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PART III

Other Notifications, Orders, etc.

MINISTRY OF FOREIGN AFFAIRS

NOTIFICATION

Islamabad, the 26th April, 2021

No. F. 7(6)/2009-SECDIV.—Pursuant to the United Nations (Security Council) Act – 1948; the inter-agency Committee for Coordination, Review and Monitoring (CRMC) of Targeted Financial Sanctions (TFS) for Proliferation Financing (PF) has been set up *vide* SRO 1067(I)/2018 dated 28 August 2018. In exercise of the powers and functions conferred by clause (ii) of Section 4 of the aforementioned SRO, the CRMC has formulated the guidelines to facilitate the implementation of the UNSC TFS for PF.

A. **Short Title**.–

These guidelines shall be called the "Guidelines on the Implementation of the UN Security Council Resolutions Concerning Targeted Financial Sanctions for Proliferation Financing".

DR. ZAFAR ALI
DG SECDIV.

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GUIDELINES ON THE

IMPLEMENTATION OF THE UN SECURITY COUNCIL RESOLUTIONS CONCERNING TARGETED FINANCIAL SANCTIONS ON PROLIFERATION FINANCING

ISSUED BY: INTER-AGENCY
COMMITTEE FOR COORDINATION,
REVIEW AND MONITORING (CRMC)

MINISTRY OF FOREIGN AFFAIRS
GOVERNMENT OF PAKISTAN
ISLAMABAD

SEPTEMBER 2020

SECTION-I

1. OVERVIEW OF THE UNITED NATIONS SECURITY COUNCIL 1718 SANCTIONS REGIME

1.1. Role of the United Nations Security Council (UNSC)

Under the Charter of the United Nations (UN), the Security Council has the primary responsibility for the maintenance of international peace and security. It has 15 Members, and each Member has one vote. The Security Council takes the lead in determining the existence of a threat to the peace or act of aggression. Chapter-VII of the UN Charter sets out the UNSC powers to maintain international peace. It allows the Council to "determine the existence of any threat to the peace, breach of the peace, or act of aggression" and to take military and non-military action to "restore international peace and security" (Article 41-42 UN Charter). It is important to note that resolutions adopted by the UNSC under Chapter-VII are **binding** on all UN Member States.

1.2. UNSC 1718 Sanctions Regime

The 1718 sanctions regime was established by the UNSC pursuant to its resolution 1718 (2006). Under the resolution 1718 (2006), persons or entities engaging in or providing support for Democratic Peoples' Republic of Koreas' (DPRK) prohibited programmes or by persons or entities acting on their behalf or at their direction could be designated. This was expanded under resolution 2087 (2013) including the criteria of individuals and entities which have assisted the evasion of sanctions or in violating the provisions of resolutions 1718 and 1874.

In 2009 and 2012, the Committee designated a total of 5 individuals and 11 entities (S/2009/222, S/2009/364 and S/2012/287). Under resolution 2087 (2013), an additional 4 individuals and 6 entities were designated and again, under resolution 2094 (2013); 3 new individuals and 2 new entities were added. On 28 July 2014, the Committee designated an additional entity. Under resolution 2270 (2016), 16 new individuals and 12 entities were designated, and by the adoption of resolution 2321 (2016), 10 new individuals and 11 entities were further designated. Under resolution 2356 (2017), an additional 14 individuals and 4 entities were designated, followed by 9 individuals and 4 entities under 2371 (2017) and 1 individual and 3 entities under resolution 2375 (2017). Most recently, on 30 March 2018, additional 1 individual and 21

entities were designated under resolution 2397 (2017). Currently, there are a total of 80 individuals and 75 entities on the 1718 Sanctions List.

1.3. **Sanctions Measures under 1718 Sanctions Regime**

As per UNSC 1718 Sanctions Regime, all States are required to implement the following measures relating to the DPRK:

1.3.1. Arms and Related Material Embargo

All Member States are required to prevent the direct or indirect supply, sale, or transfer to the DPRK, through their territories or by their nationals, or using their flag vessels or aircraft, and whether or not originating in their territories, of all arms and related material, including small arms and light weapons and their related material, a ban on related financial transactions, technical training including hosting of trainers, advisors, or other officials for the purpose of military, paramilitary, or police related training, services or assistance related to manufacture, maintenance or use, and with respect to the shipment of items to or from the DPRK for repair, servicing, refurbishing, testing, reverse-engineering and marketing.

All Member States are required to apply a "catch-all" clause on the supply, sale or transfer of any item if it determines that such an item could directly contribute to the development of the DPRK's operational capabilities of its armed forces, or to exports that support/enhance the capabilities of armed forces of another Member State outside the DPRK.

Member States shall prohibit the procurement of such arms and related material from the DPRK by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of the DPRK.

States shall also prevent the direct or indirect supply, sale, or transfer to the DPRK, through their territories or by their nationals, or using their flag vessels or aircraft, and whether or not originating in their territories, of additional items set out in the list of conventional arms dual-use items available at:

https://www.un.org/securitycouncil/sanctions/1718/prohibited-items)

1.3.2. Non-Proliferation

All member States are required to prevent the direct or indirect supply, sale or transfer to the DPRK, through their territories or by their nationals, or using their flag vessels or aircraft, and whether or not originating in their territories, of items relevant to nuclear, ballistic missiles and other weapons of mass destruction-

related programmes. Lists of prohibited items are available at: https://www.un.org/securitycouncil/sanctions/1718/prohibited- items

All Member States are further required to implement a binding dual-use "catch-all" provision to apply the above measures on any item if the State determines that it could contribute to the DPRK's nuclear or ballistic missile programmes, other weapons of mass destruction programmes or other activities prohibited by the resolutions.

States shall also prohibit the procurement of all the above from the DPRK by their nationals, or using their flagged vessels or aircraft, and whether or not originating in the territory of the DPRK.

The above items can be categorized as following:

(a) Items relevant to nuclear-related programmes set out in INFCIRC/254/Rev.12/Part 1 and INFCIRC/254/Rev.9/Part 2;

(b) Items relevant to ballistic missile-related programmes set out in S/2014/253;

(c) Items relevant to other weapons of mass destruction-related programmes set out in S/2006/853 and S/2006/853/Corr.1;

(d) Additional items, materials, equipment, goods and technology that could contribute to DPRK's nuclear-, ballistic missile, and other weapons of mass destruction-related programmes, determined by the Security Council or the Committee.

1.3.3. Proliferation Networks

All Member States are required to expel DPRK diplomats, government representatives, and other DPRK nationals acting in a governmental or representative office capacity, and foreign nationals that are working on behalf or at the direction of a designated person and/or entity or of a person and/or entity assisting in sanctions evasions or violating the resolutions.

All Member States are required to close the representative offices of designated persons and entities, as well as of any persons or entities acting on behalf of such designated persons or entities, as well as prohibit them from participating in joint ventures and any other business arrangements.

All Member States are required to reduce the number of staff at DPRK diplomatic missions and consular posts and to restrict the entry into or transit

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through their territory of DPRK government members and officials, members of the DPRK armed forces, or members/officials which are associated with prohibited programmes or activities, as determined by the Member State.

States are called upon to exercise enhanced vigilance over DPRK diplomatic personnel so as to prevent such individuals from contributing to the DPRK's prohibited programmes or activities, or to the evasion of sanctions.

All Member States are required to limit the number of bank accounts (in their territory) to one per DPRK diplomatic mission and consular post, and one per accredited DPRK diplomat and consular officer.

All Member States are required to prohibit the DPRK from using real property (owned or leased) in their territory for purpose other than non-diplomatic or consular activities.

1.3.4. Interdiction and Transportation

All Member States are required to inspect cargo destined to or originating from the DPRK or brokered by the DPRK that is within or transiting through their territories. This includes items that are being transported on DPRK flagged aircraft or vessels, transported by rail and by road, as well as the personal luggage and checked baggage of individuals entering into or departing from the DPRK that may be used to transport items the supply, sale or transfer of which is prohibited.

States are required to inspect DPRK-flagged aircraft when they land in or take off from their territory and cargo transported by rail and road within or transiting through their territory.

All Member States are prohibited from leasing, chartering their flagged vessels, aircraft or providing crew services to the DPRK, designated persons and entities, or any persons or entities whom the Member State determines have assisted in sanctions evasions or in violation of the resolutions.

All Member States are prohibited from procuring vessel and aircraft crewing services from the DPRK.

All Member States are required to prohibit the entry into their ports of designated vessels. All Member States are required to de-register any vessel that is owned or operated by the DPRK and not to register any such vessel that is de-registered by another Member State.

All Member States are required to de-register any vessels if they have reasonable grounds to believe that the vessels were involved in activities or the

transport of items prohibited by the relevant resolutions. Member States should not register any such vessel that has been de-registered by another Member State.

All Member States are required to prohibit their nationals, entities and persons within their territory from registering vessels in the DPRK, to obtain authorization for a vessel to use the DPRK flag or to charter vessels flagged by the DPRK.

All Member States are prohibited from owning, leasing, operating, chartering, or providing vessel classification, certification or associated service and insurance or re-insurance, to any DPRK-flagged, owned, controlled or operated vessel.

All Member States are required to prohibit the provision of insurance or re-insurance services to vessels they have reasonable grounds to believe were involved in activities or the transport of items prohibited by the relevant resolutions.

All Member States are required to deny permission to any aircraft to take off from, land in or overfly their territory if they have information that provides reasonable grounds to believe that the aircraft contained prohibited items.

All Member States are required to deny port entry if they have information that provides reasonable grounds that the vessel is owned, controlled, directly or indirectly, by a designated individual and/or entity.

Member States are called upon to inspect vessels with the consent of the flag State, on the high seas, if they have information that provides reasonable grounds to believe that the cargo of such vessels contains items the supply, sale, transfer or export of which is prohibited by the relevant resolutions.

All States are called upon to cooperate with inspections and, if the flag State does not consent to inspection on the high seas, decides that the flag State shall direct the vessel to proceed to an appropriate and convenient port for the required inspection by the local authorities, and decides further that, if a flag State neither consents to inspection on the high seas nor directs the vessel to proceed to an appropriate and convenient port for the required inspection, or if the vessel refuses to comply with flag State direction to permit inspection on the high seas or to proceed to such a port, then the Committee shall consider designating the vessel for the measures imposed in paragraph 8 (d) of resolution 1718 (2006) and paragraph 12 of resolution 2321 (2016) and the flag State shall immediately deregister that vessel provided that such designation has been made by the Committee.

All Member States are required, when it does not receive the cooperation of a flag State of a vessel, to submit promptly a report containing relevant details.

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All Member States are required to seize, inspect, and freeze (impound) any vessel in their ports, and may do so with any vessel subject to their jurisdiction in their territorial waters if they have reasonable grounds to believe that the vessel was involved in activities, or the transport of items, prohibited by the relevant resolutions.

All Member States are required to prohibit their nationals, persons subject to their jurisdiction, entities incorporated in their territory or subject to their jurisdiction, and vessels flying their flag, from facilitating or engaging in ship-to-ship transfers to or from DPRK-flagged vessels of any goods or items that are being supplied, sold, or transferred to or from the DPRK.

1.3.5. Provision of Bunkering Services

All Member States are required to prohibit the provision of bunkering services, such as fuel, supplies, other servicing of vessels to DPRK vessels if reasonable grounds and information exist that they are carrying prohibited items.

1.3.6. Assets Freeze and Prohibition on Making Funds Available

All Member States are required to freeze the assets, funds, and economic resources of the entities of the Government of the DPRK and Korean Workers' Party, that the State determines are associated with the prohibited activities, including:

(a) all funds or other assets that are owned or controlled by the designated persons or entities, and not just those that can be tied to a particular act, plot or threat of proliferation;

(b) those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities;

(c) the funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities;

(d) funds or other assets of persons and entities acting on behalf of, or at the direction of designated persons or entities.

It should also be ensured that any funds or other assets are prevented from being made available by their nationals or by any persons or entities within their territories, to or for the benefit of designated persons or entities unless licensed, authorised or otherwise notified in accordance with the relevant United Nations Security Council Resolutions.

1.3.7. Disposal of Seized Items

All Member States are required to seize and dispose (such as through destruction, rendering inoperable or unusable, storage or transferring to a State other than originating or destination States for disposal) of prohibited items by the relevant resolutions in a manner consistent with their international obligations.

1.3.8. Travel Ban

All Member States are required to prevent the entry into or transit through their territories of designated individuals; individuals acting on behalf of or at the direction of designated individuals; any individual whom a State determines is assisting in the evasion of sanctions, violating the provisions of the resolutions, working on behalf/at the direction of designated individuals; individuals travelling for the purposes of carrying out activities related to the shipment of items for repair, servicing, refurbishing, testing, reverse-engineering, and marketing; members of the Government of the DPRK, officials of that Government, and members of the DPRK armed forces, if a State determines that such members or officials are associated with the DPRK's nuclear or ballistic missile programmes or other activities prohibited by the resolutions.

If such an individual is a DPRK national, then States shall expel the individual from their territories for the purpose of repatriation to the DPRK consistent with applicable national and international law, unless the presence of an individual is required for fulfillment of a judicial process or exclusively for medical, safety or other humanitarian purposes, provided that nothing shall impede the transit of representatives of the Government of the DPRK to the UN Headquarters to conduct UN business.

1.3.9. Financial Measures

All Member States are required to prevent the provision of financial services, including bulk cash and gold, the opening of banking subsidiaries, the provision of public financial support, new commitments for grants, and financial assistance or concessional loans that could contribute to the DPRK's prohibited programmes/activities, or to the evasion of sanctions. Companies performing financial services commensurate with those provided by banks are considered financial institutions for the purposes of implementing relevant provision of the resolutions.

The measures also apply to the transfers of cash and gold, including through cash and gold couriers, transiting to and from the DPRK, so as to ensure such transfers of bulk cash and gold do not contribute to the DPRK's prohibited programmes or activities, or to the evasion of sanctions.

All Member States are prohibited from opening any new branches, subsidiaries and representative offices of DPRK banks; must close existing branches, subsidiaries and representative offices; and terminate any joint ventures, ownership interests or correspondent banking relationships with DPRK banks in their territory.

All Member States are prohibited from opening any new representative offices, subsidiaries or bank accounts in the DPRK. All Member States must close existing offices, subsidiaries and banking accounts in the DPRK within 90 days.

All Member States are required to prohibit public and private financial support from within their territories or by persons/entities within their jurisdiction for trade with the DPRK, including granting of export credits, guarantees or insurance to their nationals, or entities involved in such trade.

If a Member State determines that an individual is working on behalf of or at the direction of a DPRK bank/financial institution, then the individual is to be expelled by the Member State from its territory for the purpose of repatriation.

All Member States are required to prohibit, by their nationals or in their territories, the opening, maintenance and operation of all joint ventures or cooperative entities, new or existing, with DPRK entities or individuals, whether or not acting for or on behalf of the Government of the DPRK.

All Member States are required to close any such existing joint venture or cooperative entity within 120 days of 11 September 2017 unless approved by the Committee on a case-by-case basis, and to close any such existing joint venture or cooperative entity within 120 days after the Committee has denied a request for approval.

States shall prohibit public and private financial support from within their territories or by persons or entities subject to their jurisdiction for trade with the DPRK (including the granting of export credits, guarantees or insurance to their nationals or entities involved in such trade), except as approved in advance by the Committee on a case-by-case basis.

States and international financial and credit institutions are called upon not to enter into new commitments for grants, financial assistance, or concessional loans to the DPRK, except for humanitarian and developmental purposes directly addressing the needs of the civilian population, or the promotion of denuclearization. States are also called upon to exercise vigilance with a view to reducing current commitments.

1.3.10. Specialized Training and Teaching

States shall prevent specialized teaching or training of DPRK nationals within their territories or by their nationals of disciplines which could contribute to the DPRK's proliferation sensitive nuclear activities or the development of nuclear weapon delivery systems, including teaching or training in advanced physics, advanced computer simulation and related computer sciences, geospatial navigation, nuclear engineering, aerospace engineering, aeronautical engineering and related disciplines. Such specialized teaching or training includes, but is not limited to advanced materials science, advanced chemical engineering, advanced mechanical engineering, advanced electrical engineering and advanced industrial engineering.

States shall suspend scientific and technical cooperation involving persons or groups officially sponsored by or representing the DPRK except for medical exchanges unless:

(a) In the case of scientific or technical cooperation in the fields of nuclear science and technology, aerospace and aeronautical engineering and technology, or advanced manufacturing production techniques and methods, the Committee has determined on a case-by-case basis that a particular activity will not contribute to the DPRK's proliferation sensitive nuclear activities or ballistic missile-related programmes; or

(b) In the case of all other scientific or technical cooperation, the State engaging in scientific or technical cooperation determines that the particular activity will not contribute to the DPRK's proliferation sensitive nuclear activities or ballistic missile-related programmes and notifies the Committee in advance of such determination.

1.3.11. Scientific and Technical Cooperation

All Member States are required to suspend scientific and technical cooperation involving persons or groups officially sponsored by or representing the DPRK except for medical exchanges; determined on a case-by-case basis by the Committee (fields of nuclear science and technology, aerospace and aeronautical engineering and technology, advanced manufacturing production techniques and methods); and determined by the engaging State and notified to the Committee in advance of such determination (all other scientific or technical cooperation).

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1.3.12. Coal, Minerals and Sectoral Bans

The DPRK is prohibited from supplying, selling, transferring, of coal, iron and iron ore, gold, titanium ore, vanadium ore, copper, nickel, silver, zinc and rare earth minerals, lead and lead ore, food and agricultural products, machinery, electrical equipment, earth and stone including magnesite and magnesia, wood and vessels.

All Member States are prohibited from procuring such material from the DPRK, by their nationals, or by using their flag vessels or aircraft, whether or not originating in the territory of the DPRK.

All Member States are required to prohibit the supply, sale or transfer to the DPRK of all industrial machinery, transportation vehicles, iron, steel and other metals.

1.3.13. Ban on Exports of Condensates and Natural Gas

All Member States are required to prohibit the supply, sale or transfer to the DPRK, through their territories or by their nationals, or using their flag vessels or aircraft, and whether or not originating in their territories, of all condensates and natural gas liquids.

1.3.14. Ban on all Refined Petroleum Products

All Member States are required to prohibit the supply, sale or transfer to the DPRK, through their territories or by their nationals, or using their flag vessels or aircraft, and whether or not originating in their territories, of all refined petroleum products in excess of the aggregate amount of 500,000 barrels during periods of 12 months beginning on 1 January 2018.

1.3.15. Restriction on the Supply, Sell, or Transfer of Crude Oil

All Member States are prohibited from supplying, selling, or transferring crude oil that exceeds the aggregate amounts of 4 million barrels or 525,000 tons per 12-month periods from 22 December 2017. Member States are required to report the amount of crude oil provided to the DPRK to the 1718 Committee every 90 days.

1.3.16. Seafood Ban

The DPRK is prohibited from supplying, selling or transferring, seafood (including fish, crustaceans, mollusks, and other aquatic invertebrates in all forms).The DPRK is prohibited from selling or transferring fishing rights.

All Member States are prohibited from procuring such items from the DPRK by their nationals, or using their flag vessels or aircraft, whether or not originating in the territory of the DPRK.

1.3.17. Ban on Export of Textiles from the DPRK

The DPRK shall not supply, sell or transfer, textiles (including but not limited to fabrics and partially or completed apparel products).

All Member States are required to prohibit the procurement of such items from the DPRK by their nationals, or using their flag vessels or aircraft, whether or not originating in the territory of the DPRK.

1.3.18. Ban on DPRK Workers Abroad

All Member States are prohibited from providing work authorizations for DPRK nationals in their jurisdiction in connection with admission to their territories.

All Member States are required to repatriate to the DPRK all DPRK nationals earning income in their jurisdiction and all DPRK Government safety oversight attachés within 24 months from 22 December 2017. Member States are required to submit a midterm report after 15 months from 22 December 2017 and a final report after 27 months from 22 December 2017 to the Committee of all DPRK nationals that were repatriated based on this provision.

1.3.19. Fuel Ban

All Member States are prohibited from selling or supplying of aviation fuel, including aviation gasoline, naphtha-type jet fuel, kerosene-type jet fuel, and kerosene-type rocket fuel to the DPRK.

All Member States should exercise vigilance to ensure that fuel provided to DPRK-flagged civil passenger aircraft is no more than necessary (for the relevant flight) and includes a standard margin for safety of flight.

1.3.20. Other Bans: Statues, New Helicopters and Vessels

The DPRK is prohibited from supplying, selling, transferring, of statues. All Member States are prohibited from procuring statues from the DPRK by their nationals, or by using their flag vessels or aircraft, whether or not originating in the territory of the DPRK.

All Member States are required to prevent the supply, sale or transfer to the DPRK, of new helicopters, and new and used vessels.

1.3.21. Luxury Goods Ban

All Member States are required to prevent the direct or indirect supply, sale or transfer to the DPRK, through their territories or by their nationals, or using their flag vessels or aircraft, and whether or not originating in their territories, of luxury goods (including those items listed in Annex-IV of resolution 2094 (2013), Annex-IV of resolution 2270 (2016) and Annex-IV of resolution 2321 (2016).

2. OVERVIEW OF THE UNITED NATIONS SECURITY COUNCIL 2231 SANCTIONS REGIME

2.1. UNSC 2231 Sanctions Regime

Diplomatic efforts to reach a comprehensive, long-term and proper solution to the Iranian nuclear issue culminated in the Joint Comprehensive Plan of Action (JCPOA) concluded on 14 July 2015 by China, France, Germany, the Russian Federation, the United Kingdom, the United States, the High Representative of the European Union (the E3/EU+3) and the Islamic Republic of Iran.

On 20 July 2015, the Security Council unanimously adopted resolution 2231 (2015) endorsing the JCPOA. The Security Council affirmed that conclusion of the JCPOA marked a fundamental shift in its consideration of the Iranian nuclear issue, expressed its desire to build a new relationship with Iran strengthened by the implementation of the JCPOA and to bring to a satisfactory conclusion its consideration of this matter.

The Security Council further affirmed that full implementation of the JCPOA would contribute to building confidence in the exclusively peaceful nature of Iran's nuclear programme and emphasized that the JCPOA is conducive to promoting and facilitating the development of normal economic and trade contacts and cooperation with Iran.

Resolution 2231 (2015) provides for the termination of the provisions of previous Security Council resolutions on the Iranian nuclear issue and establishes specific restrictions that apply to all States without exception. Member States are obligated under Article 25 of the Charter of the UN to accept and carry out the Security Council's decisions.

Resolution 2231 (2015) urges full implementation of the JCPOA on the timetable established in JCPOA Annex-V and sets forth the following steps for the eventual removal of Security Council sanctions on Iran:

Adoption Day

Adoption Day occurred on 18 October 2015, 90 days after endorsement of the JCPOA by the Security Council through resolution 2231 (2015). At that point, the JCPOA came into effect.

Implementation Day

Implementation Day occurred on 16 January 2016 when the Security Council received the report from the International Atomic Energy Agency (IAEA) confirming that Iran has taken a series of nuclear-related actions specified in paragraphs 15.1-15.11 of JCPOA Annex-V.

The provisions of Security Council resolutions 1696 (2006), 1737 (2006), 747 (2007), 1803 (2008), 1835 (2008), 1929 (2010) and 2224 (2015) have been terminated subject to re- imposition in the event of significant non-performance of JCPOA commitments; and

All States shall comply with the specific restrictions established by Annex-B of resolution 2231 (2015) for the duration specified in each paragraph or sub-paragraph.

Transition Day

Transition Day will occur eight years from Adoption Day or upon receipt by the Security Council of the report from the IAEA stating that the IAEA has reached the Broader Conclusion that all nuclear material in Iran remains in peaceful activities.

2.2. **Sanctions Measures under 2231 Sanctions Regime**

As per UNSC 2231 Sanctions Regime, all States are required to implement following measures relating to the Islamic Republic of Iran established by Annex -B of resolution 2231 (2015) for the duration specified in each paragraph or sub-paragraph (also stipulated in SRO No. 1492 dated 04 December 2019 available at:

http://www.mofa.gov.pk/documents/sro/UN-SRO/SRO_1492.pdf)

2.2.1. Nuclear Related Transfers and Activities (Procurement Channel)

UNSC resolution 2231 provides for the termination of the provisions of previous Security Council resolutions on the Iranian nuclear issue and establishes specific restrictions that apply to all States without exception.

The resolution calls for the establishment by the JCPOA of a dedicated "procurement channel" for the transfer of items, materials, equipment, goods and technology required for Iran's nuclear activities under the JCPOA. Through this procurement channel, the Security Council will review and decide on recommendations from the Joint Commission regarding proposals by States to participate in or permit nuclear-related activities set forth in paragraph 2 of Annex-B of resolution 2231 (2015).

All States may participate in and permit the following activities subject to approval in advance, on a case-by-case basis, by the Security Council:

(a) the supply, sale or transfer directly or indirectly from their territories, or by their nationals or using their flag vessels or aircraft to, or for the use in or benefit of Iran, and whether or not originating in their territories, of all items, materials, equipment, goods and technology set out in INFCIRC/254/Rev.13/Part 1 and INFCIRC/254/Rev.10/Part 2 (or the most recent versions of these documents, as updated by the Security Council).

(b) the provision to Iran of any technical assistance or training, financial assistance, investment, brokering or other services, and the transfer of financial resources or services, related to the supply, sale, transfer, manufacture or use of the items, materials, equipment, goods and technology described in sub-paragraph (a) above; and

(c) acquisition by Iran of an interest in a commercial activity in another State involving uranium mining or production or use of nuclear materials and technology as listed in INFCIRC/254/ Rev.13/Part 1, and such investment in territories under their jurisdiction by Iran, its nationals, and entities incorporated in Iran or subject to its jurisdiction, or by individuals or entities acting on their behalf or at their direction, or by entities owned or controlled by them.

These restrictions shall apply until the date; ten years after the JCPOA Adoption Day, as defined in the JCPOA adopted under UNSCR 2231 (2231), except if the International Atomic Energy Agency (IAEA) submits a report confirming the Broader Conclusion before that date, then the requirement to obtain approval in advance by the Security Council shall be suspended immediately and, beginning on the date of this suspension, the exceptions provided for in this paragraph shall continue to apply and all States may participate in and permit the activities set forth in this paragraph if they notify the Security Council and the Joint Commission at least ten working days in advance of each such activity on a case-by- case basis.

2.2.2. Ballistic Missile Related Transfers and Activities

All States may participate in and permit the following if approved in advance, on a case-by- case basis by the Security Council;

(a) the supply, sale or transfer directly or indirectly from their territories, or by their nationals or using their flag vessels or aircraft to or from Iran, or for the use in or benefit of Iran, and whether or not originating in their territories:

i. of all items, materials, equipment, goods and technology set out in S/2015/546.

ii. of any items, materials, equipment, goods and technology that the State determines could contribute to the development of nuclear weapon delivery systems; and

(b) the provision to Iran of any technology or technical assistance or training, financial assistance, investment, brokering or other services, and the transfer of financial resources or services, or Iran's acquisition of an interest in any commercial activity in another State, related to the supply, sale, transfer, manufacture or use of the items, materials, equipment, goods and technology described in sub-paragraph (a) above or related to the activities described in paragraph 3 of Annex-B.

In the event of an approval by the Security Council:

(a) the contract for delivery of such items or assistance should include appropriate end-user guarantees; and

(b) Iran should commit not to use such items for development of nuclear weapon delivery systems.

These restrictions shall apply until the date; eight years after the JCPOA Adoption Day or until the date on which the IAEA submits a report confirming the Broader Conclusion, whichever is earlier.

2.2.3. Arms Related Transfers

All States may participate in and permit, provided that the Security Council decides in advance, on a case-by-case basis, to approve:

(a) the supply, sale or transfer directly or indirectly from or through their territories, or by their nationals or individuals subject to their jurisdiction, or using their flag vessels or aircraft, and whether or not originating in their territories, to Iran, or for the use in or

benefit of Iran, of any battle tanks, armoured combat vehicles, large caliber artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems, as defined for the purpose of the UN Register of Conventional Arms, or related material, including spare parts; and

(b) the provision to Iran by their nationals or from or through their territories of technical training, financial resources or services, advice, other services or assistance related to the supply, sale, transfer, manufacture, maintenance, or use of arms and related material described above.

These restrictions shall apply until the date; five years after the JCPOA Adoption Day or until the date on which the IAEA submits a report confirming the Broader Conclusion, whichever is earlier.

2.2.4. Assets Freeze and Prohibition on Making Funds Available

Paragraph 6 (c) of Annex-B of resolution 2231 (2015) requires all States to freeze the funds, other financial assets and economic resources including:

(a) all funds or other assets that are owned or controlled by the designated individuals or entities, and not just those that can be tied to a particular act, plot or threat of proliferation;

(b) those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated individuals or entities;

(c) the funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated individuals or entities;

(d) funds or other assets of persons and entities acting on behalf of, or at the direction of designated individuals or entities.

Paragraph 6 (d) of Annex-B of resolution 2231 (2015) further requires all States to ensure that any funds, financial assets, or economic resources are prevented from being made available by their nationals or by any individuals or entities within their territories, to or for the benefit of designated individuals or entities.

2.2.5. Travel Ban

Paragraph 6 (e) of Annex-B of resolution 2231 (2015) requires all States to take the necessary measures to prevent the entry into or transit through their territories of the individuals currently maintained on the 2231 List. This provision shall not oblige a State to refuse its own nationals' entry into its territory.

2.2.6. Cargo Inspection

All States are called upon to facilitate full implementation of the JCPOA by inspecting, in accordance with their national authorities and legislation and consistent with international law, in particular the law of the sea and relevant international civil aviation agreements, all cargo to and from Iran, in their territory, including seaports and airports, if the State concerned has information that provides reasonable grounds to believe that the cargo contains items the supply, sale, transfer, or export of which is being undertaken contrary to the provisions contained in the JCPOA or this statement; and are called upon also to cooperate in inspections on the high seas with the consent of the flag State, if there is information that provides reasonable grounds to believe that the vessel is carrying items the supply, sale, transfer or export of which is being undertaken contrary to the provisions contained in the JCPOA.

3. FATF STANDARDS – RECOMMENDATION 7

Recommendation 7 of Financial Action Task Force (FATF) requires countries to implement Targeted Financial Sanctions to comply with the UN Security Council resolutions that require countries to freeze, without delay, the funds or other assets of, and to ensure that no funds and other assets are made available to, and for the benefit of, any person or entity designated by the UN Security Council under Chapter-VII of the Charter of the UN, pursuant to Security Council resolutions that relate to the prevention and disruption of the financing of proliferation of weapons of mass destruction.

It should be stressed that none of the requirements in Recommendation 7 is intended to replace other measures or obligations that may already be in place for dealing with funds or other assets in the context of a criminal, civil or administrative investigation or proceeding, as is required by international treaties.

SECTION-II

4. LEGAL FRAMEWORK IN PAKISTAN FOR IMPLEMENTATION OF UNSC RESOLUTIONS

4.1. United Nations Security Council Act, 1948 (XIV of 1948)

Chapter-VII resolutions of the UN Security Council are implemented in Pakistan through the UNSC Act, 1948 (XIV of 1948) as amended in 2020. The Act empowers the Federal Government to apply measures to give effect to the decisions of the UN Security Council. The Ministry of Foreign Affairs (MoFA), on behalf of the Federal Government, issues Statutory Regulatory Orders (SROs) under the UNSC Act 1948.

The SROs provide the full legal basis for the implementation of all aspects of the sanction's measures. Moreover, the mechanism for implementing asset freezing under the SROs is explained under the UNSC Act 1948 (United Nations Security Council Freezing and Seizure Order 2019). The authorities can also rely on other relevant domestic laws and regulations for strengthening the implementation of the sanctions. These are explained in subsequent sections.

4.1.1. Explanation of the SRO

This section would explain the format of the SRO with a view to simplify its interpretation by relevant stakeholders in particular the law enforcement agencies.

4.1.1.1. Format

Broadly, the SRO can be divided into three parts:

The first part contains information about the various Chapter-VII UNSC resolutions pertaining to relevant Sanctions Committee, on the basis of which the subject SRO is issued under Section 2 of the UN Security Council Act 1948.

The second part of the SRO contains information on the sanctions measures which have to be applied on designated individuals and entities.

The third part of the SRO, being the annex, contains the list entry of the designated individual or entity. The list entry is very useful for ascertaining the identity of the designated individual or entity as it contains information such as names, aliases, location, identity/travel document details etc. The list entry also contains web link to special UNSC- INTERPOL notice for the designated individuals/entities.

In case of de-listing, the annex of the SRO contains the name of individuals and entities who are no longer subject to sanctions measures.

In case of amendment in the list entry, the annex contains the subject amendments reflected in the list entry through strike through and underline.

4.1.1.2. Operational information

From the operational perspective, the Law Enforcement Agencies (LEAs) in particular should carefully study the annex part of the SRO which contains the list entry. This information helps in verifying the identity of the listed individual and entity so that sanctions could be applied accordingly.

4.2. EXPLANATION OF EXPORT CONTROL ACT, DOMESTIC EXPORT CONTROL AND SECDIV

In pursuance of its commitment to non-proliferation, Pakistan has instituted a comprehensive legislative, regulatory and implementation system on transfer of sensitive goods and technologies and ensuring their safety and security at all stages. *Export Control Act on Goods, Technologies, Materials and Equipment related to Nuclear and Biological Weapons and their Delivery Systems Act– 2004* was passed by the National Assembly on 14 September 2004 and by the Senate on 18 September 2004. The Act received the assent of the President on 23 September 2004 and entered into force the same day. The Act further strengthens controls on export of sensitive technologies related to nuclear and biological weapons and their means of delivery. Pursuant to the Act; the Strategic Export Control Division (SECDIV) was established in the Ministry of Foreign Affairs as licensing and implementing authority for the control lists items, as well as those falling under the "catch- all". Salient of the Export Control Act include: -

(a) Controls over export, re-export, trans-shipment and transit of goods, technologies, material and equipment related to nuclear and biological weapons and missiles capable of delivering such weapons.

(b) Prohibition on diversion of controlled goods and technologies.

(c) Wide jurisdiction (also includes Pakistanis visiting or working abroad).

(d) Comprehensive Control Lists and catch-all provisions.

(e) Licensing and record keeping provisions.

(f) Attempts to commit or abet the commission of an offense, including financing or financial assistance, is deemed as offense and, as per **Section 7 of SECA-2004** any person who contravenes any provision or attempts to commit or abets the commission of an offense, under this Act or any order, rules and regulations framed thereunder shall be tried by a Court of Session.

(g) The Act stipulates that licenses for export of goods and technologies for peaceful applications may be approved unless the Government determines that the export would be in contravention to the provisions of the Act.

(h) Penal provisions: Up to 14 years imprisonment and Rs. 5 million fine or both, and on conviction, confiscation of offender's property and assets, wherever they may be.

(i) Right of appeal is provided to resolve grievances.

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Lists of goods and technologies subject to regulatory controls were initially notified in 2005 (SRO 1078 (I)/2005) and subsequently reviewed/revised.

The latest version of the lists is available at:

http://www.secdiv.gov.pk/uploads/Control_Lists_4th-f55d.pdf

These lists are periodically reviewed/revised by a standing Joint Working Group (JWG), which takes into consideration technological developments at national/ international level and changes/modifications introduced by other international non-proliferation regimes.

4.2.1. Enforcement and Compliance

Strategic export control laws govern the transfer/export including re-export, transit and transshipment of goods, technologies/software, materials, and services etc. that could be used for developing Weapons of Mass Destruction or their delivery systems.

SECDIV regularly undertakes outreach activities to raise awareness. Discussion/presentations are arranged with the business community, Chambers of Commerce and Industry, researchers/academicians, trade associations, and enforcement agencies. In addition, seminars/conferences are arranged at the national and international levels. Capacity building of Customs and other agencies is done through Commodity Identification Training, which has been institutionalized in collaboration with Pakistan Customs. Special training modules have been developed for the capacity building of enforcement agencies to give a "trained eye" to inspectors. These sessions are also utilized for sensitization on the UNSCR sanctions regime and measures to prevent proliferation financing. Comprehensive guidelines on internal compliance have been notified *vide* SRO 2(24)/2013-SECDIV (P) dated 3 October 2014 (available at www.secdiv.gov.pk/uploads/ICP- Guidelines-db7d.pdf.), in the Gazette of Pakistan. All entities are urged to set up a self- regulatory mechanism to remain effectively compliant. These guidelines are applicable to small, medium and large entities and, as well as to research and academic institutions.

4.3. OVERVIEW OF IET and CRMC

To effectively implement, supervise and monitor the enforcement of UNSC resolutions and further strengthen the system of preventing proliferation financing, the Federal Government has constituted an Inter-Ministerial Committee for Coordination, Review and Monitoring (CRMC) *vide* SRO 1067(I)/2018 dated 28 August 2018. CRMC has replaced the Inspection and Enforcement Team (IET), which was constituted in August 2016.

CRMC has been established to review and monitor the implementation and enforcement of the measures specified by the Federal Government taken in compliance of UNSCRs on countering proliferation.

4.3.1. Members

The CRMC is chaired by DG SECDIV, MoFA. The membership of the CRMC includes:

(a) Ministry of Foreign Affairs;

(b) Strategic Export Control Division

(c) Ministry of Commerce

(d) Ministry of Finance

(e) Financial Monitoring Unit

(f) Federal Board of Revenue (Customs)

(g) Federal Board of Revenue (Inland Revenue Service)

(h) Ministry of Interior

(i) National Command Authority/ Strategic Plans Division (SPD)

(j) Inter-Services Intelligence

(k) State Bank of Pakistan

(l) Securities & Exchange Commission of Pakistan

(m) Central Depository Company of Pakistan

(n) Pakistan Civil Aviation Authority

(o) Federation of Pakistan Chambers of Commerce & Industry

(p) Ministry of Ports and Shipping

(q) Federal Investigation Agency (FIA)

(r) Ministry of Law and Justice

(s) Ministry of Defence

(t) Ministry of Defence Production

(u) Board of Investment

4.3.2. Terms of Reference

The Chairman/Secretary of the CRMC is authorized to include any member on as and when required basis.

The CRMC shall meet at least four times in one year for conduct of its business. The CRMC shall periodically review the steps taken and activities performed by its members towards implementation and enforcement of the decisions of the Federal Government taken from time to time in compliance of the UNSCR on countering proliferation, and any decision taken in consequence of such a review will be binding on all/any member(s) concerned.

In performance of its functions and exercise of its powers under this Order, the CRMC shall seek guidance from internationally recognized best practices. The secretariat of the CRMC shall situate within MoFA. Functions of CRMC are as follow:—

(a) To coordinate, review and monitor the implementation and enforcement of the measures specified by the Federal Government from time to time in compliance of the UNSC resolutions on countering proliferation;

(b) To issue guidelines or operational procedures to be followed by all concerned for effective implementation and enforcement of the decisions of the Federal Government taken in compliance of the UNSC resolutions on countering proliferation;

(c) To exchange information amongst its members on regular basis in order to perform its functions;

(d) To seek assistance from or coordinate with any person within or outside Pakistan with respect to performance of its functions;

(e) To conduct outreach to stakeholders for awareness and performance of its functions; and

(f) To do all acts incidental and ancillary to the performance of functions and exercise of its powers.

4.4. **Appointment and Communication Details of Focal Persons**

As regards appointment and communication of details of focal persons for implementation of UNSC 1718 and 2231 Sanctions regime, the focal person from MoFA is the Director General Arms Control and Disarmament (ACDIS) Division. His contact details are as below: -

Email: dg.disarmntp@mofa.gov.pk

Tel & Fax: +92-51-9208792

All the relevant Federal and Provincial stakeholders are required to appoint focal persons of the rank of Joint Secretary (Federal Departments) and Additional Secretary (Provincial Departments) and communicate their names and contact details to ACDIS Division of the MoFA. The ACDIS Division in MoFA would maintain the consolidated list of all focal persons.

MoFA has also launched a dedicated electronic portal, where all relevant stakeholders are required to sign up to receive electronic updates instantly.

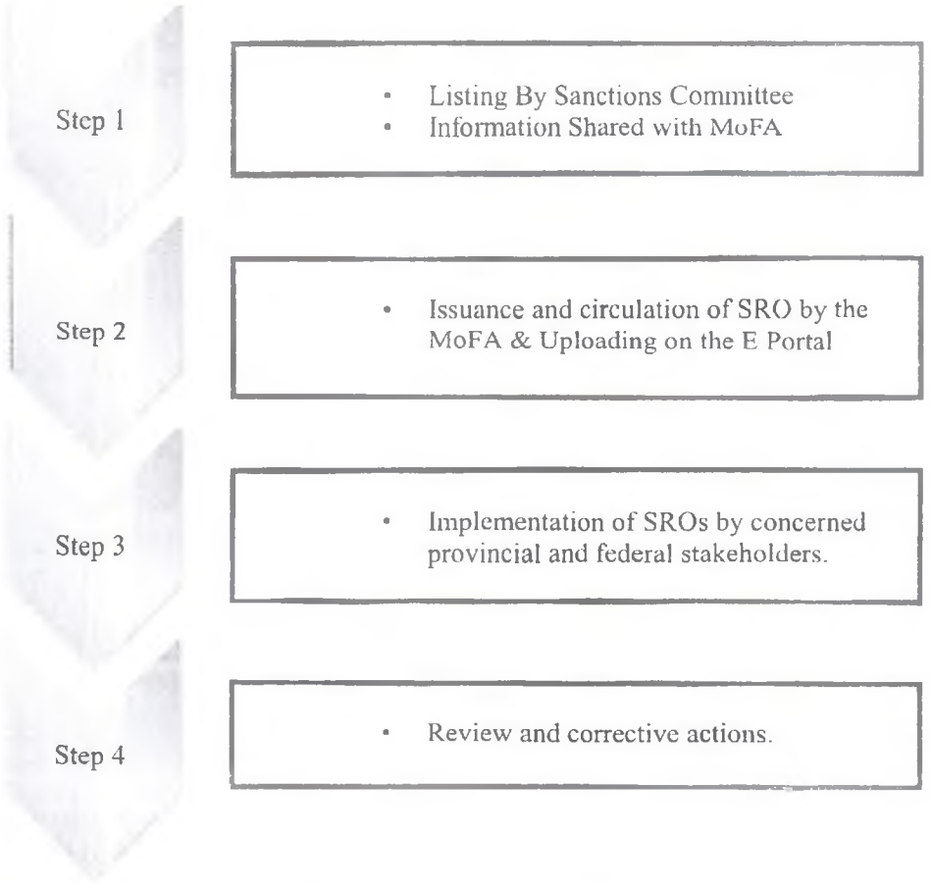
http://202.83.172.66/app/signup/

4.5. **Process for Implementation of Sanctions Measures**

4.5.1. Communication of the Updates in the Sanction Measures and in Consolidated List of Individuals/Entities and Circulation of SRO

The MoFA (ACDIS Division) shall immediately upon revision/update in the sanctions' measures or in the consolidated list, notified by the respective UNSC Sanctions Committee, issue the enabling SRO on the same day. The SRO would be shared electronically as well as by post with all concerned focal persons at federal and provincial level and also uploaded on e-portal. The MoFA would also maintain the updated consolidated list of designated individuals and entities on its official website. All federal and provincial stakeholders should regularly access the Consolidated List to ensure compliance with the sanction measures.

FLOW CHART EXPLAIN THE PROCESS FOR IMPLEMENTATION OF UNSC SANCTIONS



4.6. **Implementation of Targeted Financial Sanctions**

Upon issuance of the SROs the following actions would be initiated by the relevant stakeholders

4.6.1. Regarding Funds, Financial Assets or Economic Resources or Related Services provided by all persons, including all FIs and DNFBPs.

4.6.1.1. AML/CFT Regulatory Authority.

As regards funds, financial assets or economic resources held as well as related services, the AML/CFT regulatory authorities would take the following actions:

(a) Issue necessary guidelines to their reporting entities in relation to:

i. Freeze funds, financial assets and economic resources of the designated individuals and entities **without delay and without prior notice,** upon issuance of the SRO.

ii. Report to the AML/CFT regulatory authority any assets frozen or actions taken in compliance with the prohibition requirements, including attempted transactions.

iii. Maintain updated lists in electronic form and run a check as per the given parameters **on an ongoing basis** to verify whether designated individuals or entities are holding any funds, financial assets or economic resources and prevent the provision of related services, funds, other assets or economic resources e.g. provision of loans and insurance policies etc.

iv. The search criteria should include: (i) all funds or other assets that are owned or controlled by the designated person or entity, and not just those that can be tied to a particular act, plot or threat of proliferation; (ii) those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities; and (iii) the funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities, as well as (iv) funds or other assets of persons and entities acting on behalf of, or at the direction of designated persons or entities.

v. In case, there is a **target match,** i.e. all the particulars of the designated entities or individuals mentioned in the SRO, match with particulars of an individual or entity in the databases, the regulated entities would **immediately freeze** such assets, would stop providing services to them, and shall immediately report the matter to the respective AML/CFT regulatory authorities.

vi. In case the search in the databases leads not to a **target match** but a **potential match** i.e. where some particulars of the designated individual or entity match with the particulars of an individual or entity in the databases, the concerned regulated entity would immediately place a temporary freeze on the assets of the potential match and convey this information to the respective AML/CFT regulatory authorities.

vii. In case, the results of the verification indicate that the **potential match** is in fact the **target match**, the concerned regulated entity would **permanently freeze** the assets under intimation to respective AML/CFT regulatory authorities.

(b) The AML/CFT regulatory authorities, in case of a potential match would immediately forward full particulars of the potential match and the designated individual or entity to the focal point in Ministry of Interior (MoI) for verification of identity with a copy marked to the ACDIS Division of MoFA. The MoI, upon receipt of the application, would undertake the verification in consultation with MoFA and through relevant stakeholders, within the period of 10 working days. During this interim period the funds, financial assets or economic resources of the potential match would remain under a temporary freeze to prevent the funds from being utilized in case an affirmative report is received from the MoI.

(c) For the purpose of inter-agency cooperation and for detection of additional assets being owned directly or indirectly by the designated entities and individuals or on their behalf AML/CFT regulatory authorities would share details of the assets frozen with focal points in MoFA, MoI, National Counter Terrorism Authority (NACTA), Countering the Financing of Terrorism (CFT) Task Force, Financial Monitoring Unit (FMU), and Federal Investigation Agency (FIA).

(d) All AML/CFT regulatory authorities will periodically share compliance reports with MoFA focal point for review by CRMC.

4.6.2. Regarding Financial Assets or Economic Resources of the Nature of Immovable and Movable Properties

4.6.2.1. Immovable Assets (MoI, Home Departments, ICT, MoD (Cantonment Boards, DHAs)

The ACDIS Division, MOFA would electronically forward SROs to focal points in Ministry of Defence (MoD) (for Cantonment Boards and DHAs), MoI, Home Departments, and ICT. They will take the following actions:

(a) To identify immovable assets registered in the names of the designated individuals/entities, from the relevant land registration authorities under their jurisdiction and freeze the titles and seize the assets in accordance with Chapter II and IV of the UNSC (Freezing and Seizure) Order, 2019.

(b) The search criteria should include: (i) all funds or other assets that are owned or controlled by the designated person or entity, and not just those that can be tied to a particular act, plot or threat of proliferation; (ii) those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities; and (iii) the funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities, as well as (iv) funds or other assets of persons and entities acting on behalf of, or at the direction of designated persons or entities.

(c) In case, there is a **target match,** i.e. all the particulars of the designated entities or individuals mentioned in the SRO, match with particulars of an individual or entity in the databases, the land registration authorities will **immediately freeze** the title to such assets to prevent the sale or transfer of those assets and convey the details of such assets to the respective controlling authorities and the Home Departments.

(d) The Home Departments will seize the assets in accordance with Article 15 of the UN Security Council (Freezing and Seizure) Order, 2019.

(e) In case the search in the databases leads not to a **target match** but a **potential match** i.e. where some particulars of the designated individual or entity match with the particulars of an individual or entity in the databases, the relevant land registration authority would immediately convey this information to the requesting department (MoD, MoI, Home Departments, and ICT), which would immediately forward full particulars of the potential match and the designated individual or entity to the focal point in MoI for verification of identity with a copy marked to the ACDIS Division, MoFA.

(f) The MoI, upon receipt of the application, would undertake the verification in consultation with MoFA and through relevant stakeholders, within the period of 10 working days. During this interim period the land registration authorities would place a **temporary freeze** on the assets of the **potential match** to prevent the assets from being transferred.

(g) In case, the results of the verification indicate that the **potential match** is in fact the **target match**, the concerned land registration authority would **permanently freeze** the title of the immovable assets under intimation to requesting authority and the Home Departments which would seize the assets.

(h) For the purpose of inter-agency cooperation and for detection of additional assets being owned directly or indirectly by the designated entities and individuals or on their behalf, the MoD, MoI, Home Departments, and ICT would share details of the assets frozen with focal points in MoFA, MoI, NACTA CFT Task Force, FMU, and FIA.

(i) The land registration authorities would be advised to maintain updated lists in electronic form and run a check as per the given parameters **on an ongoing basis** to verify whether individuals or entities, designated in the SROs issued by MoFA, are holding any immovable assets.

(j) The MoD, MoI, Home Departments, and ICT would share monthly compliance reports with focal point in MoFA.

4.6.2.2. Rents Derived from immovable Assets (MoI, Home Departments, Excise Department, ICT, MoD (Cantonment Boards, DHAs)

The Home Departments will also direct the Land Registration Authorities and Excise Departments to search their databases if the designated individuals and entities are deriving rent from the properties. In such a case the Home Department will have the rent deposited in a special account in accordance with Article 9 of the UN Security Council (Freezing and Seizure) Order, 2019.

4.6.2.3. Movable Assets (MoI, Home Departments, Excise Departments)

i. The Home Departments would also forward SROs to the Excise Departments with the instruction to have the names of the designated individuals/entities, verified from their respective Motor Vehicle Registration records.

ii. In case, there is a **target match**, i.e. all the particulars of the designated entities or individuals mentioned in the SRO, match with particulars of an individual or entity owning the motor vehicle in the databases, the Excise Departments will **immediately freeze** the title of the vehicle in the relevant database to prevent its sale or transfer to a third person and convey the details of such assets to the respective Home Departments.

iii. The Home Departments will seize the assets in accordance with Article 14 of the UN Security Council (Freezing and Seizure) Order, 2019.

iv. In case the search in the databases leads not to a **target match** but a **potential match** i.e. where some particulars of the designated individual or entity match with the particulars of an individual or entity in the databases, the Excise Departments would

immediately convey this information to the Home Departments, which would immediately forward full particulars of the potential match to the focal point in MoI for verification of identity with a copy marked to the ACDIS Division, MoFA.

v. The MoI, upon receipt of the application, would undertake the verification in consultation with MoFA and through relevant stakeholders, within the period of 10 working days. During this interim period the Excise Departments would place a **temporary freeze** on the title of the motor vehicles of the **potential match** to prevent the assets from being transferred.

vi. In case, the results of the verification indicate that the **potential match** is in fact the **target match**, the concerned Excise Departments would **permanently freeze** the title of the immoveable assets under intimation to the Home Departments which would seize the assets in accordance with Article 14 of the UN Security Council (Freezing and Seizure) Order, 2019.

vii. For the purpose of inter-agency cooperation and for detection of additional assets being owned directly or indirectly by the designated entities and individuals or on their behalf, the Home Departments would share details of the assets frozen with focal points in MoFA, MoI, NACTA CFT Task Force, FMU, and FIA.

viii. The Excise Departments would be advised to maintain updated lists in electronic form and run a check as per the given parameters **on an ongoing basis** to verify whether individuals or entities, designated in the SROs issued by MoFA, are holding any moveable assets (motor vehicles).

4.6.2.4. Ongoing Monitoring (MoI, Home Departments, Special Branch and Security Agencies)

(a) The Home Departments would forward SROs to the Deputy Commissioners with the direction to use the mechanism of District Intelligence Committees (DICs) to identify other assets which are owned directly or indirectly by designated individuals and entities or by persons acting on their behalf or which are in the use of the designated individuals and entities or from which they are drawing benefit and report to the Home Departments.

(b) The Home Departments would seize those assets in accordance with Article 15 of the UN Security Council (Freezing and Seizure) Order, 2019.

(c) For the purpose of inter-agency cooperation and for detection of additional assets being owned directly or indirectly by the designated entities and individuals or on their behalf, the Home Departments would share details of the additional assets identified and frozen with focal points in MoFA, MoI, NACTA CFT Task Force, FMU, and FIA.

(d) Home Departments would direct Deputy Commissioners to conduct ongoing monitoring of the designated individuals and entities, through the DIC mechanism, to ensure that they are complying with the assets freeze provisions.

(e) In the case of designated individuals, the Home Departments will ascertain how they are meeting their day to day expenses and whether they have applied for the exemption from the assets freeze for this purpose, as detailed in Section III of these guidelines. In case the designated individuals do not have exemption, it should be treated as a violation of the assets freeze and action should be initiated against them and those persons who have made the funds, financial assets and economic resources available to them.

4.6.3. Prohibition of Raising Funds Online

No designated entity or individual would be allowed to raise funds through internet or social media. The focal point at MoFA would share the consolidated list (SROs) with Pakistan Telecommunication Authority (PTA).

i. The Cyber Crime Wing of FIA and PTA will continuously monitor the internet to prevent any online fundraising activities by the designated individuals/entities within Pakistan.

ii. In case any designated individual/entity is reportedly using internet and social media platform for fund raising activities, PTA would immediately block the respective webpage/URL under intimation to the focal point at MoFA.

iii. In case the webpage is hosted on a secured server hosted outside Pakistan, PTA would approach the company hosting the server for having the link blocked. If there is lack of cooperation from that company, PTA would share details of such links with focal point at MoFA, who would take up the issue with concerned host government through proper diplomatic channels.

iv. PTA would also maintain a database of blocked links/websites which are being used by designated individuals and entities. Details of such blocked links/URLs would be shared with FIA

Cybercrime Wing for further investigations and legal action under the Prevention of Electronic Crimes Act 2016.

4.6.4. Cases of Inadvertent Assets Freeze (False Positive)

Any individual or entity, if it has evidence to prove that funds or other assets have inadvertently been frozen or affected, as a result of the same or similar name as designated persons or entities, under Sanctions List maintained under UNSCRs 1718 and 2231, may adopt the following procedure for timely remedy:

(a) It shall move an application giving requisite evidence, in writing, to the concerned agency (e.g. bank, stock exchanges/depositories, intermediaries regulated by SECP, insurance companies, Registrar of Immovable Properties, and the concerned focal points in Home Departments, as applicable).

(b) The concerned agency, shall forward, without delay, the copy of application along with all necessary details of asset frozen to the MoI along with a copy marked to ACDIS Division, MoFA, Islamabad.

(c) The MoI, upon receipt of the application, would undertake the verification in consultation with MoFA and through relevant stakeholders, within the period of 10 working days.

(d) In case the identity of the individual or entity is not verified to be the designated individual/entity, the MoI will convey this information to the relevant agency holding the asset and that agency would unfreeze the assets. However, if the identity of the individual is confirmed, the MoI will convey this information to the concerned agency which will continue to maintain the asset freeze.

4.7. **Implementation of Travel Ban**

The ACDIS Division, MOFA shall forward the SRO (electronically and manually) to MoI, FIA, Directorate General of Immigration & Passports (IMPASS), National Database and Registration Authority (NADRA) and security agencies. Following actions will be taken:

(a) The names of the designated individuals would immediately be placed in the block list maintained by FIA and IMAPSS.

(b) If there is a positive match for a designated individual who is a foreign national, attempting to enter or transit Pakistan, the person will be refused entry or transit and the matter will be

reported to the Focal Point at FIA Headquarters. The Focal Point from FIA will report the matter to the Focal Point at MoI, who will in turn report to DG (ACDIS), MoFA.

(c) If there is a positive match for a designated individual who is a Pakistani national attempting to enter or transit Pakistan the person will be allowed entry but transit would be refused and the matter will be reported to the Focal Point at FIA Headquarters. The Focal Point from FIA will report the matter to the Focal Point at MoI, who will in turn report to DG DG ACDIS, MoFA.

(d) If there is a positive match for a designated individual who is a Pakistani national attempting to exit Pakistan, the person will be refused exit and the matter will be reported to the Focal Point at FIA Headquarters. The Focal Point from FIA will report the matter to the Focal Point at MoI, who will in turn report to DG (ACDIS), MoFA.

SROs, notifications and the consolidated lists are shared electronically with the Pakistan Embassies and Consulates abroad. The concerned visa officer would ensure that if there is a positive match for an individual applying for a visa to enter Pakistan the visa should not be issued and the matter be reported to DG (ACDIS), MoFA.

4.8. **Arms Embargo**

For implementation of arms embargo, MoFA will transmit the SROs to the focal points in the MoI, the Home Departments and the intelligence agencies. Following actions would be taken by all concerned to ensure that the arms embargo is implemented on the designated individuals and entities.

(a) Cancel arms licenses that have been issued to any designated individual/entity and report the same to MoFA.

(b) MoI and Home Departments would instruct the LEAs to seize all licensed arms/weapons from the designated individuals/entities.

(c) The LEAs and intelligence agencies to monitor the designated individuals and entities to ensure that they do not procure arms and related materials or are provided to them from any source.

(d) The Focal point from Customs Department (FBR), as part of its process for the registration of importers and exporters, shall run the names of the import or export entities and related persons against the names in the Sanctions Lists.

(e) If a name match is detected, the Customs Department will initiate inquiries to confirm the nature of the goods to be imported or exported to ensure that weapons and ammunition and other goods will not be traded in contravention of SROs. Customs Intelligence Directorate will also have ready access to the sanctions lists for purpose of checking names of persons or entities that come to notice.

(f) If shipments of arms and related materials are detected by Customs being smuggled into or out of Pakistan or otherwise entering or leaving Pakistan, the investigation of such detections should include inquiries to determine if the goods are in any way related to an individual or entity on the sanctions lists. Goods deemed to be covered by the provisions of the SROs should be attached for inquiry and investigation. The Customs Department would arrange training for relevant officers to ensure they have the knowledge and skills to implement the SROs.

4.9. **Restrictions on Trade of Certain Items**

For implementation of Sectoral restrictions on trade, MoFA will transmit the SROs to the focal points in the Ministry of Commerce, Trade Development Authority of Pakistan, Federal Board of Revenue and Customs authorities.

4.10. **Prohibition on Supply of Sensitive Items and Technologies**

In case of dual use goods and technologies given in SECDIV Control Lists or those falling under "catch-all," the relevant departments will mark the report to Director (Enforcement) at SECDIV, MoFA. Director (Enforcement), will see the record and in consultation with Licensing Directorate, SECDIV and Pakistan Customs ascertain if the items are subject to SECDIV license. In case of suspected violation, Pakistan Customs will initiate legal proceeding in accordance with the Customs Act, SECA-2004 and other applicable laws.

SECTION III

5. EXEMPTIONS FROM SANCTIONS MEASURES UNDER UNSCR 1718 AND ITS SUCCESSOR RESOLUTIONS

Entities/individuals may at any time submit its requests to the ACDIS Division, MoFA for exemption from the measures relating to Assets Freeze, Travel Ban, Arms Embargo, which will then be sent to UNSC 1718 Sanctions Committee.

5.1. **Requests for Access to Funds and Exemptions from Assets Freeze**

Requests for access to frozen funds or other financial assets or economic resources can be submitted. The exemptions from the assets freeze are provided in the following:

(a) Security Council Resolution 1718 (2006): paragraph 9

(b) Security Council Resolution 2270 (2016): paragraph 32

(c) Security Council Resolution 2371 (2017): paragraph 26

(d) UNSC 1718 Sanctions Committee Guidelines: Section 11

There are six types of exemptions to assets freeze, for which requests can be submitted to MoFA:

(a) **For basic expenses**: Pursuant to paragraph 9 (a) of resolution 1718 (2006) and Section 11 of the Committee's Guidelines, requests for the basic expenses can be submitted.

(b) **For extraordinary expenses**: Pursuant to paragraph 9 (b) of resolution 1718 (2006) and Section 11 of the Committee's Guidelines, requests for the extraordinary expenses are to be submitted and must, as appropriate, include the following information:

I. Recipient (name and address)

II. Recipient's bank information (name and address of bank, account number)

III. Purpose of payment

IV. Amount of installment

V. Number of installments

VI. Payment starting date

VII. Bank transfer or direct debit

VIII. Interests

IX. Specific funds being unfrozen

X. Other information

(c) **As a subject to judicial, administrative or arbitral lien or judgment**: Pursuant to Paragraph 9 (c) of resolution 1718 (2006) and Section 11 of the Committee's Guidelines, requests for financial assets and economic resources used to satisfy lien or judgment (provided that it was entered prior to 14 October 2006) as subject to the judicial, administrative or arbitral lien or judgment,

and is not for the benefit of a designated individual and/or entity, can be submitted.

d) **DPRK diplomatic missions**: Paragraph 32 of resolution 2270 (2016) decides that the measures imposed by the same paragraph shall not apply with respect to funds, other financial assets and economic resources that are required to carry out activities by the DPRK missions to the UN and its specialized agencies and related organizations or other diplomatic and consular missions of the DPRK.

e) **The 1718 Committee case-by-case determination**: Paragraph 32 of resolution 2270 (2016) decides that the measures imposed by the same paragraph shall not apply with respect to any funds, or other financial assets or economic resources that the Committee determines in advance, on a case-by-case basis, and which are required for the delivery of humanitarian assistance, denuclearization or any other purposes consistent with the objectives of resolution 2270 (2016).

(f) **Financial transactions with the DPRK Foreign Trade Bank or the Korea National Insurance Corporation**: Security Council resolution 2371 (2017), adopted on 5 August 2017, the Security Council designates the Foreign Trade Bank (FTB) and the Korea National Insurance Corporation (KNIC) to be subject to the measures specified in paragraph 8 (d) of Security Council resolution 1718 (2006).

In Paragraph 26 of Security Council resolution 2371 (2017), the Security Council further decides that the measures specified in Paragraph 8 (d) of Security Council resolution 1718 (2006) shall not apply with respect to financial transactions with the DPRK FTB or KNIC if such transactions are solely for the operation of diplomatic or consular missions in the DPRK or humanitarian assistance activities that are undertaken by, or in coordination with, the UN.

5.2. **Exemption from Travel Ban**

Requests for exemption from travel ban can be submitted. The exemptions from the travel ban are provided in the following:

(a) Security Council Resolution 1718 (2006): Paragraph 10

(b) Security Council Resolution 2094 (2013): Paragraph 10

(c) UNSC 1718 Sanctions Committee Guidelines: Section 12

All requests should include the following information, with accompanying supporting documents:

(a) Name, designation, nationality and passport number(s) of the person(s) undertaking the proposed travel.

(b) The purpose(s) for the proposed travel, with copies of supporting documents furnishing details connected to the request such as specific dates and times of meetings or appointments.

(c) The proposed dates and times of departure from and return to the country from which the travel commenced.

(d) The complete itinerary for such travel including the points of departure and return and all transit stops.

(e) Details of the mode of transport to be used, including where applicable, record locator, flight numbers and names of vessels.

(f) A statement of specific justification for the exemption.

5.3. **Exemption from Arms Embargo**

Requests for exemption from arms embargo can be submitted. The exemption to arms embargo is provided in the Security Council resolution 2270 (2016): Paragraph 8 (a) and (b).

There are three types of exemptions to the arms embargo:

(a) For food or medicine.

(b) Exclusively for humanitarian purposes or livelihood purposes, which will not be used by DPRK individuals or entities to generate revenue, and also not related to any activities prohibited by the resolutions 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), and 2270 (2016) (as determined by the Member State).

(c) 1718 Committee case-by-case determination.

6. EXEMPTIONS FROM SANCTIONS MEASURES UNDER UNSCR 2231

Entities/individuals may at any time submit its requests to the ACDIS Division, MoFA for exemption from the measures relating to Assets Freeze, and Travel Ban, which will then be sent to the UN Security Council Facilitator.

6.1. **Requests for Access to Funds and Exemptions from Assets Freeze**

As Per Paragraph 6 (d) of Annex B of resolution 2231 (2015), the requests for access to frozen funds, financial assets, economic resources or exemptions from assets freeze can be submitted in following categories:

(a) to be necessary for basic expenses, including payment for foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums and public utility charges or exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services, or fees or service charges, in accordance with national laws, for routine holding or maintenance of frozen funds, other financial assets and economic resources, after notification by the relevant States to the Security Council of the intention to authorize access to such funds, other financial assets or economic resources and in the absence of a negative decision by the Council within five working days of such notification;

(b) to be necessary for extraordinary expenses, provided that such determination has been notified to and approved by the Security Council;

(c) to be necessary for the civil nuclear cooperation projects described in Annex III of the JCPOA, provided that such determination has been notified to and approved by the Security Council;

(d) to be the subject of a judicial, administrative or arbitral lien or judgment, provided that the lien or judgment was entered into prior to the date of adoption of Security Council resolution 1737 (2006), is not for the benefit of a designated individual or entity, and has been notified to the UNSC; or

(e) to be necessary for activities directly related to the items specified in Paragraph 2 of Annex B of resolution 2231 (2015), or to any other activity required for the implementation of the JCPOA, provided that such determination has been notified to and approved by the UNSC.

In addition, the assets freeze requests can be submitted for making payment due under a contract entered into prior to the listing of such individual or entity, provided that:

(a) It can be determined that the contract is not related to any of the prohibited items, materials, equipment, goods, technologies, assistance, training, financial assistance, investment, brokering or services referred to in Annex B of resolution 2231 (2015);

(b) The payment is not directly or indirectly received by a designated individual or entity.

The UNSC is subsequently notified of the intention to make or receive such payments or to authorize the unfreezing of funds, other financial assets or economic resources for this purpose, ten working days prior to such authorization.

6.2. **Exemption from Travel Ban**

Per paragraph 6 (e) of Annex B of resolution 2231 (2015), the travel ban restriction shall not apply:

(a) when the Security Council determines, on a case-by-case basis, that such travel is justified on the grounds of humanitarian need, including religious obligations; or

(b) where the Security Council concludes that an exemption would otherwise further the objectives of resolution 2231 (2015), including where Article XV of the statute of the IAEA is engaged.

SECTION IV

7. DELISTING PROCEDURE UNDER UNSC 1718 AND 2231 REGIMES

Pursuant to UNSCR 1730 (2006), designated individuals/entities can apply for delisting by following the procedure mentioned below:

(a) Entities/individuals may at any time submit its requests for delisting either to ACDIS, MoFA or directly to the Focal Point for delisting established pursuant to resolution 1730 (2006) with a copy marked to MoFA. Contact details of the focal point are as follows:

Focal Point for Delisting
Security Council Subsidiary Organs Branch
Room DC2 2034
United Nations New York, N.Y. 10017
United States of America
Tel. +1 917 367 9448
Fax. +1 212 963 1300
Email: delisting@un.org

(b) Delisting requests should contain the following information:

i. Explanation as to why the designation does not or no longer meets the listing criteria. (In case of 1718 Sanctions List, paragraph 8(d) and/or 8(e) of resolution 1718 (2006) through countering the reasons for listing as stated in the list entry for that particular individual or entity);

ii. The designee's current occupation and/or activities, and any other relevant information;

iii. Any documentation supporting the request can be referred to and/or attached together with the explanation of its relevance, where appropriate.

iv. For a deceased individual, the delisting request shall be submitted by his/her legal beneficiary, together with an official documentation certifying that status. The statement of case supporting the delisting request shall include the following information;

v. Death certificate or similar official documentation confirming the death whenever possible;

vi. Whether or not any legal beneficiary of the deceased's estate or any joint owner of his/her assets is on the Sanctions Lists as well.

Once an individual or entity is removed /de-designated from the sanctions list, the Ministry of Foreign Affairs, upon notification from the relevant Sanctions Committee or UN Security Council, would immediately issue an SRO, instructing all national stakeholders, including financial institutions that may be holding targeted funds or other assets, that the designated individual or entity is no longer subject to sanction measures.

SECTION V

8. PENALTIES FOR SANCTIONS VIOLATIONS

8.1. **Penalty for Violation of SROs issued under UN Security Council Act 1948**

Section 2 of the UN Security Council Act 1948 clearly states that provision may be made for the punishment of person (s) found in violation of the SROs. A person is guilty of an offense if he, in any way whatsoever, refuses or fails to

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comply with the orders of the Federal Government under section 2 of United Nations Security Council Act 1948 (XIV of 1948).

In addition, the **UN Security Council (Enforcement) Order, 2012** notified vide SRO 381 (I)/2012 dated 29th March, 2012 and last amended on 11th January, 2013, and Amended Anti-Terrorism Act (section 11000) prescribe the penalty for violation of SROs.

8.1.1. Penalty for Non-Compliance

A person guilty of an offence shall be liable on conviction to imprisonment for a term not exceeding ten years or with fine not exceeding twenty-five million rupees or with both.

A legal person shall be liable on conviction for fine not exceeding fifty million rupees and every director, officer or employee of such legal person found guilty of the violation shall be liable on conviction to imprisonment for a term not exceeding ten years or with fine not exceeding twenty-five million rupees or with both.

If any public servant is found negligent in complying with the provisions of SRO, such public servant shall be proceeded against under respective service rules for administrative action.

8.1.2. Authority

Under SRO 381 dated 29 March 2012 MoFA has the powers to seek assistance from any Division, Department, Agency of the Federal and/or Provincial Government, regulatory bodies, LEAs including Police and FIA, for imposition of the penalty.

In this regard all Provincial and Federal Ministries/Departments and agencies would share regular information about incidences of "non-compliance" with MoFA. Once an incident of **wilful non-compliance** of SRO is brought to the attention of MoFA, it would impose a penalty on the person, company or other juristic body in violation of the SRO, as applicable.

8.2. Penalties for Criminal Violations of the Sanctions

8.2.1. Targeted Financial Sanctions

Persons within the territory of Pakistan, who wilfully violate the provisions of sanctions regime shall be prosecuted in accordance with the applicable national laws. Some examples of violations and suggested actions are given below:

Scenario 1 (Provision of Funds and Economic Resources Indirectly): Individual X is not designated on the UN consolidated list and is not a member of the designated entity. However, individual X is raising funds on behalf of a designated Entity Y (a UN listed entity) through any means including: funds collection through charity and/or hides collection etc. In such a case, legal action to be taken against Individual X.

Scenario 2 (Provision of Funds and Economic Resources Directly): Entity X is designated on the UN consolidated list. Members of the Entity X (who themselves may or may not be on the consolidated list) attempt to raise fund with the view to provide humanitarian or emergency relief work to general public. In such a case, legal action to be taken against members of the Entity X, as the asset freezing restrictions apply to all activities including any apparent charitable or humanitarian efforts.

Scenario 3 (Provision of Funds and Economic Resources for the Benefit of or on Behalf of): Individual X is not a listed on the UN consolidated list. However, he wilfully holds legal title to any financial asset (moveable or immovable property including any motor vehicle)for the benefit of or on behalf of a designated Entity Y and/or designatec Individual Z. In such a case, legal action to be taken against Individual X.

8.2.2. Violation of Arms Embargo

Persons involved in violations of the arms embargo provisions of the sanctions regime shall be prosecuted under the relevant Provincial laws (Arms Ordinances), as if those persons committed offences under those laws. Example of violations and suggested actions are given below:

Scenario 1: Individual X is a designated individual on the UN consolidated list. He continues to keep in his possession any weapon for his personal use or security. In such a case, legal action to be taken against X for unauthorized access to arms.

Scenario 2: Individual X is a designated individual on the UN consolidated list. His friend Y (not on the UN list) provides him access to arm(s). In such a case, legal action to be taken against individual Y for giving Individual X unauthorized access to arms.

Scenario 3: Individual X is a designated individual on the UN consolidated list. His bodyguard Y (not on the UN list) has access to arm(s) for the purpose of providing security. In such a case, legal action to be taken against individual Y for giving Individual X unauthorized access to arms.

SECTION VI – Annex

9. Scope of Proliferation Financing

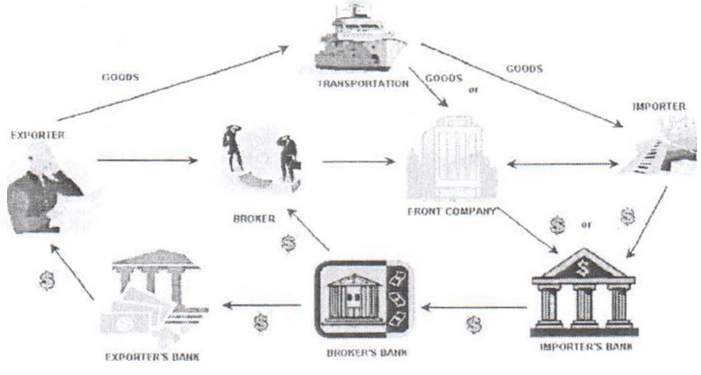
Defining the scope of proliferation and proliferation financing is both critical and challenging. The following paragraphs illustrate the types of proliferation activities that often involve proliferation financing.

(a) Proliferation networks operate globally. Advances in economic integration and in the volume and speed of international travel and trade, facilitate the global transfer of sensitive items by proliferators. Proliferators mask their acquisitions as legitimate trade. They exploit global commerce e.g. by operating in countries with high volumes of international trade or utilizing free-trade zones, where their illicit procurement and shipments are more likely to escape scrutiny. However, in reaction to this phenomenon, jurisdictions with a highly developed and efficient export control system make enhanced efforts to control these transactions.

(b) The following diagram illustrates a basic foreign trade pattern which is routinely used in export financing. Proliferators may abuse this typical trade pattern to disguise their real intentions.

OVERVIEW OF A FOREIGN TRADE PATTERN ABUSED FOR PROLIFERATION

An importer may arrange for the shipment of goods directly with an exporter or could use a front company, broker or both a front company and a broker. Similarly, payments may be settled with a manufacturer's bank either: directly; using a Front Company; using a Broker; or the manufacturer may arrange for payment using Letter of Credit or other payment method.



(c) Proliferators rely on support structures that exploit a number of channels to facilitate the purchase, sale, export or import of sensitive goods. As with most illicit trafficking, proliferation networks work to conceal the end-user of traded goods, the goods themselves as well as the entities involved and associated financial transactions.

(d) To ensure that authorities do not detect the real end-use of sensitive goods being exported, networks may use intermediaries and front companies to arrange for the trade and export of goods by witting or unwitting companies. However, the use of intermediaries is not in itself an indication for proliferation financing. Exporters employ intermediaries for legitimate purposes. When exporting out of or through jurisdictions with well-developed export control regimes, intermediaries and front companies may use fraudulent documents, such as false end-use certificates, forged export and re- export certificates. Couriers or other facilitators may be used to ensure that the transfer of goods, in particular at main transit points, avoids inspection to ensure safe entry of the goods by land, sea, or air. For detailed proliferation financing and related explanations, please refer to "Typologies Report on Proliferation Financing 2008" available at the link mentioned below:
https://www.fatf-gafi.org/media/fatf/documents/reports/ Typologies %20Report%20on%20Prolifer ation%20Financing.pdf

9.1 **Situations Indicating Possible Proliferation Financing (Red Flags)**

The 2008 Financial Action Task Force (FATF) issued the *Typologies Report on Proliferation Financing* provides a starting point to assist both public and private sectors in understanding the threats and situations where customers, transactions and other account activities may be involved in proliferation financing. Since then, proliferators have developed more sophisticated networks to hide such activities. Some of these recent proliferation financing- related sanctions evasion techniques have been captured in the reports submitted by the UN Panel of Experts (PoE) to relevant UNSC or UNSCR committees.

In addition to the FATF typologies and UN PoE reports, national authorities and academic institutions have identified a number of situations below, which may indicate possible proliferation financing activities. However, information contained in this Annex is not uniquely determinative of proliferation financing, and proliferation financing activities may share similar traits with money

laundering (especially **trade-based money laundering**) and terrorist financing activities.

The following indicators could be used by the AML/CFT regulatory authorities for providing specific guidance, to their respective reporting entities. The following list is not exhaustive and AML/CFT regulatory authorities should provide additional indicators, where relevant.

9.1.1. Elements that may Indicate Proliferation Financing

Indicators of possible proliferation financing as mentioned in Annex 1 to the 2008 FATF *Typologies Report on Proliferation Financing*:

(a) Transaction involves person or entity in foreign country of proliferation concern.

(b) Transaction involves person or entity in foreign country of diversion concern.

(c) The customer or counter-party or its address is similar to one of the parties found on publicly available lists of "denied persons" or has a history of export control contraventions.

(d) Customer activity does not match business profile, or end-user information does not match end-user's business profile.

(e) A freight forwarding firm is listed as the product's final destination.

(f) Order for goods is placed by firms or persons from foreign countries other than the country of the stated end-user.

(g) Transaction involves shipment of goods incompatible with the technical level of the country to which it is being shipped, (e.g. semiconductor manufacturing equipment being shipped to a country that has no electronics industry).

(h) Transaction involves possible shell companies (e.g. companies do not have a high level of capitalization or displays other shell company indicators).

(i) Transaction demonstrates links between representatives of companies exchanging goods i. e. same owners or management.

(j) Circuitous route of shipment (if available) and/or circuitous route of financial transaction.

(k) Trade finance transaction involves shipment route (if available) through country with weak export control laws or weak enforcement of export control laws.

(l) Transaction involves persons or companies (particularly trading companies) located in countries with weak export control laws or weak enforcement of export control laws.

(m) Transaction involves shipment of goods inconsistent with normal geographic trade patterns (e.g. does the country involved normally export/import good involved?).

(n) Transaction involves financial institutions with known deficiencies in AML/CFT controls and/or domiciled in countries with weak export control laws or weak enforcement of export control laws.

(o) Based on the documentation obtained in the transaction, the declared value of the shipment was obviously under-valued vis-à-vis the shipping cost.

(p) Inconsistencies in information contained in trade documents and financial flows, such as names, companies, addresses, final destination etc.

(q) Pattern of wire transfer activity that shows unusual patterns or has no apparent purpose.

(r) Customer vague/incomplete on information it provides, resistant to providing additional information when queried.

(s) New customer requests letter of credit transaction awaiting approval of new account.

(t) Wire instructions or payment from or due to parties not identified on the original letter of credit or other documentation.

9.1.2. Additional Potential Indicators of Sanctions Evasion Activity Mentioned in Third- Party Reports (e.g. UN PoE reports, academic research)

(a) Involvement of items controlled under WMD export control regimes or national control regimes.

(b) Involvement of a person connected with a country of proliferation concern (e.g. a dual-national), and/or dealing with complex equipment for which he/she lacks technical background.

(c) Use of cash or precious metals (e.g. gold) in transactions for industrial items.

(d) Involvement of a small trading, brokering or intermediary company, often carrying out business inconsistent with their normal business.

(e) Involvement of a customer or counter-party, declared to be a commercial business, whose transactions suggest they are acting as a money-remittance business.

(f) Transactions between companies on the basis of "ledger" arrangements that obviate the need for international financial transactions.

(g) Customers or counter-parties to transactions are linked (e.g. they share a common physical address, IP address or telephone number, or their activities may be coordinated).

(h) Involvement of a university in a country of proliferation concern.

(i) Description of goods on trade or financial documentation is nonspecific, innocuous or misleading.

(j) Evidence that documents or other representations (e.g. relating to shipping, customs, or payment) are fake or fraudulent. Use of personal account to purchase industrial items.

Supervised entities to take note of the following circumstances where customers and transactions are more vulnerable to be involved in proliferation financing activities relating to both DPRK and Iran sanctions regimes:

(a) customers and transactions associated with countries subject to sanctions;

(b) instruments that could particularly be used to finance prohibited transactions, such as certain trade financing products and services;

(c) customers involved with and/or transactions related to items, materials, equipment, goods and technology prohibited by UNSCRs;

(d) reasonableness of invoiced goods against market value, inconsistency or discrepancies in trade-related documentation.

9.2. **Follow-Up Actions**

Regulatory bodies should continuously study the measures to facilitate the effective implementation of the activity-based financial prohibitions, with a view to facilitating a harmonized and workable approach for financial institutions to prevent engaging in financial activities prohibited under activity-based financial prohibitions.

Promptly share information provided by supervised institutions relating to potential activity-based financial prohibitions with other relevant counter proliferation authorities internally, as appropriate.

The relevant national authority should also consider to quickly share such information with counterparts from relevant countries, as appropriate. The relevant stakeholder should see that adequate controls and safeguards are established to ensure that any information exchanged in the above context is used only in an authorized manner, consistent with their obligations concerning privacy and data protection.

9.3. **Promoting Understanding of Obligations**

(a) AML/CFT Regulatory authorities should conduct regular outreach and issue guidelines and circulars to supervised institutions to explain their sanctions obligations and cases of sanctions evasion;

(b) Establish communication channels (e.g. a hot-line, or a dedicated email account) to provide operational guidance and answer enquiries;

(c) Update guidance material to reflect the latest sanctions obligations;

(d) Consider providing both general and introductory materials, as well as sector- specific information to cater to the needs of different institutions with different levels of understanding of obligations, different implementation focus, different methods of implementation, and different geographical coverage.

(e) The monitoring programme should be conducted on a regular basis, instead of conducting checks only when there is suspected violation of supervisory requirements.

ABBREVIATIONS

ACDIS	Arms Control and Disarmament Division
AMLA	Anti Money Laundering Act

CFT	Countering the Financing of Terrorism
CTRs	Cash Transactions Reports
CDNS	Central Directorate of National Savings
CRMC	Committee for Coordination, Review and Monitoring
DPRK	Democratic Peoples' Republic of Koreas
IMPASS	Directorate General of Immigration & Passports
FATF	Financial Action Task Force
FIA	Federal Investigation Agency
FMU	Financial Monitoring Unit
IET	Inspection and Enforcement Team
IAEA	International Atomic Energy Agency
JCPOA	Joint Comprehensive Plan of Action
JWG	Joint Working Group
LEAs	Law Enforcement Agencies
MoD	Ministry of Defence
MoFA	Ministry of Foreign Affairs
MoI	Ministry of Interior
NACTA	National Counter Terrorism Authority
PoE	Panel of Experts
PTA	Pakistan Telecommunication Authority
SECP	Securities and Exchange Commission of Pakistan
SBP	State Bank of Pakistan
SROs	Statutory Regulatory Orders
SECDIV	Strategic Export Control Division

SPD	Strategic Plans Division
STRs	Suspicious Transactions Reports
UNSCR	United Nations Security Council Resolution
UN	United Nations
UNSC	United Nations Security Council

GLOSSARY OF TERMS

1. "Designated" means listed by the relevant United Nations Security Council (UNSC) Sanctions Committee.

2. "Consolidated list" means list maintained under the UNSC resolutions.

3. "Sanctions" means the measures imposed by the UNSC against the designated individuals and entities.

4. "Statutory Regulatory Orders" means executive orders issued by the Ministry of Foreign Affairs under the United Nations (Security Council) Act 1948.

5. "Listing" means inclusion of a designated individual or entity in the consolidated list.

6. "De-listing" means removal of an individual or entity's name from the consolidated list.

7. "Funds and other assets" mean *"any assets, including, but not limited to, financial assets, economic resources (including oil and other natural resources), property of every kind, whether tangible or intangible, movable or immovable, however acquired, and legal documents or instruments in any form, including electronic or digital, evidencing title to, or interest in, such funds or other assets, including, but not limited to, bank credits, travellers cheques, bank cheques, money orders, shares, securities, bonds, drafts, or letters of credit, and any interest, dividends or other income on or value accruing from or generated by such funds or other assets, and any other assets which potentially may be used to obtain funds, goods or services."*

8. "AML/CFT Regulatory Authority" means the regulators and SRB as defined in the Anti-Money Laundering Act 2010 (as amended).

9. "Reporting entities" are those as defined in the Anti-Money Laundering Act 2010 (as amended).

10. "Without delay" is to be generally interpreted as within 24 hours.

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