
LAW OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA ON THE PREVENTION OF MONEY LAUNDERING

Adopted by Decree No. 2039 of the Presidium of the Supreme People's Assembly on October 25, 2006

Article 1 (Objective)

This Law is enacted for the purpose of providing strict guidelines for the financial service, thereby preventing the obtaining and circulation of unlawful monetary instrument or property and ensuring the stability of the financial system.

Article 2 (Definition)

Money laundering is a crime whereby unlawful monetary instrument or property is transacted, thereby making it appear to have originated from legitimate sources.

Money laundering includes transacting unlawful monetary instrument or property through financial institutions or knowingly assisting others in the performance of the same.

Article 3 (Principle of preventing money laundering)

The DPRK has consistently maintained the policy of preventing money laundering.

The State shall pay close attention to the anti-money laundering efforts and ensure that money laundering crimes are strictly controlled and punished.

Article 4 (Applicability)

This Law shall be applicable to the institutions, enterprises, organizations and citizens.

This Law shall also apply to the foreign institutions, foreign-invested businesses and foreigners in the territory of the DPRK.

Any treaty concluded between the DPRK and foreign countries or international organizations in respect of anti-money laundering shall take precedence.

Article 5 (Subject matter of money laundering)

The following categories of monetary instrument or property shall be the subject matter of money laundering:

1. Monetary instrument or property derived or realized from counterfeit or altered currencies or stocks, or transaction thereof;

2. Monetary instrument or property derived or realized from smuggling or trafficking in narcotic drugs or weapons;

3. Monetary instrument or property derived or realized from unlawful dealing in currencies or goods;

4. Monetary instrument or property derived or realized from unlawful transaction of real property;

5. Monetary instrument or property derived or realized from loaning, investment or other credit transactions, which, for the purpose of gaining an extra income, were not through the service of a financial institution;

6. Monetary instrument or property derived or realized from non-payment of state levies or taxes;

7. Monetary instrument or property derived or realized from economic transactions conducted in the fake capacity of a corporate body;

8. Monetary instrument or property derived or realized from unlawful dealing in precious metals or non-ferrous metals; and

9. Monetary instrument or property derived or realized from prostitution, gambling, bribery, fraudulence, embezzlement, robbery and the like.

Article 6 (Application for opening of account)

Institutions, enterprises, organizations and citizens that wish to open an account shall submit an application to that effect to the financial institution.

The application shall specify the applicant's identity, address and the like.

Article 7 (Examination of application for account opening)

The financial institution shall examine the application for the opening of the account and either approve or reject it.

In case the true identity of an applicant is not determined, certification by a third party shall be required.

Article 8 (Application for opening of account by agent)

Application for the opening of an account by an agent shall be granted provided that his identity is verified and a letter of attorney is produced.

Opening accounts under fictitious names or passwords shall not be permitted.

Article 9 (Financial service for casual customers)

Where a financial institution wishes to conduct a transaction for casual customers, their identity, address, passport or business license shall be verified.

Where an amount in excess of the threshold is to be transacted, the intended use of the monetary instrument, and the identity and address of their business partners shall be inquired into.

Article 10 (Application for withdrawal of cash)

Institutions, enterprises, organizations and citizens that wish to withdraw cash shall submit an application to that effect.

The application shall specify the amount and intended use of the cash.

Article 11 (Payment of cash)

The financial institution shall examine the application for the withdrawal of cash before paying the cash applied for.

Cash shall not be overdrawn.

Article 12 (Inquiry into customer's transaction of monetary instrument or property)

Where a large amount of monetary instrument or property that are deemed not to be commensurate with the customer's business capacity and category, and his occupation is transacted or a certain amount of monetary instrument or property is transacted frequently, the financial institution shall inquire into the matter.

Article 13 (Reporting of money laundering)

The financial institution shall, upon discovering any money laundering practice, immediately report the matter to the financial supervisory organ or the competent supervisory and control authority. In this case detailed information on money laundering shall be presented.

Article 14 (Taking inventory and reporting of fixed assets)

The financial institution shall take an inventory of all the fixed assets of the institutions, enterprises and organizations.

In case the institutions, enterprises and organizations wish to scrap fixed assets or have acquired new ones, they shall report thereof to the financial institution and the assets supervisory organ.

Article 15 (Submission and analysis of statistical data)

Institutions, enterprises and organizations shall submit the statistical data on currency circulation to the financial institution in good time.

The financial institution shall make an accurate analysis of the same.

Article 16 (Recording of transactions)

The financial institution shall keep an accurate record of transactions in the account book, electronic medium, microfilm and the like. In this case the name of the bank, time of transaction, particulars about the account, origin and destination of the monetary instrument shall be specified.

Article 17 (Period of retention of transaction documents)

The financial institution shall retain the transaction documents until the fixed period of time. Domestic transaction documents shall be retained for 5~10 years and the international ones for 10 years.

Article 18 (Formulation of guidelines)

The financial supervisory organ shall formulate guidelines for the prevention of money laundering to be forwarded to the financial institutions.

The guidelines shall specify the arrangement and method of combating money laundering.

Article 19 (Reporting of transaction performance)

The financial institution shall submit a quarterly report on transaction performance to the financial supervisory organ.

The financial supervisory organ shall analyze the submitted data and inform the financial institution of the result.

Article 20 (Term of inspection of transaction performance)

The financial supervisory organ and competent supervisory and control authority shall, with the approval of the competent authority, have the power to inspect for 7 days the transaction of a financial institution or a customer alleged to be related to money laundering.

In case the term of inspection is to be extended, approval of the competent authority shall be obtained.

Article 21 (Requiring and providing of information on prevention of money laundering)

The financial supervisory organ and competent supervisory and control authority may require the institutions, enterprises, organizations and citizens of information that it needs for anti-money laundering efforts.

Institutions, enterprises, organizations and citizens shall provide the same without delay.

Article 22 (Auditing, notification thereof)

The auditing authority shall audit the business performance of the institutions, enterprises and organizations on a routine basis.

Where there exists a probable cause that any monetary instrument or property is related to money laundering, the matter shall be notified to the financial supervisory organ and the competent supervisory organ.

Article 23 (Handling of information relating to money laundering)

The financial supervisory organ shall submit to the competent supervisory and control authority the money-laundering information that it has discovered.

The information shall contain the amount, quantity, origin and owner of the monetary instrument or property that has been or is being laundered, and the responsibility related thereto.

Article 24 (Confidentiality)

The financial institution, the financial supervisory organ and the competent supervisory organ shall hold in strict confidence the business information of a customer that have come to their knowledge in the course of anti-money laundering efforts, or the information under investigation.

The information shall not be misappropriated, or disclosed without due consent.

Article 25 (Assistance in anti-money laundering efforts)

The competent supervisory organ may render assistance in anti-money laundering efforts upon request of a foreign state.

Where necessary, the competent supervisory organ may request to a foreign state for assistance in combating money laundering.

The assistance shall include inquiry into information, exchange of information, freezing or seizure, and forfeiture of monetary instrument or property, and extradition of a criminal.

Article 26 (Grounds for refusing to provide assistance in anti-money laundering)

Request from a foreign state for assistance in combating money laundering shall be refused in cases where;

1. It is made out of a political motivation to prejudice the sovereignty, socio-economic stability and development of the DPRK;
2. It is contrary to the law of the DPRK;
3. The right of the accused cannot be fully guaranteed;
4. It is detrimental to humanitarian conditions;
5. The final judgment made in the DPRK is prevalent; or
6. It is made through a channel other than a diplomatic channel.

Article 27 (Guidance of anti-money laundering efforts)

Anti-money laundering efforts shall be placed under the guidance of the financial supervisory organ under the unified direction of the Cabinet.

The financial supervisory organ and the competent supervisory organ shall establish a proper system of guidance over the anti-money laundering efforts and provide regular control and guidance.

Article 28 (Introduction of modern facilities and information technology)

The financial supervisory organ and the financial institution shall introduce modern facilities and information technology in the fight against money laundering and train necessary personnel in a planned way.

Article 29 (Supervision and control)

Supervision and control of the anti-money laundering efforts shall be exercised by the financial supervisory organ and the competent supervisory organ.

The financial supervisory organ and the competent supervisory organ shall exercise strict supervision and control over the anti-money laundering efforts.

Article 30 (Freezing and forfeiture of monetary instrument or property)

The monetary instrument or property derived or realized from money laundering shall be frozen or forfeited.

Article 31 (Suspension of business)

Where the procedures for the opening of accounts are violated or suspicious money laundering is not duly reported, the business concerned shall be suspended.

Article 32 (Administrative or penal liability)

Officials of the institutions, enterprises and organizations, and individual citizens who have caused serious consequences in the anti-money laundering efforts through violation of this Law shall, depending on the gravity of the offence, be liable to administrative or penal responsibility.