

**THE DEMOCRATIC PEOPLE’S REPUBLIC OF KOREA (SANCTIONS) (EU EXIT)  
REGULATIONS 2019**

**REPORT UNDER SECTION 18 OF THE SANCTIONS AND ANTI-MONEY  
LAUNDERING ACT 2018 IN RELATION TO CRIMINAL OFFENCES**

**A: INTRODUCTION**

1. This is a report under section 18 of the Sanctions and Anti Money Laundering Act 2018 (“**the Act**”) in relation to the Democratic People’s Republic of Korea (DPRK) (Sanctions) (EU Exit) Regulations 2019 (“**the Regulations**”).
2. Section 18(2) of the Act requires a report to be laid before Parliament where regulations made under section 1 of the Act create offences for the purposes of enforcing any prohibitions or requirements imposed by those regulations, or for the purposes of preventing the circumvention of those prohibitions or requirements.
3. In accordance with section 18, this report: sets out the offences created by the Regulations (see Part B); explains why there are good reasons for the relevant prohibitions or requirements in the Regulations to be enforceable by criminal proceedings (Part C); and sets out the maximum terms of imprisonment that apply to those offences and why there are good reasons for those maximum terms (Part D).

**B: THE OFFENCES**

4. The principal prohibitions and requirements in the Regulations are aimed at compliance with United Nations (UN) obligations and restricting the ability of the DPRK to carry on banned programmes, promoting the abandonment by the DPRK of banned programmes and the decommissioning of the DPRK’s banned weapons, and otherwise promoting peace, security and stability on the Korean peninsula.
5. The Regulations confer a power on the Secretary of State to designate persons who are, or have been involved in the facilitation of any of the DPRK’s military programmes, are owned or controlled directly or indirectly by a person who is or has been so involved, are acting on behalf of or at the direction of a person who is or has been so involved, or are members of, or associated with, a person who is or has been so involved. The Regulations then provide a number of prohibitions in relation to designated persons (including, no person is to deal with the assets of the person or provide funds or other economic resources to them or for their benefit). They also: impose various prohibitions including on investment and the provision of financial services in DPRK, trade in military, dual use and other arms and WMD-related goods, the import of certain goods from DPRK, the provision of services relating to ships and aircraft and the movement of aircraft and ships.

6. The offences created by the Regulations fall into the following categories:
  - a. contravening the principal prohibitions in the Regulations (e.g. breaching an asset-freeze or sectoral financial sanctions or breaching a trade or transport restriction) or trying to circumvent those principal prohibitions;
  - b. knowingly or recklessly providing false information for the purpose of obtaining a licence;
  - c. breaching the terms of a licence;
  - d. failing to comply with requirements relating to the providing and recording of information;
  - e. failing to inform the National Crime Agency about suspected proliferation financing or carrying out related activity without following instructions from the relevant authority;
  - f. disclosing confidential information in certain cases where the designation power has been used or where directions have been made in relation to aircraft and ships.
7. Details of each of the offences created by these Regulations, the prohibitions and requirements to which those offences relate, and the maximum penalties relating to each offence, are set out:
  - a. in relation to financial sanctions, in the table in **Annex A** to this report;
  - b. in relation to trade sanctions, in the table in **Annex B** to this report;
  - c. in relation to transport sanctions, in the table in **Annex C** to this report.
  - d. in relation to the disclosure of confidential information where the designation power has been used, in the table in **Annex C** to this report.

## **C: REASONS FOR CREATING THE OFFENCES**

8. In order to fulfil the stated purpose of this sanctions regime, the prohibitions and requirements in these Regulations need to be properly enforced.
9. There are several mechanisms through which these measures can be enforced without criminal proceedings. These include the imposition of monetary penalties for breaching financial sanctions and the seizure of goods being dealt with in contravention of certain trade sanctions measures.

10. Having the ability to take enforcement action through criminal proceedings, alongside these other enforcement measures, is appropriate for several reasons. The offences act as a deterrent in relation to the commission of serious acts and omissions which would undermine the purpose of the regime. They also allow the government to take a proportionate response where severity of the act or omission warrants it.
11. Importantly, the offences created by the Regulations are broadly consistent with the offences contained in the legislation which the Regulations will replace. There is one new offence of failure to report suspected nuclear proliferation financing or of carrying out related activity, which is treated in line with the other information offences in these Regulations. Failing to create offences would mean that there would be an enforcement gap between existing legislation and the Regulations. Special care has been taken to provide that where conduct contravenes prohibitions and restrictions under these Regulations and related offences in export control legislation, only the offences set out in these Regulations will be taken as having been committed.
12. These issues are addressed in more detail below in relation to the different types of offences in the Regulations.

***Breaches of, and circumvention of, the principal financial prohibitions***

13. The prohibitions contained in Chapter 1 (asset freeze etc.) of Part 4 (Finance), regulations 13 to 17, prohibit persons from dealing with funds or economic resources owned, held or controlled by a designated person and from making funds or economic resources available to or for the benefit of a designated person where the person doing so knows or has reasonable cause to suspect that this is the case.
14. Chapter 2 (investment, financial services and financial markets) of that Part (regulations 18 to 30) relates to investment, financial services and financial markets restrictions. For example, it is prohibited to open a new bank account, establish a new correspondent banking relationship, or establish a joint venture with DPRK credit and financial institutions, their branches and subsidiaries and other associated entities. It also includes (but is not limited to) prohibitions on the transfer of funds to the DPRK and the sale or purchase of bonds in some circumstances.
15. Regulation 31 prohibits intentional conduct whose known object or effect is to circumvent any of those prohibitions.
16. A breach of these prohibitions is a serious matter because such actions undermine the purpose of the sanctions regime. In this case, breaches could undermine the effectiveness of the UN sanctions regime and/or allow the flow of funds to those who are involved in the facilitation of any of the DPRK's banned programmes.
17. The ability to institute criminal proceedings in relation to these matters serves as an effective deterrent. It also enables the government to take a proportionate response which corresponds to the severity of the breach.

18. The ability to institute criminal proceedings sits alongside other enforcement measures relating to financial sanctions. In particular, the Regulations provide the Office of Financial Sanctions Implementation (OFSI) with the ability to impose civil monetary penalties under Part 8 of the Policing and Crime Act 2017 to enforce breaches of these prohibitions<sup>1</sup> Enabling these prohibitions to be enforceable by criminal proceedings alongside these other enforcement measures ensures that a range of enforcement options is available to enforcement bodies, enabling them to take action that is proportionate to the breach in question.
19. The Regulations are consistent with, but will not duplicate, existing financial sanctions offences. In particular, the financial sanctions offences in the Regulations will replace financial sanctions offences and penalties that were created by the Democratic People's Republic of Korea (European Union Financial Sanctions) Regulations 2017 (S.I. 2017/218 (as amended), which will be revoked by these Regulations. This will ensure that there is no gap in the UK government's ability to enforce financial sanctions on DPRK in compliance with the UK's UN obligations and in respect of the purposes relating to the DPRK's banned programmes and the promotion of peace, security and stability on the Korean peninsula.
20. The offences in the Regulations are also consistent with those contained in other legislation, including: Part 1 of the Terrorist Asset-Freezing etc. Act 2010; Schedule 3 to the Anti-terrorism, Crime and Security Act 2001; and Schedule 7 to the Counter-Terrorism Act 2008. However, each of these legislative regimes have a different underlying purpose and basis for designation (involvement in terrorist activity, terrorist financing, threats to UK national security) and so cannot be directed to breaches of the financial prohibitions in the Regulations. There is therefore no overlap between the criminal offences in the Regulations and other criminal offences relating to financial sanctions that will continue in domestic legislation once the Regulations come into force.

***Breaches of, and circumvention of, the principal trade prohibitions***

21. Breaches of the principal trade prohibitions are a serious matter as they undermine sanctions which are in place for the purpose of compliance with UN obligations and to disrupt, deter and increase the cost of DPRK's efforts to develop nuclear weapon, ballistic missile and other WMD programmes. The goal is for the DPRK to commit to complete, verifiable and irreversible denuclearisation. This sanctions regime forms part of a wider policy of pressure intended to push the DPRK to take steps to this end and fulfil its obligation under multiple United Nations (UN) Security Council Resolutions. Sanctions also restrict the ability of the DPRK to sustain their nuclear and missile programmes. Creating criminal offences serves as an effective deterrent for such serious actions.

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22. There are other enforcement tools available in relation to trade sanctions, most notably the powers contained in the Customs and Excise Management Act 1979 to issue compound penalties, and to seize and dispose of goods where they are being dealt with in contravention of trade sanctions. The ability to institute criminal proceedings sits alongside these other powers and provides the government with a suite of tools to police and ensure compliance with trade sanctions and ensure that there are penalties that are appropriate to the seriousness of breaches of sanctions measures.
23. The Regulations replace offences related to trade sanctions contained in the Export Control (North Korea Sanctions) Order 2018 (“**the 2018 Order**”) (which will be revoked by these Regulations). The 2018 Order is made under section 1-5 and 7 of the Export Control Act 2002 and section 2(2) of the European Communities Act 1972 . The 2018 Order will be revoked by the Regulations, ensuring that there is no overlap. The Regulations will also supplement other export control prohibitions relating to military goods and technology in the Export Control Order 2008 and regulation 128 ensures there is no direct overlap between offences committed under that Order and the Regulations.
24. Sections 50 and 68 of the Customs and Excise Management Act 1979 provides offences in relation to the import and export of prohibited or restricted goods respectively and so such an offence has not been created by the Regulations.

***Breaches of, and circumvention of, the principal transport prohibitions***

25. Parts 7 and 8 of the Regulations detail the prohibitions in relation to aircraft and shipping sanctions respectively. The prohibitions in part 7 make it an offence for a DPRK aircraft to overfly or land in the UK without having first obtained a licence or having permission to do so. It is also an offence for a DPRK aircraft to fail to comply with directions issued by or through air traffic control or an airport operator. Under Part 8, in relation to ships, it is an offence for someone to own, control, charter or operate a DPRK ship or to deal (including selling, leasing or using the ship as security) with a UN-designated ship subject to an asset freeze.
26. It is an offence to allow some categories of ship access to a port without prior permission or official direction from the Secretary of State or the harbour authority. Further offences exist that relate directly to the master or pilot of a DPRK ship. It is forbidden to sail a ship within the scope of these Regulation in to a UK port. Directions can also be made to control the movement of such ships or to detain them and it is an offence not to comply in full. Moreover, it shall be an offence to transfer sanctioned goods from one ship to another in order to attempt to circumvent sanctions regulations.
27. The ability to enforce transport sanctions through the prohibitions or the issuing of directions mentioned above, and through offences to enforce compliance is an important deterrent to uphold the effectiveness of the regime as a whole. The vast

majority of global trade in goods is carried on board ships. Transport sanctions, comprising shipping as well as aircraft restrictions, are therefore crucial in achieving the objectives of the DPRK sanctions regime as they restrict their ability to supply resources to continue programmes banned under UN Regulations and encourage the decommissioning of North Korea's prohibited weapons programmes.

28. Where existing legislation supports the objectives of the sanctions regulations this has been relied upon to ensure a consistent approach to prohibitions and to avoid unnecessary duplication. The powers of detention in part 8 of the Regulations apply the provisions of section 284 of the Merchant Shipping Act 1995, including the associated offences and penalties, in order to ensure a consistent approach to the detention of ships in the UK.

***Breaches of prohibitions and requirements relating to licensing***

29. The licensing offences are intended to ensure that people do not obtain licences based on false information or documents and also that any licence conditions are complied with. The creation of criminal offences will help ensure robust compliance with the Regulations. The system of licensing cannot effectively operate without a strong disincentive to breaching the terms of a licence or making misleading applications.
30. The licensing offences are consistent with those currently applicable under the existing DPRK sanctions regime and domestic export control legislation (including the strict liability offences in relation to purporting to act under the authority of licence).

***Breaches of requirements relating to information***

31. As set out in Annexes A and B, the Regulations require:
- a. relevant firms (including banks and other businesses and professions) to report relevant information to the Treasury in relation to financial sanctions, and to comply with Treasury requests for information;
  - b. a range of persons, including licence holders and designated persons to provide information to the Treasury at Treasury's request;
  - c. relevant firm to inform the National Crime Agency of suspected proliferation financing (and to follow instructions from the relevant competent authority if applicable);
  - d. persons to register or record information relevant to general trade licences.
32. Enabling requirements to be enforceable by criminal proceedings ensures greater compliance with the Regulations. The Treasury relies on reporting by relevant firms and designated persons in particular to assess compliance with the Regulations, and is better able to target its compliance efforts according to the information received.
33. In relation to general trade licences, the offences will help ensure that use of any such general licences can be properly monitored and enforced. The use of a general trade

licence requires auditing to ensure that activity undertaken is in line with the terms of the licence. Without criminal penalties, there would be no means to compel licence-holders to provide the relevant information. This is in line with current practice and related offences in respect of use of general licences for controlled goods and technology under the Export Control Order 2008.

### ***Breaches of the confidential information prohibitions***

34. Regulation 9 contains prohibitions relating to the treatment of information relating to the statement of reasons for a person's designation and states that in certain circumstances the Secretary of State may specify that any of that information should be treated as confidential.

A breach of these prohibitions is a serious matter because disclosing information supporting the reasons why a person has been designated, that is not already available to the public from other sources, could undermine national security or damage international relations or could impede the prevention or detection of serious crime in the UK or elsewhere.

The ability to institute criminal proceedings in relation to these matters serves as an effective deterrent. It also enables the UK government to take a proportionate response which corresponds to the severity of the breach.

35. The Regulations stipulate that it is an offence to disclose the existence or content of a direction given in relation to a ship or an aircraft, or anything done under that direction, if the Secretary of State has notified that that information should remain confidential. This is to ensure compliance if the direction is issued as part of a continuing enforcement action and to deter those who may seek to facilitate the circumvention of sanctions provisions.

## **D: REASONS FOR MAXIMUM PENALTIES**

36. The penalties imposed by the Regulations are set out in Annexes A, B and C. In all cases the penalties are either consistent with penalties relating to offences in legislation that will be replaced by the Regulations or consistent with similar offences in other existing legislation. Further detail on the maximum sentences relating to the different categories of offence are set out discussed below.

### ***Breaches of, and circumvention of, the principal financial prohibitions***

37. In relation to financial sanctions, the government committed in the White Paper consultation on sanctions<sup>2</sup> to ensure consistency of offences and penalties for financial sanctions contained across domestic legislation. In accordance with that commitment, the Regulations provide for penalties consistent with those provided for in the Policing and Crime Act 2017<sup>3</sup>. The maximum sentence on indictment for financial sanctions was increased by that Act from two years to seven years and there is no good reason for the government to revisit the level of penalties on exit from the EU. The government considers the maximum penalty provides an effective deterrent and is proportionate compared to other serious crime penalties.

### ***Breaches of, and circumvention of, the principal trade prohibitions***

38. The maximum term of imprisonment for offences related to breaches of the principal trade prohibitions in these Regulations, or circumvention of them, is 10 years. This is in line with the penalties in the Export Control Order 2008 which contains equivalent offences. The 10-year maximum penalty is considered to be an effective deterrent and is proportionate to the seriousness of the offence.

39. The Regulations are also consistent with article 42 of the Export Control Order 2008 in that they modify the Customs and Excise Management Act 1979 to increase the maximum term of imprisonment for the offence of breaching export controls from seven years to 10 years. This increase ensures alignment with the maximum terms of imprisonment for other similar offences created by the 2018 order. An industry association stakeholder has commented that such provision has “a beneficial effect in assisting export control compliance staff within companies to get the attention of their colleagues on export control matters”.<sup>4</sup>

40. It should be noted that existing penalties relating to the prohibitions referred to in Article 7(3) of the 2018 Order, which are replaced by prohibitions in Part 6 of the Regulations, are set at a maximum of two years’ imprisonment. This is because those provisions of the 2018 Order were made under section 2(2) of the European Communities Act 1972, which caps penalties at two years (under schedule 2(1)(d) of that Act). These penalties are currently out of line with domestic penalties for other

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<sup>3</sup> The maximum terms of imprisonment for indictable offences under Schedule 3 to the Anti-terrorism, Crime and Security Act 2001 and Schedule 7 to the Counter-Terrorism Act 2008 were increased from two years to a maximum of seven years and, for summary offences under those provisions, the maximum terms of imprisonment were increased from three months to 12 months (this being six months for offences committed before section 154(1) of the Criminal Justice Act 2003 comes into force).

<sup>4</sup> Evidence given by the Export Group on Aerospace and Defence (EGAD) to the Defence, Foreign Affairs, International Development and Trade and Industry Committees, Strategic Export Controls: 2007 Review, p75, published on 7 August 2007.

services that assist prohibited export and trade activities, and do not reflect the serious nature of breaches of trade sanctions. We have therefore harmonised the penalties for these offences with the 10-year maximum penalties currently available for breaches of export control prohibitions, for example under article 34 of the Export Control Order 2008. Aligning the enforcement of trade sanctions and other export controls is appropriate because breaches of trade sanctions are equally as serious as other breaches of export controls.

### ***Breaches of, and circumvention of, the principal transport prohibitions***

41. The maximum penalty received for breaching the principal transport sanctions is seven years, a fine, or both. This is in line with similar offences detailed elsewhere in the Regulations as well as consistent with the maximum penalty applied in the North Korea (United Nations Sanctions) Order 2009. This level is proportionate to the serious nature of the offence committed and represents an effective deterrent to the breaching of transport sanctions. Penalties shall be applied on a sliding scale up to this maximum and enhance and consolidate those included in existing legislation. As mentioned in section C above, the offences and penalties associated with failure to comply with a detention direction for ships applies the relevant provisions from the Merchant Shipping Act 1995 and therefore the offence and penalty is consistent with other UK legislation in relation to the detention of ships. A person who does not comply entirely with the conditions of the detention direction and/or precedes to sea before having been released from the port by a competent authority is liable to receive a fine not exceeding £50,000.

### ***Licensing and information offences***

42. The Regulations provide that the maximum term of imprisonment for financial sanctions licensing offences is 7 years' imprisonment. Due to the scope for circumventing sanctions through improper use of a financial sanctions licence, the Secretary of State considers there are good reasons for the maximum term of imprisonment provided for licensing offences under the Regulations to be set at the same level as for breaches of the principal financial prohibitions.
43. The Regulations provide that the maximum term of imprisonment for financial sanctions information offences is 6 months. The level of harm associated with a failure to provide information, that is not related with another form of breach, is not deemed sufficiently high to warrant a higher maximum sentence.
44. The Regulations provide that the maximum term of imprisonment for trade licensing and information offences is 2 years' imprisonment, which is in line with equivalent domestic export control and sanctions legislation, for example under Article 22(2)(a) of the 2018 Order. The Secretary of State considers that there are good reasons to ensure that the maximum terms of imprisonment provided for under the Regulations are consistent with that legislation. There is a good reason for a lesser maximum term of imprisonment for these offences, as compared with the offences relating to the principal

prohibitions, since while penalties need to be set at a level that promotes compliance, breaches are unlikely to result in the same level of harm as for breaches of the principal prohibitions.

45. Offences relating to the breach of a transport licence shall be set at a maximum term of imprisonment of 2 years. This is because breaching the provisions of a transport licence is considered a serious offence and this maximum penalty consolidates the sentence applied for this offence in the North Korea (United Nations Sanctions) Order 2009 which was set at the same level. Whilst still promoting compliance with licence provisions, this penalty is set at a lesser level than the principal transport sanctions offences as licence breaches are not considered to have as harmful an impact.
46. A person who is found to have breached confidentiality conditions relating to a direction shall be liable to receive a sentence of up to 6 months imprisonment. Such breaches, although still serious, do not have as serious an impact as those detailed in the principle transport prohibitions or licensing provisions and therefore carry a lesser sentence.
47. The Regulations provide that the maximum term of imprisonment for the offence of disclosure of confidential information relating to a designation is two years which is in line with the equivalent offence under the Terrorist Asset-Freezing etc. Act 2010.

## **E: CONCLUSIONS**

48. As set out in this report:
  - a. There are good reasons for each of the prohibitions and requirements set out in the Regulations to be enforceable by criminal proceedings. The ability to enforce these measures by criminal proceedings is an effective deterrent, it is consistent with existing legislation and, in conjunction with the use of other enforcement measures, it enables the government to take a proportionate response to potentially serious acts and omissions which would undermine the purpose of the sanctions regime. Importantly, these Regulations do not duplicate any offences that will exist when these Regulations come into force.
  - b. There are also good reasons for the maximum terms of imprisonment that attach to those offences: the maximum penalties are consistent with penalties relating to offences in legislation that will be replaced by the Regulations, or consistent with similar offences in other existing legislation; they are an effective deterrent; and they are proportionate to the seriousness of the types of offences to which they relate.

**The Rt Hon Sir Alan Duncan MP KCMG**

**Minister of State for Europe and the Americas, on behalf of the Secretary of State for Foreign and Commonwealth Affairs**

**Annex A: Table of financial sanctions offences**

<b>Type of Sanctions offences</b>	<b>Specific offence</b>	<b>Relevant prohibition or requirement</b>	<b>Maximum penalty</b>
Breach of sanctions (asset-freeze etc.)	<ol style="list-style-type: none"> <li>1. Dealing with funds or economic resources owned, held or controlled by a designated person</li> <li>2. Making funds available directly or indirectly to a designated person</li> <li>3. Making funds available for the benefit of a designated person</li> <li>4. Making economic resources available directly or indirectly to a designated person</li> <li>5. Making economic resources available for benefit of a designated person</li> </ol>	<ol style="list-style-type: none"> <li>1. reg. 13</li> <li>2. reg. 14</li> <li>3. reg. 15</li> <li>4. reg. 16</li> <li>5. reg. 17</li> </ol>	<p><b>Liable on summary conviction -</b></p> <p>to imprisonment for a term not exceeding 12 months in England and Wales (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, 6 months) and 12 months in Scotland, and 6 months in Northern Ireland or a fine, which in Scotland or Northern Ireland may not exceed the statutory maximum (or both);</p> <p><b>Liable on conviction on indictment -</b></p> <p>to imprisonment for a term not exceeding 7 years or a fine (or both).</p>
Breach of sanctions (Investment, financial services and financial markets)	<ol style="list-style-type: none"> <li>1. Opening accounts or establishing correspondent banking relationships</li> <li>2. Failure to sever existing financial relationships</li> <li>3. Opening of or taking up of business by a representative office, branch or subsidiary of DPRK credit or financial institution</li> <li>4. Operating branches, subsidiaries, and representative offices of DPRK credit or financial institution</li> <li>5. Acquisition or extension of ownership interest by a DPRK credit or financial institution</li> </ol>	<ol style="list-style-type: none"> <li>1. reg. 18</li> <li>2. reg. 19</li> <li>3. reg. 20</li> <li>4. reg. 21</li> <li>5. reg. 22</li> <li>6. reg. 23</li> <li>7. reg. 24</li> <li>8. reg. 25</li> <li>9. reg. 26</li> <li>10. reg.26</li> <li>11. reg. 26</li> <li>12. reg. 27</li> <li>13. reg. 28</li> <li>14. reg. 28</li> <li>15. reg. 29</li> <li>16. reg. 30</li> <li>17. reg. 30</li> <li>18. reg. 30</li> </ol>	<p style="text-align: center;">" " "</p>

6. Failure to close representative offices in the UK
7. Participating in business arrangements with designated persons
8. Opening bank accounts for diplomatic missions etc.
9. Accepting or approving commercial investments from, acquiring interests in or being involved in joint ventures with specified persons; or providing them with funds or financial services
10. Acquiring assets in the DPRK
11. Failure to close joint ventures with those listed in reg. 26
12. Leasing or making available, land, directly or indirectly to or from the Government of the DPRK etc., engaging in linked activities.
13. Making transfers of funds to or from the DPRK
14. Participating in transactions with persons falling within reg.18(2);
15. Provision of insurance or reinsurance services in relation to ships
16. Sale or purchase of public bonds issued after 19 February 2013
17. Provision of brokering services for public bonds issued after 19 February
18. Provision of brokering, advertising or other types of services which help persons in the DPRK issue public bonds

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Circumvention etc. of prohibitions	Circumventing directly or indirectly any of the prohibitions in Chapter 1 or 2 of Part 4 Finance or enabling the contravention of prohibitions.	reg. 31	" " "
Breach of requirements under licences	<ol style="list-style-type: none"> <li>1. Knowingly or recklessly providing false information or providing a document that is not what it purports to be for the purpose of obtaining a licence or direction</li> <li>2. Failing to comply with the conditions of a licence or direction</li> </ol>	<ol style="list-style-type: none"> <li>1. reg. 95</li> <li>2. reg. 95</li> </ol>	" " "
Breach of reporting obligations	<ol style="list-style-type: none"> <li>1. Failure to inform the Treasury about knowledge or reasonable cause to suspect that a person is a designated person or has committed an offence under Part 4 of the Regulations, reg 70 (asset freeze on UN-designated ships) or reg. 95 (finance: licensing offences)</li> <li>2. Failure to provide the Treasury with information on which the knowledge or suspicion is based or information by which the person can be identified</li> <li>3. Failure to provide the Treasury with information about any funds or economic resources it holds for a designated person at the time when it first had knowledge or suspicion.</li> <li>4. Failure to inform NCA about knowledge or reasonable grounds to suspect a person is providing proliferation finance, or carrying out related activity without following instructions from the relevant authority.</li> </ol>	<ol style="list-style-type: none"> <li>1. reg. 99</li> <li>2. reg. 99</li> <li>3. reg. 99</li> <li>4. reg. 101</li> </ol>	<p><b>Liable on summary conviction -</b></p> <p>to imprisonment for a term not exceeding 6 months in England and Wales, 6 months in Scotland, and 6 months in Northern Ireland or a fine, which in Scotland or Northern Ireland may not exceed level 5 on the standard scale (or both).</p>

<p>Failure to comply with requests for information</p>	<ol style="list-style-type: none"> <li>1. Failure to provide information in the time and manner requested under reg. 102</li> <li>2. Knowingly and recklessly providing false information in respect of information requested under reg. 102</li> <li>3. Evasion of requests made under reg. 102 or reg. 103</li> <li>4. Obstruction of Treasury requests for information made under reg. 102 or reg. 103</li> </ol>	<ol style="list-style-type: none"> <li>1. reg. 104</li> <li>2. reg. 104</li> <li>3. reg. 104</li> <li>4. reg. 104</li> </ol>	<p style="text-align: center;">"            "            "</p>
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**Annex B: Table of trade sanctions offences**

<b>Type of sanction offences</b>	<b>Specific offence</b>	<b>The Democratic People's Republic of Korea (Sanctions) (EU Exit) Regulations 2019  reference to relevant prohibition or requirement (or other legislation)</b>	<b>Maximum penalty</b>
Breach of controls on exporting goods.	<ol style="list-style-type: none"> <li>1. Exporting restricted goods<sup>5</sup>, goods for armed forces of the DPRK, armed forces goods<sup>6</sup> and certain goods<sup>7</sup></li> <li>2. Exporting bank notes or coinage</li> <li>3. Exporting gold, precious metals or diamonds</li> </ol>	<ol style="list-style-type: none"> <li>1. reg. 35, 43, 44, 45</li> <li>2. reg. 51</li> <li>3. reg. 52</li> </ol> <p>Offence contained within Customs and Excise Management Act 1979 S. 68(1)</p>	<p><b>Liable on summary conviction</b> To a penalty of £20,000 or of three times the value of the goods, whichever is the greater, or to imprisonment for a term not exceeding 6 months, or to both</p> <p><b>Liable on conviction on indictment</b> To a penalty of any amount, or to imprisonment for a term not exceeding 10 years (this is a modification to the 7 year maximum set out in CEMA).</p>
Breach of controls on importing goods	<ol style="list-style-type: none"> <li>1. Importing arms and related materiel, dual-use goods and other arms- and WMD- related goods, armed forces goods and certain goods</li> <li>2. Importing gold, precious metals or diamonds</li> </ol>	<ol style="list-style-type: none"> <li>1. reg 36, 44 and 48</li> <li>2. reg 52</li> </ol> <p>Offence contained within Customs and Excise Management Act 1979 S. 50(1)</p>	<p><b>Liable on summary conviction</b> To a penalty of £20,000 or of three times the value of the goods, whichever is the greater, or to imprisonment for a term not exceeding 6 months, or to both</p> <p><b>Liable on conviction on indictment</b> To a penalty of any amount, or to imprisonment for a term not exceeding 10 years (this is a modification to the 7 year maximum set out in CEMA).</p>

<sup>5</sup> 'Restricted goods' are defined in regulation 64

<sup>6</sup> 'Armed forces goods and technology' are defined in regulation 44(7)

<sup>7</sup> 'Certain goods' are defined in regulation 45

<p>Breach of controls on supply and delivery of goods</p>	<ol style="list-style-type: none"> <li>1. Supply or delivery of restricted goods</li> <li>2. Supply and delivery of goods for armed forces of the DPRK, 'armed forces goods' and 'certain goods'</li> <li>3. Supply and delivery of bank notes or coinage from a third country to the Central Bank of the DPRK</li> <li>4. Supply and delivery of gold, precious metals or diamonds to or from the DPRK</li> </ol>	<ol style="list-style-type: none"> <li>1. reg. 37</li> <li>2. reg. 43, 44 , 46 and 49</li> <li>3. reg. 51</li> <li>4. reg. 52</li> </ol>	<p><b>Liable on summary conviction</b>  To imprisonment to a term not exceeding 12 months or a fine (or both) in England and Wales  (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, six months). To imprisonment for a term not exceeding 12 months in Scotland. To imprisonment to a term not exceeding 6 months or a fine (or both) in Northern Ireland.</p> <p><b>Liable on conviction on indictment</b>  To imprisonment for a term not exceeding 10 years or a fine (or both).</p>
<p>Breach of controls on the making available and acquisition of goods and technology</p>	<ol style="list-style-type: none"> <li>1. Making available restricted goods and technology, goods and technology for the armed forces of the DPRK, 'armed forces goods and technology' and 'certain goods'</li> <li>2. Acquiring 'certain goods'</li> <li>3. Making available bank notes and coinage to the Central Bank of the DPRK</li> <li>4. Making available gold, precious metals or diamonds</li> </ol>	<ol style="list-style-type: none"> <li>1. reg. 38, 43, 44, 47</li> <li>2. reg. 50</li> <li>3. reg. 51</li> <li>4. reg. 52</li> </ol>	<p><b>Liable on summary conviction</b>  To imprisonment to a term not exceeding 12 months or a fine (or both) in England and Wales  (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, six months). To imprisonment for a term not exceeding 12 months in Scotland. To imprisonment to a term not exceeding 6 months or a fine (or both) in Northern Ireland.</p>

			<p><b>Liable on conviction on indictment</b> To imprisonment for a term not exceeding 10 years or a fine (or both).</p>
Breach of controls on the acquisition or transfer of fishing rights	5. Acquiring or transferring fishing rights	5. reg. 50	<p><b>Liable on summary conviction</b> To imprisonment to a term not exceeding 12 months or a fine (or both) in England and Wales (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, six months). To imprisonment for a term not exceeding 12 months in Scotland. To imprisonment to a term not exceeding 6 months or a fine (or both) in Northern Ireland.</p> <p><b>Liable on conviction on indictment</b> To imprisonment for a term not exceeding 10 years or a fine (or both).</p>
Breach of controls on transferring technology	<ol style="list-style-type: none"> <li>1. Transferring restricted technology</li> <li>2. Transferring technology for the armed forces of the DPRK</li> <li>3. Transferring 'armed forces technology'</li> </ol>	<ol style="list-style-type: none"> <li>1. reg. 39</li> <li>2. reg. 43</li> <li>3. reg. 44</li> </ol>	<p><b>Liable on summary conviction</b> To imprisonment to a term not exceeding 12 months or a fine (or both) in England and Wales (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on</p>

			<p>magistrates' court's power to impose imprisonment) comes into force, six months). To imprisonment for a term not exceeding 12 months in Scotland. To imprisonment to a term not exceeding 6 months or a fine (or both) in Northern Ireland.</p> <p><b>Liable on conviction on indictment</b></p> <p>To imprisonment for a term not exceeding 10 years or a fine (or both).</p>
Services and assistance related to goods and technology	<ol style="list-style-type: none"> <li>1. Providing technical assistance, financial services and funds or brokering services relating to restricted goods and technology</li> <li>2. Providing technical assistance, financial services and funds or brokering services relating to gold, precious metals or diamonds</li> <li>3. Providing services incidental to mining, manufacturing or computer services</li> </ol>	<ol style="list-style-type: none"> <li>1. reg. 40-42</li> <li>2. reg. 53-55</li> <li>3. reg. 56</li> </ol>	<p><b>Liable on summary conviction</b></p> <p>To imprisonment to a term not exceeding 12 months or a fine (or both) in England and Wales (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, six months). To imprisonment for a term not exceeding 12 months in Scotland. To imprisonment to a term not exceeding 6 months or a fine (or both) in Northern Ireland.</p> <p><b>Liable on conviction on indictment</b></p> <p>To imprisonment for a term not exceeding 10 years or a fine (or both).</p>
Financial services or funds related to trade with DPRK	<ol style="list-style-type: none"> <li>1. Providing financial services or funds for the purpose of trade with the DPRK</li> </ol>	<ol style="list-style-type: none"> <li>1. reg. 57</li> </ol>	<p><b>Liable on summary conviction</b></p> <p>To imprisonment to a term not exceeding 12 months or a fine</p>

			<p>(or both) in England and Wales  (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, six months). To imprisonment for a term not exceeding 12 months in Scotland. To imprisonment to a term not exceeding 6 months or a fine (or both) in Northern Ireland.</p> <p><b>Liable on conviction on indictment</b>  To imprisonment for a term not exceeding 10 years or a fine (or both).</p>
Provision of services related to ships and aircraft.	<ol style="list-style-type: none"> <li>1. Leasing or chartering ships or aircraft</li> <li>2. Providing crew services for ships and aircraft</li> <li>3. Providing ship classifications services</li> <li>4. Providing bunkering or ship supply services</li> </ol>	<ol style="list-style-type: none"> <li>1. reg. 58</li> <li>2. reg. 59</li> <li>3. reg. 60</li> <li>4. reg. 61</li> </ol>	<p><b>Liable on summary conviction</b>  To imprisonment to a term not exceeding 12 months or a fine (or both) in England and Wales  (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, six months). To imprisonment for a term not exceeding 12 months in Scotland. To imprisonment to a term not exceeding 6 months or a fine (or both) in Northern Ireland.</p> <p><b>Liable on conviction on indictment</b>  To imprisonment for a term not exceeding 10 years or a fine (or both).</p>

Circumvention etc. of prohibitions	Circumventing directly or indirectly the prohibitions of regs. 35-61 (Trade) or enabling the contravention of prohibitions.	reg. 62	<p><b>Liable on summary conviction</b> To imprisonment to a term not exceeding 12 months or a fine (or both) in England and Wales (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, six months). To imprisonment for a term not exceeding 12 months in Scotland. To imprisonment to a term not exceeding 6 months or a fine (or both) in Northern Ireland.</p> <p><b>Liable on conviction on indictment</b> To imprisonment for a term not exceeding 10 years or a fine (or both).</p>
Licensing offences	<p>a. Knowingly or recklessly:</p> <p>i. Providing information that is false in a material respect, or</p> <p>ii. Providing or producing a document that is not what it purports to be, for the purpose of obtaining a trade licence.</p> <p>b. Purporting to act under the authority of a trade licence but failing to comply with any condition contained in the licence.</p>	reg. 96	<p><b>Liable on summary conviction</b> To imprisonment to a term not exceeding 12 months or a fine (or both) in England and Wales (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, six months). To imprisonment for a term not exceeding 12 months in Scotland. To imprisonment to a term not exceeding 6 months or a fine (or both) in Northern Ireland.</p>

			<p><b>Liable on conviction on indictment</b> To imprisonment for a term not exceeding 2 years or a fine (or both).</p>
Information Offences	<p>1. Failing to comply with record keeping requirements in Regulation 106</p> <p>2. (a) Intentionally obstructing an official in the performance of any of the official's functions under Regulation 107</p> <p>(b) Failing to produce a register, record or document when reasonably required to do so by an official under Regulation 107.</p>	<p>5. reg. 106</p> <p>6. reg. 107</p>	<p><b>Liable on summary conviction</b> To imprisonment to a term not exceeding 12 months or a fine (or both) in England and Wales (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, six months). To imprisonment for a term not exceeding 12 months in Scotland. To imprisonment to a term not exceeding 6 months or a fine (or both) in Northern Ireland.</p> <p><b>Liable on conviction on indictment</b> To imprisonment for a term not exceeding 2 years or a fine (or both).</p>

**Annex C: Table of transport sanctions offences**

Type of sanction offences	Specific offence	DPRK (Sanctions) Regulations 2019 reference to relevant prohibition or requirement (or other legislation)	Maximum penalty
Breach of aircraft sanctions	Being the operator or pilot in command of a DPRK aircraft which overflies the UK, or lands in the UK, except for the purposes for which a permission is required under articles 250 or 252 of the Air Navigation Order.	reg. 65 and reg. 67	<p><b>Liable on summary conviction</b></p> <p>To imprisonment for a term not exceeding 12 months (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, 6 months) or a fine (or both) in England and Wales.</p> <p>To imprisonment for a term not exceeding 12 months, or a fine not exceeding the statutory maximum (or both) in Scotland.</p> <p>To imprisonment for a term not exceeding 6 months, or a fine not exceeding the statutory maximum (or both) in Northern Ireland.</p> <p><b>Liable on indictment</b></p> <p>To imprisonment for a term not exceeding 7 years, or a fine, (or both).</p>

<p>Breach of shipping sanctions</p>	<p>1. Owning, controlling, chartering or operating a DPRK ship.</p> <p>2. Dealing with a UN-designated ship subject to an asset-freeze having knowledge or reasonable cause to suspect that it is such a ship.</p> <p>3. Providing the ships described in regulation 71(5) with access to a port, or causing or permitting such ships to enter any port, knowing or having reasonable cause to suspect that the ship is a ship to which the prohibition applies.</p> <p>4. Transferring any goods (a) from a ship to a DPRK ship; or (b) from a DPRK ship to another ship, if the goods originated in, or are destined for, the DPRK.</p> <p>5. Registering a ship in the DPRK or obtaining authorisation to fly the flag of the DPRK.</p>	<p>1. reg. 69</p> <p>2. reg. 70</p> <p>3. reg. 71</p> <p>4. reg. 74</p> <p>5. reg. 76</p>	<p><b>Liable on summary conviction</b></p> <p>To imprisonment for a term not exceeding 12 months (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, 6 months) or a fine (or both) in England and Wales.</p> <p>To imprisonment for a term not exceeding 12 months, or a fine not exceeding the statutory maximum (or both) in Scotland.</p> <p>To imprisonment for a term not exceeding 6 months, or a fine not exceeding the statutory maximum (or both) in Northern Ireland.</p> <p><b>Liable on indictment</b></p> <p>To imprisonment for a term not exceeding 7 years, or a fine, (or both).</p>
<p>Circumvention etc. of prohibitions</p>	<p>Intentionally participating in activities knowing that the object or effect of them is, whether directly or indirectly:</p> <p>(a) to circumvent (i) the prohibition in regulation 69 (dealing with UN-designated</p>	<p>reg. 78</p>	<p><b>Liable on summary conviction</b></p> <p>To imprisonment for a term not exceeding 12 months (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on</p>

	ships subject to an asset freeze); or (ii) the prohibition in regulation 74 (DPRK ships: transfers of goods); or (b) to enable or facilitate the contravention of any such prohibition.		<p>magistrates' court's power to impose imprisonment) comes into force, 6 months) or a fine (or both) in England and Wales.</p> <p>To imprisonment for a term not exceeding 12 months, or a fine not exceeding the statutory maximum (or both) in Scotland.</p> <p>To imprisonment for a term not exceeding 6 months, or a fine not exceeding the statutory maximum (or both) in Northern Ireland.</p> <p><b>Liable on indictment</b></p> <p>To imprisonment for a term not exceeding 7 years, or a fine, (or both).</p>
Failure to comply with a detention direction	<p>1. Causing a ship to proceed to sea (or being party or privy to the ship proceeding to sea) when a detention direction has been served, before the ship has been released by a competent authority.</p> <p>2. Failing to comply with any requirement imposed by a detention direction.</p>	reg. 75 and section 284 of the Merchant Shipping Act 1995	<p><b>Liable on summary conviction</b></p> <p>To a fine in England and Wales.</p> <p>To a fine not exceeding £50,000 in Scotland and Northern Ireland.</p> <p><b>Liable on indictment</b></p> <p>To a fine.</p>
Failure to comply with directions	1. Failing to comply with a direction given under regulation 65.	<p>1. reg.67</p> <p>2. reg. 72</p> <p>3. reg. 73</p>	<p><b>Liable on summary conviction</b></p> <p>To imprisonment for a term not exceeding 12</p>

	<p>2. Failing to comply with a port barring direction given under regulation 72(1).</p> <p>3. Failing to comply with a port entry direction or a movement direction given under regulation 73(1).</p>		<p>months (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, 6 months) or a fine (or both) in England and Wales.</p> <p>To imprisonment for a term not exceeding 12 months, or a fine not exceeding the statutory maximum (or both) in Scotland.</p> <p>To imprisonment for a term not exceeding 6 months, or a fine not exceeding the statutory maximum (or both) in Northern Ireland.</p> <p><b>Liable on indictment</b></p> <p>To imprisonment for a term not exceeding 7 years, or a fine, (or both).</p>
<p>Breach of confidentiality requirement</p>	<p>1. Disclosing the existence or content of a direction, or anything done under such a direction, given under regulation 65 (movement of aircraft) when the Secretary of State has notified that the information should remain confidential.</p> <p>2. Disclosing the existence or content of a port barring</p>	<p>1. reg. 67</p> <p>2. reg. 72</p> <p>3. reg. 73</p>	<p>On summary conviction in England and Wales, to a term of imprisonment not exceeding 6 months, or a fine, (or both);</p> <p>On summary conviction in Scotland, to a term of imprisonment not exceeding 6 months, or a fine not exceeding level 5 on the standard scale, (or both);</p>

	<p>direction, or anything done under such a direction, given under regulation 72 (directions prohibiting port entry) when the Secretary of State has notified that the information should remain confidential.</p> <p>3. Disclosing the existence or content of a port entry or movement direction, or anything done under such a direction, given under regulation 73 (movement of ships) when the Secretary of State has notified that the information should remain confidential.</p>		<p>On summary conviction in Northern Ireland, to a term of imprisonment not exceeding 6 months, or a fine not exceeding level 5 on the standard scale, (or both).</p>
Licensing offences	<p>1. Knowingly or recklessly:</p> <p>(i) providing information that is false in a material respect, or</p> <p>(ii) providing or producing a document that is not what it purports to be,</p> <p>for the purpose of obtaining a transport licence.</p> <p>2. Purporting to act under the authority of a transport licence but failing to comply with any condition of the licence.</p>	reg. 97	<p><b>Liable on summary conviction</b></p> <p>To imprisonment for a term not exceeding 12 months (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, 6 months) or a fine (or both) in England and Wales.</p> <p>To imprisonment for a term not exceeding 12 months, or a fine not exceeding the statutory maximum (or both) in Scotland.</p>

			<p>To imprisonment for a term not exceeding 6 months, or a fine not exceeding the statutory maximum (or both) in Northern Ireland.</p> <p><b>Liable on indictment</b></p> <p>To imprisonment for a term not exceeding 2 years, or a fine, (or both).</p>
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**Annex D: Table of other offences**

<b>Other offences</b>	<b>Specific offence</b>	<b>Relevant prohibition or requirement</b>	<b>Maximum penalty</b>
Breach of confidential information provision	Breach of the prohibition on disclosing information which the Secretary of State has specified as confidential.	reg. 9	<p><b>Liable on summary conviction</b></p> <p>To imprisonment to a term not exceeding 12 months or a fine (or both) in England and Wales (or, in relation to offences committed before section 154(1) of the Criminal Justice Act 2003 (general limit on magistrates' court's power to impose imprisonment) comes into force, six months). To imprisonment for a term not exceeding 12 months in Scotland. To imprisonment to a term not exceeding 6 months or a fine (or both) in Northern Ireland.</p> <p><b>Liable on indictment</b></p> <p>To imprisonment for a term not exceeding 2 years or a fine (or both).</p>

