

To:

Financial Intelligence Unit of Sri Lanka
Regulatory Authority of Licensed Bank
Regulatory Authority of Licensed Finance Companies,
Regulatory Authority of Insurance Companies,
Regulatory / Supervisory Authorities of Stock Brokers,
Regulatory / Authority of Authorized Money Changing Companies,
Authorities / Agencies registering movable and immovable property,
Custom Authority,
Immigration Authority,
Law Enforcement Agencies,
Regulatory / Supervisory Authorities for Nonprofit Organization,
Regulatory / Supervisory Authorities of any other instructions as the case may be,

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

Directives issued by the Competent Authority, under section 36 (3) of United Nations (Sanctions in relation to Democratic People's Republic of Korea) Regulations of 2017.

KAPILA WAIDYARATNE
President's Counsel
Secretary
Ministry of Defence
Competent Authority

Colombo
19th June 2018

**UNSCR 1718 Implementation Practices and Enforcement Obligations
Directives No. 1 of 2017**

1. These Directives shall be cited as the United Nations Security Council Resolution (UNSCR) 1718 Implementation Practices and Enforcement Obligations, Directives No. 1 of 2017.
2. United Nations (Sanctions in relation to Democratic People's Republic of Korea) Regulations of 2017 (hereafter referred to as Regulations) was promulgated by the Minister of Foreign Affairs under Section 2 of United Nations Act No.45 of 1968 and implemented through Gazette Notification No. 2039/32 dated 06 October 2017.
 - (i) Objective of these Regulations is to facilitate the implementation of obligations imposed upon the member states of the United Nations to apply sanction measures in relation to

the Democratic People's Republic of Korea (hereinafter referred to as "DPRK"), set out in the United Nations Security Council Resolution 1718 (2006), and the modifications and strengthening of the resolution by the subsequent resolutions including 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016) and 2371 (2017) and any other subsequent resolutions within Sri Lanka and thereby specify a means to comply with the aforesaid obligations.

- (ii) For the purpose of implementation of the Regulations, Secretary Defence has been appointed as the Competent Authority by the Minister of Foreign Affairs in consultation with Minister of Defence.

In order to expeditiously and effectively implement the provision of above Regulations, the following procedure shall be followed.

3. The communication of updates to the list of designated persons/entities and list of designated items would be as follows:
 - (i) The Ministry of Foreign Affairs shall electronically forward any updates to the list of individuals and entities subject to UN Sanctions measures upon any revision (referred to as designated persons/entities list) to the Competent Authority, Financial Intelligence Unit of Sri Lanka (FIU) and Legal / UN Division of Ministry of Foreign Affairs.
 - (ii) The Ministry of Foreign Affairs shall electronically forward any updates to the list of items and luxury items subject to UN Sanctions measures upon any revision (referred to as designated items list) to the Competent Authority, Financial Intelligence Unit of Sri Lanka (FIU) and Legal / UN Division of Ministry of Foreign Affairs.
 - (iii) The FIU – Sri Lanka would electronically forward the updates mentioned in (i) and (ii) of above to the Financial Institutions (FIs) and Designated Non Finance Businesses and Professions (DNFBPs) and to the relevant regulatory/supervisory authorities.
4. With regard to actions to be taken on services provided for any vessels, the FIU would forward updates to the designated persons/entities list to the FIs and DNFBPs requiring them to;
 - (i) Not allow anyone to own, lease, or operate any vessel flagged by the DPRK.
 - (ii) Not allow anyone to provide insurance or re-insurance services to vessels owned, controlled, or operated, including through illicit means, by the DPRK.
5. With regard to actions to be taken on services provided for any designated items, the FIU would forward updates to the designated items list to the FIs and DNFBPs requiring them not to provide any services related to the provision, manufacture, production, possession,

acquisition, maintenance, stockpiling, storage, development, transportation, transfer or use of any designated item to any person in the DPRK.

6. With regard to Actions to be taken on funds, financial assets or economic resources held in the form of bank accounts, stocks or insurance policies etc. and the services provided, the FIU would forward updates to the designated persons/entities list and designated items list to the FIs and DNFBPs requiring them to;
 - (i) Maintain updated lists of designated persons, entities, items and luxury items and check on the given parameters on a regular basis to verify whether individuals or entities so listed collectively hereinafter referred to as designated individuals / entities are holding with them any funds, financial assets or economic resources in the form of bank accounts, stocks or insurance policies etc., with them, and whether the institution is providing services in relation to the designated items.
 - (ii) In case the particulars of any of the customers match with the particulars of designated individuals/entities, or the particulars of any service provided are associated with the designated items, the FIs and DNFBPs shall immediately, freeze the particular assets where appropriate, and inform full particulars of the funds, financial assets or economic resources held in the form of bank accounts, stocks or insurance policies etc., subsequent attempted transactions on such frozen assets and services related to the designated items to the FIU on the same business day by fax No.011-2477692 and also convey over the telephone on 011-2477125. The particulars apart from being sent by post (to Financial Intelligence Unit, Central Bank of Sri Lanka, No: 30, Jandhipathi Mawatha Colombo-1) should necessarily be conveyed on e-mail: fiu@cbsl.lk.
 - (iii) The FIs shall also send by post a copy of the communication mentioned in (ii) above to the, Office of the Competent Authority, Ministry of Defence, No. 15/5, Baladaksha Mawatha, Colombo. The particulars apart from being sent by post should necessarily be conveyed on e-mail: camod@defence.lk.
 - (iv) In the event that there is a match of any of the customers with the particulars of designated individuals/entities, the FIs and DNFBPs shall not make available any funds, financial assets or economic resources directly or indirectly to or for the benefit of any such designated individuals/entities and shall prevent them from conducting any transactions.
 - (v) In the event that any services provided are associated with the designated items, the FIs and DNFBPs shall discontinue such services immediately.
 - (vi) This process shall take place without prior notice, to the designated individuals/entities.

7. FIU and relevant regulatory/supervisory authorities appointed as Compliance Monitoring Authorities for FIs and DNFBPs under the Regulations shall:
 - (i) Issue directives rules and guidelines to FIs and DNFBPs in relation to implementation following practices and enforcement of obligations under the Regulations;
 - a. Not establishing or maintaining a representative office, subsidiary or account in the territory of DPRK.
 - b. Not establishing new joint ventures, take an ownership interest in or establishing or maintaining a correspondent relationship with any financial institution of DPRK.
 - c. Not providing financial or any other support for trade with DPRK including the granting of export credits, guarantees or insurance to a person involved in trade with DPRK.
 - d. Not opening more than one account for a person or entity specified in the regulations.
 - e. Granting of specific authorization by the Competent Authority to lift a prohibition on assets freeze.
 - f. Disclosure of information about designated persons/entities.
 - g. Informing freezing actions to respective customers and the FIU.
 - h. Usage of frozen funds or the provision of other assets for essential human needs.
 - i. Sanctions for non-compliance with regulations.
 - (ii) Carry out examination for the purpose of ensuring compliance with the above Regulations and directives rules and guidelines issued under these Regulations.
 - (iii) Impose administrative sanction on any violation of an obligation under the Regulations.
 - (iv) Conduct training /awareness on matters relating to the Regulations.
8. All concerned are requested to ensure strict compliance of these directives.