

2017 No. 883

CRIMINAL LAW

**The Democratic People’s Republic of Korea (European Union
Financial Sanctions) (Amendment) (No. 2) Regulations 2017**

Made - - - -at 11.45 a.m. on 6th September 2017

Laid before Parliament at 3.30 p.m. on 6th September 2017

Coming into force - - - at 4.00 p.m. on 6th September 2017

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

These Regulations make provision for a purpose mentioned in section 2(2) of that Act and it appears to the Treasury that it is expedient for any reference to an Annex to Council Regulation (EU) 2017/1509 of 30th August 2017(c) concerning restrictive measures against the Democratic People’s Republic of Korea and repealing Regulation (EC) No 329/2007 to be construed as a reference to that Annex as amended from time to time.

The Treasury, in exercise of the powers conferred by section 2(2) of, and paragraph 1A of Schedule 2 to, the European Communities Act 1972, make the following Regulations.

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Democratic People’s Republic of Korea (European Union Financial Sanctions) (Amendment) (No. 2) Regulations 2017 and come into force at 4.00 p.m. on 6th September 2017.

(2) In these Regulations, “the 2017 Regulations” means the Democratic People’s Republic of Korea (European Union Financial Sanctions) Regulations 2017(d).

Amendments to the 2017 Regulations

2.—(1) The 2017 Regulations are amended as follows.

(a) S.I. 2010/1834.

(b) 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 1(1)(d) of Schedule 2 to the 1972 Act is modified by section 144 of the Policing and Crime Act 2017 (c.3), in relation to the exercise of the powers conferred by section 2(2) of the 1972 Act, for the purposes of implementing, or otherwise in relation to, EU obligations created or arising by or under an EU financial sanctions Regulation, as defined by section 143 of the 2017 Act. Paragraph 1A of Schedule 2 to the 1972 Act 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.

(c) OJ L 224 31.8.2017, p.1.

(d) S.I. 2017/218; amended by S.I. 2017/556 and 2017/754.

- (2) In regulation 2 (interpretation)—
- (a) in the definition of “the Council Regulation”, for “Council Regulation (EC) No 329/2007 of 27th March 2007 concerning restrictive measures against the Democratic People’s Republic of Korea” substitute “Council Regulation (EU) 2017/1509 of 30th August 2017 concerning restrictive measures against the Democratic People’s Republic of Korea and repealing Regulation (EC) No 329/2007”;
 - (b) in the definition of “designated person”, for “Annex IV, V or Va” substitute “Annex XIII, XV, XVI or XVII”.
- (3) Omit regulation 8 (funds and economic resources: Government of Democratic People’s Republic of Korea and Worker’s Party of Korea).
- (4) After regulation 8 insert—

“Persons listed in Annex XVII of the Council Regulation, the Foreign Trade Bank and the Korean National Insurance Company

8A.—(1) The prohibitions in regulations 3 to 7, as they relate to persons, entities or bodies listed in Annex XVII of the Council Regulation, do not apply where the funds or economic resources are required to carry out the activities of a diplomatic or consular mission of the Democratic People’s Republic of Korea, including its missions to the United Nations and its specialised agencies and related organisations.

(2) The prohibitions in regulations 3 to 7 do not apply with regard to funds and economic resources belonging or made available to the Foreign Trade Bank of the Democratic People’s Republic of Korea or to the Korean National Insurance Company provided that such funds and economic resources are intended to be used exclusively for the official purposes of a diplomatic or consular mission in the Democratic People’s Republic of Korea or for humanitarian assistance activities undertaken by, or in coordination with, the United Nations.”.

- (5) In regulation 10 (credit and financial institutions: accounts and correspondent banking relationships)—
- (a) in paragraph (1), for “Article 16” substitute “Article 1”;
 - (b) in paragraph (2)(b), omit “as listed in Annex VI of the Council Regulation”;
 - (c) for paragraph (2)(c) substitute—
 - “(c) a credit or financial institution that is not domiciled in the Democratic People’s Republic of Korea but is controlled by a person, entity or body domiciled in the Democratic People’s Republic of Korea.”;
 - (d) in paragraph (3), for “Article 16” substitute “Article 1”.
- (6) In regulation 12 (acquisition or extension of ownership interest), for “Article 16” substitute “Article 1”.
- (7) In regulation 15 (severance of existing financial relationships), in both places it occurs, for “Article 16” substitute “Article 1”.
- (8) In regulation 16 (business directly or indirectly with designated persons), for “Annex IV” substitute “Annex XIII”.
- (9) In regulation 18(2), (3), (4) and (6)(f) (investment and commercial activities), omit “legal”.
- (10) In regulation 19 (transfers of funds)—
- (a) in paragraph (1), after “paragraph (3)” insert “or paragraph (5)”;
 - (b) in paragraph (2), before sub-paragraph (a)—
 - (i) after “paragraph (3)” insert “or paragraph (5)”;
 - (ii) for “Article 16” substitute “Article 1”;
 - (c) in paragraph (2)(b), omit “, as listed in Annex VI to the Council Regulation”;
 - (d) for paragraph (2)(c) substitute—

“(c) credit or financial institutions that are not domiciled in the Democratic People’s Republic of Korea but are controlled by persons, entities or bodies domiciled in the Democratic People’s Republic of Korea.”;

(e) in paragraph (3)(b)(ii), omit “prior”;

(f) for paragraph (4)(g) substitute—

“(g) transactions regarding the official purposes of a diplomatic or consular mission or an international organisation enjoying immunities in accordance with international law;”;

(g) omit paragraphs (4)(h), (4)(i), (4)(k) and (4)(l);

(h) for paragraph (5) substitute—

“(5) The prohibitions in paragraphs (1) and (2) do not apply to a transfer of funds or transaction which is necessary for the official purposes of a diplomatic or consular mission of a Member State in the Democratic People’s Republic of Korea or an international organisation enjoying immunities in the Democratic People’s Republic of Korea in accordance with international law.”.

(11) In regulation 21 (bank accounts for diplomats and diplomatic missions of the Democratic People’s Republic of Korea), in both places it occurs, for “Article 16” substitute “Article 1”.

(12) In regulation 23(1) (licences), for “3 to 8” substitute “3 to 7”.

(13) In regulation 24 (contravention and circumvention of prohibitions), in both places, for “3 to 8” substitute “3 to 7”.

Savings

3.—(1) This regulation applies to a licence or authorisation granted by the Treasury under regulation 23 (licences) or regulation 19 (transfers of funds) of the 2017 Regulations, or which has effect as if it were such a licence or authorisation by virtue of regulation 33 (savings) of the 2017 Regulations, and which was in effect immediately before the coming into force of Council Regulation (EU) 2017/1509 of 30th August 2017 concerning restrictive measures against the Democratic People’s Republic of Korea and repealing Regulation (EC) No 329/2007.

(2) Subject to variation or revocation, a licence or authorisation to which paragraph (1) applies continues to have effect notwithstanding the repeal of Council Regulation (EC) No 329/2007, and any reference in such licence or authorisation to that Regulation (or to a particular part of that Regulation) is to be construed as a reference to Council Regulation (EU) 2017/1509 (or the corresponding part).

*Heather Wheeler
Mark Spencer*

At 11.45 a.m. on 6th September 2017 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 (EU) 2017/1509 of 30th August 2017 (OJ L 224, 31.8.2017, p1) concerning restrictive measures against the Democratic People’s Republic of Korea (“DPRK”) and repealing Regulation (EC) No 329/2007 (“the 2017 Council Regulation”).

The measures include the freezing of funds and economic resources of designated persons and ensuring that funds and economic resources are not made available to them or for their benefit. They also include broader financial sanctions measures.

The 2017 Council Regulation consolidates the sanctions framework in relation to the DPRK and repeals and replaces Council Regulation (EC) No 329/2007 (OJ L 88 29.3.2007, p.1) of 27th March 2007 which had been amended on a number of occasions. These Regulations amend the

Democratic People's Republic of Korea (European Union Financial Sanctions) Regulations 2017 (S.I. 2017/218) to refer to the 2017 Council Regulation and to the new Annexes to that Regulation which designate persons and entities as being subject to financial sanctions. These Regulations make further provision consequent on other changes to the 2017 Council Regulation.

An impact assessment has not been prepared for this instrument because no impact on the private or voluntary sector is foreseen.

A list of designated persons is available at: www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets or can be obtained from the Office of Financial Sanctions Implementation, H.M. Treasury, 1 Horse Guards Road, London SW1A 2HQ.

Further information is available from the Office of Financial Sanctions Implementation at the above address and on H.M. Treasury website (www.gov.uk/government/organisations/hm-treasury).

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