds and other assets of designated individuals and entities - *regulation 9*
- ▶ Funds to a frozen account will stay frozen - *regulations 10*
- ▶ Mistaken identities can apply to CA - *regulation 13*
- ▶ Inform the CA and the FIU after freezing - *regulation 14*
- ▶ CA may grant a special authorization to permit the use of frozen funds and assets - *regulation 15*

United Nations (Sanctions relating to Proliferation of Nuclear, Chemical or Biological Weapons) Regulations of 2017 (for UNSCR 1540)

- ▶ UNSCR 1540 is not a TFS regime UNSCR, hence there is no designated list
- ▶ Prevention of proliferation financing by non-state actors
- ▶ Import/export/re-export control of items which have dual use (civil/military and proliferation)
- ▶ Be vigilant when dealing with dual use items
- ▶ Regulations to effectively implement the Strategic Trade Control (STC) mechanisms will be issued in the future.

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The Gazette of the Democratic Socialist Republic of Sri Lanka
EXTRAORDINARY

අංක 2039/31 - 2017 ඔක්තෝබර් මස 06 වැනි සිකුරාදා - 2017.10.06
No. 2039/31 - FRIDAY, OCTOBER 06, 2017

(Published by Authority)
PART I : SECTION (I) — GENERAL
Government Notifications

L.D. B. 7/2001
The United Nations Act, No. 45 of 1968

REGULATIONS made by the Minister of Foreign Affairs under Section 2 of the United Nations Act, No. 45 of 1968.

TILAK MARAPANA,
Minister of Foreign Affairs.

Colombo,
04th October, 2017.

Requirements from Financial Institutions

- ▶ Mechanism to screen customers at the time of on-boarding
- ▶ Mechanism to screen customers at the time of transactions whenever possible
- ▶ Mechanism to screen the customer database when the lists are updated (Notified by the FIU)
- ▶ Be vigilant about the transactions for high risk customers (from high risk countries)
- ▶ Increase awareness of the staff about the screening requirements

Enhanced Scrutiny of High-Risk Customers and Transactions

▶ Who are high risk customers?

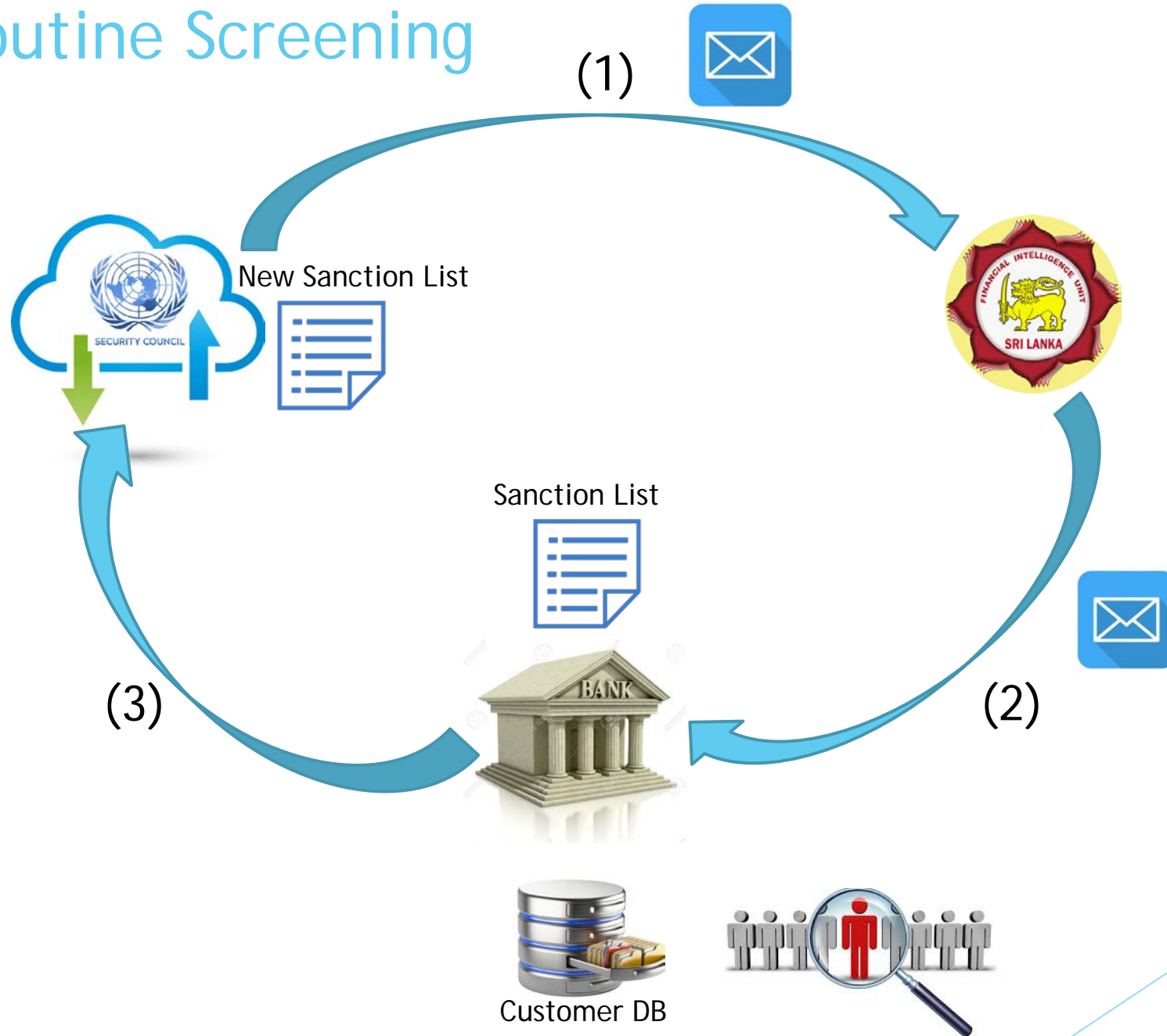
- Customers from DPRK, Iran or their neighboring countries
- Who may act on behalf of or at the direction of DPRK and Iran
- Who provide trade services:
 - to Iran, DPRK, or countries neighboring them
 - To countries that have weak AML/CFT/CPF controls
 - For dual use items



Additional information obtained for high risk customers and transactions

- purpose of transaction or payment
- details about the nature, end use or end user of the item
- parties to the transaction
- sources of funds
- beneficial ownership of the counterparty
- export control information (copies of export-control or other licenses issued by the national export control authorities, and end-user certification)
- information in accordance with wire transfers

Routine Screening



Elements that may Indicate Proliferation Financing

- ▶ Person or entity in Iran, DPRK or its neighboring countries
- ▶ Altering transaction originator information, specially in EFTs
- ▶ Person or entity is “listed” or has a history of export control contraventions
- ▶ Customer activity doesn’t match profile
- ▶ A freight forwarding firm is listed as the product’s final destination
- ▶ Order from one country, end user in another country
- ▶ Shipment incompatible with the technical level of the shipped country
- ▶ Circuitous route of shipment and/or circuitous route of financial transaction
- ▶ Shipment route through country with weak import/export control laws
- ▶ shipments inconsistent with normal geographic trade patterns

Elements that may Indicate Proliferation Financing

- ▶ Declared value of shipment seems under-valued vis-à-vis the shipping cost
- ▶ Customer vague/incomplete/resistant on information it provides
- ▶ Payment instruction to parties not identified on the original trade documents
- ▶ Involvement of items controlled under WMD export control regimes
- ▶ Person dealing with complex equipment for which he/she lacks technical background
- ▶ Involvement of a small trading, brokering or intermediary company
- ▶ Involvement of a university in a country of proliferation concern
- ▶ Vague description of goods
- ▶ Evidence that documents or other representations (e.g. relating to shipping, customs, or payment) are fake or fraudulent
- ▶ Use of personal account to purchase industrial items

Consequences of Non-compliance

- ▶ Imprisonment and/or fines
- ▶ Reputational damage
- ▶ Suspension of business



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Contact

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Senior Assistant Director
0112477513
- ▶ Ministry of Defense (Competent Authority)
 - ▶ Major Jineth Kamila
0112430860-9 / 0112430870-9
- ▶ Ministry of Foreign Affairs
 - ▶ Mrs. Sanjika Kammanankada
Assistant Legal Advisor
0112325371-5

The United Nations Regulations No. 01 of 2012

The United Nations Regulations No. 01 of 2012 issued by the Minister of Foreign Affairs promulgating the United Nations Security Council Resolution 1373 (2001) designating individuals and entities related to terrorism and terrorist financing in national level. Accordingly, Institutions are obliged to have measures in place to identify and freeze funds, financial assets or economic resources of such designated persons and entities upon order by the Competent Authority.

Under the provisions of said regulations Secretary to the Ministry of Defense has been appointed as the Competent Authority for the implementation of UNSCR 1373 and its successor resolutions in Sri Lanka.

Regulation

Extraordinary Gazette No 1758/19, May 15 of 2012 - United Nations Regulation No. 1 of 2012

[Sinhala](#) [Tamil](#) [English](#)

Extraordinary Gazette No 1892/37, December 11 of 2014 - Amendments to the United Nations Regulations No. 1 and 2 of 2012

[Sinhala](#) [Tamil](#) [English](#)

List of Designated Persons & Entities

The list of individuals and entities sanctioned under Regulation No 1 of 2012 is as follows:

Amendments made on June 19th, 2018 to the List of Designated Persons under Regulation 4(7) of the United Nations Regulations No. 1 of 2012

[Sinhala](#) [Tamil](#) [English](#)

Amendments made on November 09th, 2016 to the List of Designated Persons under Regulation 4(7) of the United Nations Regulations No. 1 of 2012

[Sinhala](#) [Tamil](#) [English](#)





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SANCTIONS RELATED TO TERRORISM AND TERRORISM FINANCING

1. THE UNITED NATIONS REGULATIONS NO. 02 OF 2012 (1267)
[Link to Updated List - Al-Qaida & ISIL](#) [Link to Updated List - Taliban](#)
2. THE UNITED NATIONS REGULATIONS NO. 01 OF 2012 (1373)

The United Nations Regulations No. 02 of 2012

The United Nations Regulations No. 02 of 2012 issued by the Minister of Foreign Affairs promulgating the United Nations Security Council Resolution 1267(1999) and the modifications and strengthening of the Resolution's sanctions regime by subsequent resolutions including 1526 (2004), 1617 (2005), 1735 (2006), 1822 (2008), 1904 (2009), 1988 (2011), 1989 (2011) and 2253 (2015) and any other subsequent resolution on Taliban (Islamic Emirate of Afghanistan), Islamic State of Iraq and Levant (ISIL, also known as Da'esh) and Al-Qaida, imposing upon member States of the United Nations a series of obligations to apply sanction measures to any natural or legal person, group or entity associated with Taliban, ISIL (Da'esh) or Al-Qaida.

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Sanctions List Materials Resolutions Committee Guidelines Exemptions to the Measures Press Releases Monitoring Team Ombudsperson ISIL (Da'esh) & Al-Qaida Sanctions Committee Selected Documents Member State Reports

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Sanctions List Materials

ISIL (Da'esh) & Al-Qaida Sanctions List

List in alphabetical order


[PDF](#) [XML](#) [HTML](#)

List by Permanent Reference Number

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By [resolution 2368\(2017\)](#), the Security Council imposes individual targeted sanctions (an ass...

The Sanctions List currently contains the names of 262 individuals and 83 entities and was last...



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Sanctions List Materials

1988 Sanctions List

List in alphabetical order

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List by Permanent Reference Number

[PDF](#) [XML](#) [HTML](#)

By [resolution 2255.\(2015\)](#), the Security Council imposes individual targeted sanction...



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UN Sanctions >> Sanctions on Proliferation

SANCTIONS RELATED TO PROLIFERATION OF WEAPONS OF MASS DESTRUCTION (WMD)

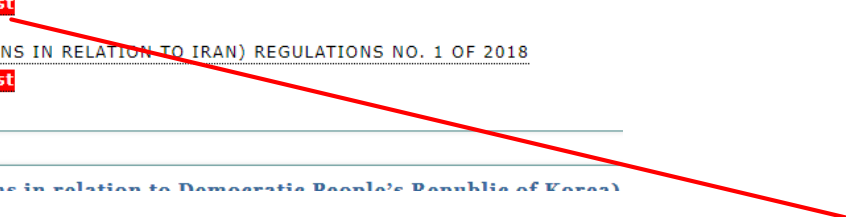
1. UNITED NATIONS (SANCTIONS IN RELATION TO DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA) REGULATIONS OF 2017)

[Link to latest updated list](#)

2. UNITED NATIONS (SANCTIONS IN RELATION TO IRAN) REGULATIONS NO. 1 OF 2018

[Link to latest updated list](#)

United Nations (Sanctions in relation to Democratic People's Republic of Korea)



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Sanctions List Materials

1718 Sanctions List

List in alphabetical order

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List by Permanent Reference Number

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In response to [resolution 1874 \(2009\)](#), paragraph 24, in 2012 the Committee designated [S/2009/364](#) and [S/2012/287](#). By [resolution 2087 \(2013\)](#) and [resolution 2094 \(2013\)](#) individuals and 8 entities. On 28 July 2014, the Committee designated an additional entity. By [resolution 2161 \(2014\)](#), the Security Council designated a total of 27 individuals and 22 entities. By [resol](#)



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UN Sanctions >> Sanctions on Proliferation

SANCTIONS RELATED TO PROLIFERATION OF WEAPONS OF MASS DESTRUCTION (WMD)

1. UNITED NATIONS (SANCTIONS IN RELATION TO DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA) REGULATIONS OF 2017
[Link to latest updated list](#)
2. UNITED NATIONS (SANCTIONS IN RELATION TO IRAN) REGULATIONS NO. 1 OF 2018
[Link to latest updated list](#)

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Background

Resolution 2231 (2015)

Note by the President of the Security Council

Reports and Briefings by the Facilitator

Press Releases

Specific Restrictions ▶

Exemptions ▶

2231 List

Other Required Actions

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2231 List

The 2231 List includes the individuals and entities that were specified on the list established and maintained pursuant to [resolution 1737 \(2006\)](#) as of the date of adoption of [resolution 2231 \(2015\)](#). Individuals and entities specified in the Attachment to Annex B of the same resolution who were delisted in January 2016, the Security Council removed one entity from the 2231 List. There currently are 23 individuals and entities on the list.

List in alphabetical order

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List by Permanent Reference Number

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