

# FATF Statement on the Democratic People's Republic of Korea (DPRK)

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*Buenos Aires, 3 November 2017* - The FATF is deeply concerned with the proliferation financing risk emanating from the Democratic People's Republic of Korea (DPRK) and highlights the importance of robust implementation of the FATF standards to disrupt the DPRK's illicit financial activities. Given the recent United Nations Security Council (UNSC) Resolutions passed this year that reinforce the strict financial restrictions on DPRK, the FATF is reiterating its relevant international standards related to proliferation financing.

In order to address the threat posed by the DPRK's illicit activities related to the proliferation of weapons of mass destruction (WMD) and its financing, the FATF calls upon its members and urges all jurisdictions to effectively implement the relevant FATF recommendations and UNSC Resolutions.

## Robust Implementation of FATF Recommendations relevant to DPRK

While an effective AML/CFT regime, in general, is important for countering illicit finance, the FATF emphasises that the implementation of FATF recommendations is particularly relevant for addressing the proliferation financing threat emanating from DPRK. Specifically, countries should robustly implement targeted financial sanctions against individuals and entities without delay and could consider proposing new listings of individuals and entities meeting the designation criteria. The FATF updated Recommendation 7 in June this year to reflect the changing risks and recent UNSC Resolutions, including by extending targeted financial sanctions to DPRK Government entities that countries determine are associated with nuclear or ballistic missile programmes, as required under UNSC Resolution 2270.

In addition, countries need to cooperate and coordinate between relevant authorities on the development and implementation of policies and activities to combat PF and share relevant information (Recommendation 2). An effective system for combating Proliferation Financing will ensure that person and entities designated by the UNSC Resolutions on WMD proliferation are identified, deprived of resources, and prevented from raising, moving, and using funds or other assets for the financing of proliferation. DPRK frequently uses front companies, shell companies, joint ventures and complex, opaque ownership structures for the purpose of violating sanctions, as set out in UNSC Resolution 2270 (OP16). Central to developing an effective regime are mechanisms to prevent the evasion of sanctions as well as ensuring that relevant competent authorities provide financial institutions and DNFBPs with guidance and specific feedback (Immediate Outcome 11).

## United Nations Security Council Resolutions relevant to DPRK

The UNSC has recently passed several important Resolutions concerning DPRK. The FATF emphasises that, in addition to implementation of targeted financial sanctions according to FATF Recommendation 7, the following provisions are particularly relevant to disrupt the DPRK's illicit financial activities:

- States shall prohibit the opening and operation of new branches, subsidiaries, and representative offices of DPRK banks in their territories, and shall take the necessary measures to close existing branches, subsidiaries, and representative offices, and also to terminate correspondent banking relationships with DPRK banks (UNSCR 2270, OP 33).
- States shall prohibit financial institutions within their territories or subject to their jurisdiction from opening new representative offices or subsidiaries, branches or banking accounts in the DPRK (UNSCR 2270, OP 34). Companies performing financial services commensurate with those provided by banks are considered financial institutions for these purposes (UNSCR 2371, OP 14)
- States shall prohibit, by their nationals or in their territories, the opening, maintenance, and operation of all joint ventures or cooperative entities, new and existing, with DPRK entities or individuals, whether or not acting for or on behalf of the government of the DPRK (UNSCR 2375, OP 18)
- States shall take steps to limit the number of bank accounts to one per DPRK diplomatic mission and consular post, and one per accredited DPRK diplomat and consular officer, at banks in their territories (UNSCR 2321, OP 16)

## FATF Call for Countermeasures

For the last six years, the FATF has called upon its members and urged all jurisdictions to apply effective countermeasures to protect their financial systems from the ML/TF and PF threat emanating from DPRK. View FATF statement [here](#).

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- [Chairman's Summary Joint FATF/GAFILAT Plenary, Buenos Aires, 3 November 2017](#)

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