

(D) urged all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with North Korea, including North Korean companies and financial institutions; and

(E) called on all jurisdictions—

(i) to protect against correspondent relationships being used to bypass or evade countermeasures and risk mitigation practices; and

(ii) to take into account money laundering and terrorist financing risks when considering requests by North Korean financial institutions to open branches and subsidiaries in their respective jurisdictions.

(3) On March 7, 2013, the United Nations Security Council unanimously adopted Resolution 2094, which—

(A) welcomed the Financial Action Task Force's—

(i) recommendation on financial sanctions related to proliferation; and

(ii) guidance on the implementation of such sanctions;

(B) decided that United Nations member states should apply enhanced monitoring and other legal measures to prevent the provision of financial services or the transfer of property that could contribute to activities prohibited by applicable United Nations Security Council resolutions; and

(C) called upon United Nations member states to prohibit North Korean financial institutions from establishing or maintaining correspondent relationships with financial institutions in their respective jurisdictions to prevent the provision of financial services if such member states have information that provides reasonable grounds to believe that such activities could contribute to—

(i) activities prohibited by an applicable United Nations Security Council resolution; or

(ii) the evasion of such prohibitions.

(b) Sense of Congress regarding the designation of North Korea as a jurisdiction of primary money laundering concern

Congress—

(1) acknowledges the efforts of the United Nations Security Council to impose limitations on, and to require the enhanced monitoring of, transactions involving North Korean financial institutions that could contribute to sanctioned activities;

(2) urges the President, in the strongest terms—

(A) to immediately designate North Korea as a jurisdiction of primary money laundering concern; and

(B) to adopt stringent special measures to safeguard the financial system against the risks posed by North Korea's willful evasion of sanctions and its illicit activities; and

(3) urges the President to seek the prompt implementation by other countries of enhanced monitoring and due diligence to prevent North Korea's misuse of the international financial system, including by sharing infor-

mation about activities, transactions, and property that could contribute to—

(A) activities sanctioned by applicable United Nations Security Council resolutions; or

(B) the evasion of such sanctions.

(c) Determinations regarding North Korea

(1) In general

Not later than 180 days after February 18, 2016, the Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General, and in accordance with section 5318A of title 31, shall determine whether reasonable grounds exist for concluding that North Korea is a jurisdiction of primary money laundering concern.

(2) Enhanced due diligence and reporting requirements

If the Secretary of the Treasury determines under paragraph (1) that reasonable grounds exist for concluding that North Korea is a jurisdiction of primary money laundering concern, the Secretary, in consultation with the Federal functional regulators (as defined in section 6809 of title 15), shall impose 1 or more of the special measures described in section 5318A(b) of title 31 with respect to the jurisdiction of North Korea.

(3) Report required

(A) In general

Not later than 90 days after the date on which the Secretary of the Treasury makes a determination under paragraph (1), the Secretary shall submit to the appropriate congressional committees a report that contains the reasons for such determination.

(B) Form

The report submitted under subparagraph (A) shall be submitted in unclassified form, but may include a classified annex.

(Pub. L. 114-122, title II, §201, Feb. 18, 2016, 130 Stat. 101.)

§ 9221a. Prohibition on indirect correspondent accounts

(a) In general

Except as provided in subsection (b), if a United States financial institution has or obtains knowledge that a correspondent account established, maintained, administered, or managed by that institution for a foreign financial institution is being used by the foreign financial institution to provide significant financial services indirectly to any person, foreign government, or financial institution designated under section 9214 of this title, the United States financial institution shall ensure that such correspondent account is no longer used to provide such services.

(b) Exception

A United States financial institution is authorized to process transfers of funds to or from North Korea, or for the direct or indirect benefit of any person, foreign government, or financial institution that is designated under section 9214 of this title, only if the transfer—

(1) arises from, and is ordinarily incident and necessary to give effect to, an underlying transaction that has been authorized by a specific or general license issued by the Secretary of the Treasury; and

(2) does not involve debiting or crediting a North Korean account.

(c) Definitions

In this section:

(1) Correspondent account

The term “correspondent account” has the meaning given that term in section 5318A of title 31.

(2) United States financial institution

The term “United States financial institution” means¹ has the meaning given that term in section 510.310 of title 31, Code of Federal Regulations, as in effect on August 2, 2017.

(3) Foreign financial institution

The term “foreign financial institution” has the meaning given that term in section 1010.605 of title 31, Code of Federal Regulations, as in effect on August 2, 2017.

(Pub. L. 114–122, title II, §201A, as added Pub. L. 115–44, title III, §312(a), Aug. 2, 2017, 131 Stat. 945.)

§ 9222. Ensuring the consistent enforcement of United Nations Security Council resolutions and financial restrictions on North Korea

(a) Findings

Congress makes the following findings:

(1) All member states of the United Nations are obligated to implement and enforce applicable United Nations Security Council resolutions fully and promptly, including by blocking the property of, and ensuring that any property is prevented from being made available to, persons designated for the blocking of property by the Security Council under applicable United Nations Security Council resolutions.

(2) As of May 2015, 158 of the 193 member states of the United Nations had not submitted reports on measures taken to implement North Korea-specific United Nations Security Council resolutions 1718, 1874, and 2094.

(3) A recent report by the Government Accountability Office (GAO–15–485)—

(A) finds that officials of the United States and representatives of the United Nations Panel of Experts established pursuant to United Nations Security Council Resolution 1874 (2009), which monitors and facilitates implementation of United Nations sanctions on North Korea, “agree that the lack of detailed reports from all member states is an impediment to the UN’s effective implementation of its sanctions”; and

(B) notes that “many member states lack the technical capacity to enforce sanctions and prepare reports” on the implementation of United Nations sanctions on North Korea.

(4) All member states share a common interest in protecting the international financial

system from the risks of money laundering and illicit transactions emanating from North Korea.

(5) The United States dollar and the euro are the world’s principal reserve currencies, and the United States and the European Union are primarily responsible for the protection of the international financial system from the risks described in paragraph (4).

(6) The cooperation of the People’s Republic of China, as North Korea’s principal trading partner, is essential to—

(A) the enforcement of applicable United Nations Security Council resolutions; and

(B) the protection of the international financial system.

(7) The report of the Panel of Experts expressed concern about the ability of banks to detect and prevent illicit transfers involving North Korea if such banks are located in member states with less effective regulators or member states that are unable to afford effective compliance.

(8) North Korea has historically exploited inconsistencies between jurisdictions in the interpretation and enforcement of financial regulations and applicable United Nations Security Council resolutions to circumvent sanctions and launder the proceeds of illicit activities.

(9) Amroggang Development Bank, Bank of East Land, and Tanchon Commercial Bank have been designated by the Secretary of the Treasury, the United Nations Security Council, and the European Union as having materially contributed to the proliferation of weapons of mass destruction.

(10) Korea Daesong Bank and Korea Kwangson Banking Corporation have been designated by the Secretary of the Treasury and the European Union as having materially contributed to the proliferation of weapons of mass destruction.

(11) The Foreign Trade Bank of North Korea has been designated by the Secretary of the Treasury for facilitating transactions on behalf of persons linked to its proliferation network and for serving as “a key financial node”.

(12) Daedong Credit Bank has been designated by the Secretary of the Treasury for activities prohibited by applicable United Nations Security Council resolutions, including the use of deceptive financial practices to facilitate transactions on behalf of persons linked to North Korea’s proliferation network.

(b) Sense of Congress

It is the sense of Congress that the President should intensify diplomatic efforts in appropriate international fora, such as the United Nations, and bilaterally, to develop and implement a coordinated, consistent, multilateral strategy for protecting the global financial system against risks emanating from North Korea, including—

(1) the cessation of any financial services the continuation of which is inconsistent with applicable United Nations Security Council resolutions;

(2) the cessation of any financial services to persons, including financial institutions, that

¹ So in original.