
STATUTORY INSTRUMENTS

2016 No. 578

CRIMINAL LAW

The Democratic People's Republic of Korea (European Union Financial Sanctions) (Amendment) Regulations 2016

<i>Made</i>	- - - -	<i>12th May 2016</i>
		<i>at 11.30 a.m. on 13th</i>
<i>Laid before Parliament</i>		<i>May 2016</i>
		<i>at 12.30 p.m. on</i>
<i>Coming into force</i>	- -	<i>13th May 2016</i>

The Treasury are designated(1) for the purposes of section 2(2) of the European Communities Act 1972(2) in relation to restrictive measures against persons or bodies listed by an international organisation.

The Treasury, in exercise of the powers conferred by section 2(2) of the European Communities Act 1972, make the following Regulations:

PART 1

General

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Democratic People's Republic of Korea (European Union Financial Sanctions) (Amendment) Regulations 2016, and shall come into force at 12.30 p.m. on 13th May 2016.

(2) In these Regulations, “the 2013 Regulations” means the Democratic People's Republic of Korea (European Union Financial Sanctions) Regulations 2013(3).

(1) [S.I. 2010/1834](#).

(2) [1972 c.68](#). Section 2(2) was amended by the Legislative and Regulatory Reform Act 2006 ([c.51](#)), section 27(1)(a) and the European Union (Amendment) Act 2008 ([c.7](#)), Schedule, Part 1. Paragraph 1A of Schedule 2 was inserted by the Legislative and Regulatory Reform Act 2006, section 28 and amended by [S.I. 2007/1388](#) and the European Union (Amendment) Act 2008, Schedule, Part 1.

(3) [S.I. 2013/1877](#).

PART 2

Amendment of the 2013 Regulations

Amendment of the 2013 Regulations

2. The 2013 Regulations are amended in accordance with regulations 3 to 8.
3. After regulation 7 of the 2013 Regulations (making economic resources available for the benefit of a designated person), insert—

“Funds and economic resources: Government of Democratic People’s Republic of Korea and Worker’s Party of Korea

- 7A.—(1) The Treasury may direct that the provisions of regulations 4 to 7 apply in relation to a person as if that person were a designated person.
- (2) The Treasury may only make a direction under paragraph (1)—
 - (a) in respect of a person within a category listed in paragraph (3); and
 - (b) when the conditions in paragraph (4) are satisfied.
 - (3) Categories of persons in respect of whom a direction may be made are—
 - (a) a person associated with the Government of the Democratic People’s Republic of Korea;
 - (b) a person associated with the Worker’s Party of Korea;
 - (c) a person acting on behalf or at the direction of any person within the categories listed in sub-paragraph (a) or (b); or
 - (d) a person owned or controlled by any person listed within the categories in sub-paragraph (a) or (b).
 - (4) The conditions in this paragraph are satisfied if—
 - (a) funds and economic resources have been or are likely to be made available to a person for a purpose other than that of a diplomatic or consular mission, including a mission to the United Nations; and
 - (b) the Treasury consider that the person is associated with nuclear-related, other weapons of mass destructions-related, or ballistic missile-related programmes, or other activities prohibited by the Council Regulation.
 - (5) A credit or financial institution must inform the Treasury if it suspects that funds or economic resources have been or are likely to be made available to any person listed in a category in paragraph (3) for a purpose other than that of a diplomatic or consular mission.
 - (6) Any direction made under paragraph (1) must be—
 - (a) published by the Treasury on their website;
 - (b) sent by the Treasury to one or more credit and financial institutions; or
 - (c) sent by the Treasury to one or more other persons.”.
4. In regulation 9(1) of the 2013 Regulations (licenses), for “7” substitute “7A, 10(3) and 13B(2)”.
 5. For regulation 10(1) of the 2013 Regulations (credit and financial institutions: accounts and correspondent banking relationships) substitute—
 - 5.—“(1) A credit or financial institution must not—
 - (a) open a new bank account with,

- (b) establish a new correspondent banking relationship with,
- (c) establish a new joint venture with, or
- (d) take an ownership interest in,

a person falling within paragraph (2), if the credit or financial institution knows or has reasonable cause to suspect that the account, relationship or venture is with, or the ownership interest is in, a person falling within paragraph (2).”.

6. Omit regulation 10(4) of the 2013 Regulations (credit and financial institutions: accounts and correspondent banking relationships).

7. After regulation 13 of the 2013 Regulations (sale or purchase of bonds), insert—

“DPRK credit and financial institutions: branches, subsidiaries, and representative offices

13A. A person falling within regulation 10(2) must not open—

- (a) a branch;
- (b) a subsidiary; or
- (c) a representative office;

within the United Kingdom.

Severance of existing financial relationships

13B.—(1) A credit or financial institution must, by 31st May 2016—

- (a) terminate any joint venture with;
- (b) relinquish any ownership interest in; and
- (c) terminate any correspondent banking relationship with;

a person falling within regulation 10(2).

(2) The Treasury may direct that a credit or financial institution must—

- (a) close any bank account with a person falling within regulation 10(2); or
- (b) close any branch, subsidiary, or representative office in the Democratic People’s Republic of Korea.

(3) The Treasury may make a direction under paragraph (2) only if they are satisfied that any such account, branch, subsidiary, or representative office could contribute to—

- (a) the nuclear-related, other weapons of mass destructions-related, or ballistic missile-related programmes of the Democratic People’s Republic of Korea;
- (b) other activities prohibited under the Council Regulation;
- (c) other activities prohibited under Council Decision 2013/183/CSFP; or
- (d) the circumvention of prohibitions that apply in relation to such activities.

(4) A credit or financial institution must inform the Treasury if it suspects that any such account, branch, subsidiary or representative office might contribute to any of the activities listed in paragraph (3).

(5) Any direction made under paragraph (2) must be—

- (a) published by the Treasury on their website;
- (b) sent by the Treasury to one or more credit and financial institutions; or
- (c) sent by the Treasury to one or more other persons.

Business directly or indirectly with designated persons

13C. A credit or financial institution must not participate in any business arrangements, including joint ventures, with—

- (a) any person listed in Annex IV of the Council Regulation; or
- (b) any other person acting on behalf or at the direction of such a person.

Financial support for trade

13D. A credit or financial institution may not provide any financial support for trade which may contribute to—

- (a) nuclear-related programmes;
- (b) other weapons of mass destructions-related programmes;
- (c) ballistic missile-related programmes; or
- (d) other activities prohibited by the Council Regulation.”.

8. In regulation 14(1) and 14(2)(a)—

- (a) for “7” substitute “7A”; and
- (b) for “13” substitute “13D”.

12th May 2016

Charlie Elphicke
Guto Bebb
Two of the Lords Commissioners of Her
Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision relating to the enforcement of Council Regulation (EC) No 329/2007 dated 27th March 2007 (OJ L 88, 29.3.2007, p1), concerning restrictive measures against the Democratic People’s Republic of Korea (“DPRK”) (“the Council Regulation”).

These measures include the freezing of funds and economic resources of designated persons, ensuring that funds and economic resources are not made available to them, and broader financial sanctions measures.

Enforcement of these measures is provided for by the Democratic People’s Republic of Korea (European Union Financial Sanctions) Regulations 2013 (“the 2013 Regulations”).

The Council Regulation has been amended recently by Council Regulation (EC) No 2016/682 dated 3rd May 2016 (O J L 117, 5.4.2016, p1). The amendments include changes to the asset freezing provisions and the imposition of additional financial sanctions measures relating to the activities of credit and financial institutions.

These Regulations amend the 2103 Regulations to include these changes and additional financial sanctions measures.

Regulations 3 to 5 provide for the imposition of additional asset freezing measures against certain funds and economic resources of the Government of the DPRK and the Korean Worker’s Party, and make provision for licenses to be granted to enable the dealing with such funds and economic resources in specified circumstances.

Regulation 7 provides for the imposition of additional financial sanctions measures on DPRK credit and financial institutions and UK credit and financial institutions. These include requirements to terminate financial relationships with DPRK credit and financial institutions, prevent new economic activity in the DPRK, and prohibit financial support for trade that could assist nuclear-related, other weapons of mass destructions-related, or ballistic missile-related programmes, or other activities prohibited by the Council Regulation.