



Financial Sanctions Notice

27 April 2009

Democratic People's Republic Of Korea

This Notice is issued in respect of financial measures relating to the Democratic People's Republic of Korea ("DPRK"). It draws attention in convenient form to both the Order in Council, made under the United Nations Act 1946 and Council Regulation (EC) No 329/2007, which place financial restrictions on the DPRK. This Notice provides guidance on certain aspects only of the Order in Council and the Council Regulation and should be read alongside the Order in Council and Council Regulation.

Introduction

1. On 14 October 2006 the United Nations Security Council adopted Resolution 1718 (2006) ("the Resolution") which, inter alia, introduced financial sanctions against those persons designated by the United Nations Security Council or the Committee of the Security Council established pursuant to paragraph 12 of the Resolution ("the Sanctions Committee") as persons who engage in or provide support for, including through other illicit means, DPRK's nuclear-related, other weapons of mass destruction-related and ballistic missile-related programmes.
2. Her Majesty's Treasury issue this Notice to advise that on 24 April 2009 the Sanctions Committee designated three entities as subject to the provisions of the financial sanctions measures imposed in paragraph 8(d) of the Resolution. For convenience, the list of persons designated by the Sanctions Committee is included in Annex I to this Notice.
3. The North Korea (United Nations Measures) Order 2006 (S.I.2006/2958) ("the Order"), which gives effect to the Resolution in the UK, came into force with effect from 16 November 2006. The entities added by the Sanctions Committee on 24 April 2009 therefore fall within the UK financial sanctions regime under the Order.
4. On 27 March 2007 the Council of the European Union adopted Council Regulation (EC) No 329/2007, which implements the Resolution at Community level. Council Regulation (EC) No 329/2007 was published in the Official Journal of the European Union (O.J. L88, 29.3.2007, p.1) on 29 March 2007.

5. The relevant articles of the Order apply to any person in the UK or any person elsewhere who is:
 - (a) a British citizen, a British overseas territories citizen, a British Overseas citizen, a British subject, a British National (Overseas) or a British protected person; or
 - (b) a body incorporated or constituted under the law of any part of the UK including a Scottish partnership.
6. The Order therefore applies to banks, financial institutions, charitable organisations and non-governmental organisations in the UK or established under UK law, other bodies and persons in the UK. The Order does not apply to subsidiaries of UK companies operating wholly outside the UK and which do not have legal personality under UK law.

Designated persons

7. Article 3 of the Order provides that for the purposes of the Order a designated person is:
 - (a) any person designated in accordance with the Resolution
 - (i) by the Security Council; or
 - (ii) by the Sanctions Committee; and
 - (b) any person identified in a Treasury direction.

Freezing of funds and economic resources

8. Article 6 of the Order provides that all funds and economic resources owned, held or controlled, directly or indirectly, by designated persons must be frozen. No funds or economic resources shall be made available, directly or indirectly, to or for the benefit of such persons.
9. The participation, knowingly and intentionally, in activities the object or effect of which is, directly or indirectly, to circumvent the measures referred to above shall be prohibited.
10. Copies of Resolution 1718 (2006), Regulation 329/2007, the Order and a consolidated list of individuals and entities subject to these and other UK financial sanctions regimes are available from the Financial Sanctions pages of the Treasury website:
http://www.hm-treasury.gov.uk/fin_sanctions_index.htm

Definition of funds

11. For the purposes of the Order “funds” means financial assets and benefits of any kind, including (but not limited to):
 - (i) cash, cheques, claims on money, drafts, money orders and other payment instruments;
 - (ii) deposits with relevant institutions or other persons, balances on accounts, debts and debt obligations;

- (iii) publicly and privately traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures and derivative products;
- (iv) interest, dividends or other income on or value accruing from or generated by assets;
- (v) credit, rights of set-off, guarantees, performance bonds or other financial commitments;
- (vi) letters of credit, bills of lading, bills of sale;
- (vii) documents providing evidence of an interest in funds or financial resources; and
- (viii) any other instrument of export financing

“Economic resources” means assets of every kind, whether tangible or intangible, movable or immovable, which are not funds but may be used to obtain funds, goods or services.

Frozen accounts

- 12. All funds and economic resources that are owned or controlled by designated persons held by banks, building societies, stockbrokers, solicitors, accountants, etc must be frozen. No funds or economic resources may be made available directly or indirectly to or for the benefit of the designated persons. The only exceptions are those permitted under the Order.
- 13. In this context “freezing of funds” means preventing any move, transfer, alteration, use of, access to, or dealing with funds in any way that would result in any change in their volume, amount, location, ownership, possession, character, destination or other change that would enable the funds to be used, including portfolio management.
- 14. In this context “freezing of economic resources” means preventing their use to obtain funds, goods or services in any way, including, but not limited to, by selling, hiring or mortgaging them.
- 15. No payment or transfer may be made from a frozen account, including to another frozen account, without prior authorisation. This includes the deduction of fees or service charges for routine holding or maintenance of frozen accounts. Loans and other forms of credit should not be made available to designated persons.

Interest, other payments and credits

- 16. The asset freeze in the Resolution and Council Regulation (EC) No 329/2007 does not apply to payments due under contracts, agreements or obligations, which were concluded or arose before 14 October 2006, if payment is made into a frozen account. The exception that appears in Article 8 of the Order allows payments for any contracts, agreements or obligations that were concluded or arose prior to 14 October 2006. Annex II to this Notice provides a licence from the Treasury to extend the date of those contracts, agreements or obligations to which the exception applies to those concluded

or which arose before 24 April 2009, the date the persons in Annex I to this Notice were designated by the Sanctions Committee.

17. The prohibition against making funds or economic resources available does not prevent the crediting of frozen accounts by financial or credit institutions that receive funds transferred by third parties to the frozen account of the listed person provided that any additions to such accounts are also frozen. Financial institutions are required to inform the Treasury of any such transactions without delay.

Exemptions

18. The Treasury is able to authorise the release of or making available of certain frozen funds or economic resources, if they have determined that the funds or economic resources concerned are:

- (a) necessary to satisfy the basic expenses of those designated by the Sanctions Committee and their dependent family members, including payments for foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums, and public utility charges;
- (b) intended exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services;
- (c) intended exclusively for payment of fees or service charges for routine holding or maintenance of frozen funds, other financial assets or economic resources;
- (d) necessary for extraordinary expenses.

Provision of information

19. All financial institutions and other bodies and persons in the UK are required to check whether they maintain any accounts or otherwise hold any funds for the persons listed in Annex I to this Notice and, if so they should report to the Treasury details of all funds, other financial assets or economic resources that they have frozen in accordance with the Order. They must also provide the Treasury with all relevant information necessary for ensuring compliance with the Order.

Enquiries

20. Non-media enquiries should be addressed by post to the Asset Freezing Unit, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ, or by phone 020 7270 5454/5664, by fax 020 7451 7677 or by e-mail to assetfreezingunit@hm-treasury.gov.uk.

21. Media enquiries should be addressed to the Treasury Press Office on 020 7270 5238.

HM Treasury
27 April 2009

ANNEX I

FINANCIAL SANCTIONS: DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA

ADDITIONS MADE BY UN SANCTIONS COMMITTEE TO UN CONSOLIDATED LIST MAINTAINED UNDER RESOLUTION 1718 (2006) ON 24 APRIL 2009

ADDITIONS

Entities

1. KOREA MINING DEVELOPMENT TRADING CORPORATION

- a.k.a: (1) Changgwang Sinyong Corporation
(2) DPRKN Mining Development Trading Cooperation
(3) External Technology General Corporation
(4) KOMID

Address: Central District, Pyongyang, Democratic People's Republic of Korea

Other Information: Primary arms dealer and main exporter of goods and equipment related to ballistic missiles and conventional weapons.

2. KOREA RYONBONG GENERAL CORPORATION

- a.k.a: Korea Yonbong General Corporation
f.k.a: Lyongaksan General Trading Corporation

Address: (1) Pot'onggang District, Pyongyang, Democratic People's Republic of Korea

(2) Rakwon-dong, Pothonggang District, Pyongyang, Democratic People's Republic of Korea

Other Information: Defence conglomerate specialising in acquisition for DPRK defence industries and support to that country's military-related sales.

3. TANCHON COMMERCIAL BANK

- f.k.a: (1) Changgwang Credit Bank
(2) Korea Changgwang Credit Bank

Address: Saemul 1-Dong Pyongchon District, Pyongyang, Democratic People's Republic of Korea

Other Information: Main DPRK financial entity for sales of conventional arms, ballistic missiles, and goods related to the assembly and manufacture of such weapons.



HM TREASURY

THE NORTH KOREA (UNITED NATIONS MEASURES) ORDER 2006 (S.I.2006/2958)

GENERAL LICENCE TO EXTEND EXEMPTION UNDER ARTICLE 8

1. This licence is granted under Article 10 of the North Korea (United Nations Measures) Order 2006 (“the Order”), in accordance with United Nations Security Council Resolution 1718 (2006) and Article 9 of Council Regulation (EC) No 329/2007.
2. This licence applies where the designated person referred to in Article 3 of the Order is a person designated by the United Nations Sanctions Committee established pursuant to paragraph 12 of United Nations Security Council Resolution 1718 (2006) on 24 April 2009.
3. Where paragraph 2 applies, the date of 14 October 2006 in Article 8(1)(b) of the Order shall be substituted for the date of 24 April 2009.

Asset Freezing Unit
HM Treasury
27 April 2009

