

PAPUA NEW GUINEA

GUIDANCE FOR MEMBERS OF THE PUBLIC

Targeted Financial Sanctions on Democratic People’s Republic of Korea (DPRK), Al-Qaida/Daesh, Iran and the Taliban (United Nations Financial Sanctions Act 2015)

Mission Statement

These guidelines have been developed by the Sanctions Secretariat of Papua New Guinea (PNG) with assistance from the Asian Development Bank (ADB) as a reference source to help members of the public understand the United Nations Financial Sanctions Act 2015 (UNFSA). The purpose is to protect the public, and the financial system of PNG, by helping to ensure that PNG organisations are not utilized, whether purposely or unwittingly, by terrorists, terrorist organizations, and financiers of weapons of mass destruction (WMDs).

1) What are financial sanctions, and why do they matter in PNG?

Financial sanctions are legally binding prohibitions—set out in the UNFSA—that bar anyone in PNG from dealing with money, assets, or economic resources that belong to, or benefit, persons or entities designated (DPEs) by the UN Security Council or by PNG.

The Act is administered by the Sanctions Secretariat within the Department of Prime Minister & National Economic Council (NEC).

Sanctions enable PNG to disrupt terrorist financing (TF), curb WMD proliferation financing (PF), and safeguard access to global finance.

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2) Who must comply?

Everyone in PNG—individuals, companies, charities, NPOs, lawyers, accountants, customs brokers —must observe the prohibitions. Financial institutions (FIs) and designated non-financial businesses or professions (DNFBPs) also have AML/CTF reporting obligations.

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3) How are the sanctions groups divided, and why must PNG businesses be particularly vigilant regarding the DPRK and Iran?

Risk pillar	Sanctioned parties	Core UNSCR series	Reason listed
Proliferation Financing (PF)	Democratic People’s Republic of Korea (DPRK)	1718, 2270	Repeated nuclear & ballistic-missile tests

Risk pillar	Sanctioned parties	Core UNSCR series	Reason listed
	Targeted Iranian persons/entities	2231 Annex B	Missile-related procurement & sensitive nuclear work
Terrorist Financing (TF)	Al-Qaida & Daesh (ISIL)	1267 / 1989	Global terrorist attacks & fundraising
	Taliban	1988	Ongoing terrorism in Afghanistan

Vigilance alert. The DPRK and Iran are not only sanctioned by the UN; they are also subject to extensive “secondary” or autonomous sanctions imposed by the United States, the European Union, the United Kingdom, Australia, New Zealand and Japan.

Any transaction involving DPRK- or Iranian-linked counterparties, therefore, carries a high risk of additional penalties and reputational damage. Treat every such dealing as high-risk: screen all names against the UN & PNG consolidated lists, perform enhanced due diligence on ownership and end-use, and obtain legal advice before proceeding.

4) What is a “designated person or entity” (DPE)?

A DPE is any individual, group or organisation that appears on the UN (or future PNG domestic) sanctions lists for terrorism, terrorist financing or WMD proliferation. Dealing with DPE assets, or making assets or financial services available to them, is a criminal offence under sections 14–15 UNFSA.

5) Where can I find the official lists?

List	Direct link
DPRK (1718 Committee) Sanctions List	https://main.un.org/securitycouncil/en/sanctions/1718/materials main.un.org
ISIL (Da’esh) & Al-Qaida (1267/1989 Committee) Sanctions List	https://main.un.org/securitycouncil/en/sanctions/1267 main.un.org

List	Direct link
Taliban (1988 Committee) Sanctions List	https://main.un.org/securitycouncil/en/sanctions/1988 main.un.org
Iran – Annex B to UNSCR 2231	https://main.un.org/securitycouncil/en/content/2231/list main.un.org
PNG Consolidated List & local guidance	https://pngsanctionssecretariat.gov.pg/ (see “Consolidated List” tab)

**6) How many Designated Persons or Entities (DPEs) are on each UN sanctions list?
(latest publicly available figures)**

Sanctions group	Individuals	Entities/undertakings	Total	Source & last update (June 2025)
DPRK (1718 Committee)	80	75	155	UN 1718 list page, updated 17 Sep 2024 main.un.org
ISIL (Da’esh) & Al-Qaida (1267/1989 Committee)	253	89	342	UN 1267/1989 list page, updated 9 Jun 2025 main.un.org
Taliban (1988 Committee)	135	5	140	UN 1988 list page, updated 30 Jan 2019, main.un.org
Iran – Annex B to UNSCR 2231	23	61	84	UN 2231 list Other Required Actions Security Council

7) What exactly is prohibited?

Unless the Prime Minister grants a written authorisation under s 17 (described below), it is illegal to:

1. Deal with any asset owned or controlled—directly or indirectly—by a DPE (s 14 UNFSA);

2. Make available, directly or indirectly funds, financial services or economic resources to, or for the benefit of, a DPE (s 15 UNFSA); or
3. Conceal, disguise or facilitate any transaction that breaches points 1–2.

Penalties range up to PGK 100,000 and nine years' imprisonment for individuals, or PGK 450,000 (or the value of the asset) for bodies corporate (e.g., companies), plus liability of directors/officers in some circumstances. pngsanctionssecretariat.gov.pg.

The prohibitions apply to conduct in PNG or overseas by PNG citizens and PNG-incorporated entities (s 3 UNFSA).

8) What counts as an “asset” or “economic resource”?

UNFSA defines an asset as “*funds, property or economic resources of every kind—tangible or intangible, moveable or immovable, inside or outside PNG, in any form, including electronic or digital.*” That includes cash, bank balances, cryptocurrency assets, securities, real estate, vessels, patents, software licenses, and any item that can be exchanged for value. pngsanctionssecretariat.gov.pg

9) What constitutes “dealing”?

The UNFSA defines “dealing” as including the transfer, conversion, disposition, movement or use of an asset. <https://pngsanctionssecretariat.gov.pg/prohibitions/>

10) What are some practical examples of prohibited transactions?

- Paying shipping fees to a DPRK-flagged carrier.
- Providing IT services to a DPRK entity raising funds to evade sanctions.
- Clearing a remittance that credits a Taliban fundraiser in Kandahar.
- Selling dual-use machine tools routed through a third-country forwarder to DPRK.
- Exchanging Bitcoin for an Al-Qaida facilitator who is using aliases.

11) How do DPEs try to evade sanctions?

DPEs will rarely, if ever, show up in a transaction or business relationship, but will instead use well-rehearsed tricks to hide who they are and where the money or goods are going. Watch for these warning patterns:

Evasion tactic	What it looks like in real life
1. Fake or “front” companies	A new firm with no track record, often registered overseas, suddenly orders high-value goods or opens accounts.
2. “Straw” customers or clients	A person who purports to be acting on his/her own behalf, but is in fact acting on behalf of an undisclosed DPE.
3. Non-transparent ownership structures	A company that is part of a corporate group whose ownership or control structure is extremely convoluted or confusing for no apparent business or economic reason.
4. False information	The use of aliases and/or falsified documentation to hide involvement of a DPE.
5. Doing business in high-risk jurisdictions	Customers/clients who are located or do significant business in high-risk jurisdictions (i.e., jurisdictions known to be locations for terrorist activity, public corruption, or financial crime).
6. Suspicious shipping moves	Ships that switch off their trackers, change names or flags mid-voyage, or transfer cargo at sea so paperwork shows the wrong port or owner.
7. Mislabeled trade paperwork	Invoices that underprice, use incorrect HS codes, or claim the buyer is in a low-risk country, even though the goods ultimately end up in the DPRK or Iran.
8. Money moved in small pieces	Dozens of low-value transfers through different banks or money-transfer agents (“smurfs”) to keep each payment below monitoring thresholds.
9. Cryptocurrency detours	Funds converted to Bitcoin or privacy coins, sent through mixing services, then cashed out on an exchange with weak controls.
10. “Charity” or NGO cover	A non-profit organisation raises donations supposedly for “humanitarian aid” but quietly sends the cash or dual-use items to a sanctioned group.
11. Help from professional enablers	Lawyers, accountants or company-service providers who set up the structures, open accounts, or re-flag ships for a hidden client.

12) Is it only DPEs that I need to be concerned about?

No. While the UNFSA prohibitions relate specifically to DPEs, you also need to be sure that your customer or counterparty is not owned or controlled by, or acting on behalf of, a DPE. If they are, you must not engage in any of the prohibited actions relative to that customer or counterparty. If you suspect that this may be the case, you should make further inquiries, and do not establish the relationship unless you are satisfied with the answers.

13) How can I tell if I cannot deal with a potential customer or counterparty?

You should screen your customers and counterparties prior to establishing the relationship and also at other crucial stages during the relationship. *Screening* refers the comparison of one string of text against another to detect similarities that would suggest a potential match. Many organisations use sanctions screening software that is available from commercial vendors software. If you do not have access to such software, you will need to be as proficient as possible at screening customers and counterparties manually; however, this need not preclude you from implementing an effective screening process.

The Sanctions Secretariat website provides information on screening of customers and counterparties. pngsanctionssecretariat.gov.pg

14) What is a “beneficial owner” (BO)?

One of the most critical aspects of sanctions compliance is **customer identification**, and a key component of this is knowing the *beneficial owner* (BO) of an account or of a legal entity or legal arrangement that seeks to become a customer. Section 5(1) of the AML/CFT Act defines a BO as a natural person who –

- has ultimate control, directly or indirectly, of a customer; or
- ultimately owns, directly or indirectly, the customer.

“Control” includes control as a result of, or by means of, trusts, agreements, arrangements, understandings and practices, where or not having legal or equitable force and whether or not based on legal or equitable rights. This includes exercising control through the capacity to make decisions about financial and operating policies.

“Owns” means ownership, either directly or indirectly, of 25% or more of a person or unincorporated entity. https://www.bankpng.gov.pg/sites/default/files/2024-09/1.-Guidance-for-Financial-Institutions-on-their-Obligations-under-the-Anti-Money-Laundering-and-Counter-Terrorist-Financing-Act-2015-No.-1-of-2019-2_0.pdf

15) How can I determine who is a BO?

Beneficial ownership is easy to define, but can be extremely challenging to identify in practice. You should inquire about the ownership and control structure of your customers and other counterparties with whom you do business (suppliers, agents and intermediaries, etc.), and do not establish the relationship unless you are satisfied that you know who the BO is and that the BO is not a DPE.

Appendix 3 of the Sanctions Secretariat's guidance for DNFBPs provides detailed guidance on how to determine beneficial ownership. pngsanctionssecretariat.gov.pg

16) How can I determine who owns or controls a DPE?

The “control” factors for DPEs are the same as for BOs. Appendix 3 of the Sanctions Secretariat's guidance for DNFBPs provides some examples. However, the “ownership” test for determining who owns a DPE is different. Ownership for DPE/sanctions purposes means direct or indirect ownership of 50% or more of an entity. Always freeze if a DPE has control of an entity, regardless of the amount (if any) of formal ownership.

17) Are there any other differences between ownership/control for BO purposes and DPE/sanctions purposes?

Yes. A BO is always a natural person. A DPE (or its owner or controlling person) may be either a legal or natural person.

18) What should I do if I spot a possible match?

1. Freeze or hold the asset immediately.
 2. Verify whether it is a true hit.
 3. Report within 24 hours to the Sanctions Secretariat and file a Suspicious Matter Report with FASU (Bank of PNG).
 4. Do not tip off the customer. pngsanctionssecretariat.gov.pg
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19) Why must frozen assets be blocked “without delay” and without notifying the customer or counterparty?

It is critical that DPE-related assets be neutralised as soon as possible after being identified so that they cannot be used to fund TF or PF. Therefore, once you discover that an asset is owned or controlled by a DPE, you must freeze it immediately—there is no grace period.

This should be done without prior notice to the customer or other parties. Advising, warning or “tipping off” the affected customer is not only itself an offence (which can result in significant penalties), but can prompt the DPE to move assets out of reach. Instead:

- **Block the asset without delay.** Place the funds on administrative hold as soon as you confirm a match.
- **Keep it silent.** Do not tell the customer, their authorised representative or any third party why the transaction is blocked.

- **Notify the authorities:**

- Email the Secretariat’s freeze-notification form **within 24 hours**.
- If you are a reporting entity under the AML/CFT Act, lodge a Frozen-Asset Report with FASU **within 10 working days**, and submit an SMR if appropriate.

20) Can DPE-related assets be “unfrozen?”

Yes. Where the asset is frozen because of a UN Security Council designation, Section 17 requires the Prime Minister to send the request to—and obtain the decision of—the relevant UN sanctions committee before issuing the domestic authorisation.

Where the designation is made by PNG (domestic designation), under Section 17 of the UNFSA, the Prime Minister may grant authorisation allowing DPE-related assets to be used, but only under certain specific conditions.

The Prime Minister must be satisfied that the asset is required to meet -

- *a basic expense* (obtaining foodstuffs; paying rent or mortgage; obtaining medicine or medical treatment; paying taxes; paying insurance premiums; paying public utility charges; paying reasonable professional fees; paying reasonable expenses associated with the provision of legal services; and paying fees or service charges in accordance with laws of PNG for the routine holding or maintenance of a frozen asset;
- *a contractual obligation* (an obligation whereby a payment is required under contracts or agreements made before the date of the designation and where the payment required does not defeat the object and purpose of the UNFSA); or
- *an extraordinary expense* (a payment which is not a basic expense or contractual obligation, that the Prime Minister considers necessary and that he considers does not defeat the object and purpose of the UNFSA).

There is no blanket unfreezing. Section 17 allows specific dealings only; the underlying asset remains frozen for any other purpose.

Anyone who deals with a frozen asset under an authorisation must still file a “frozen-asset report” within 10 working days (UNFSA s 18 + AML/CTF Act s 40).

[https://pngsanctionssecretariat.gov.pg/authorization/;](https://pngsanctionssecretariat.gov.pg/authorization/)

<https://main.un.org/securitycouncil/en/content/2231/assets-freeze-exemptions>

21) Can a DPE be removed from the sanctions list?

Yes. However, the route depends on who lists them.

UN-designated DPEs. Removal can be granted only by the UN Security Council or the relevant sanctions committee (UNFSA s 6(c)). The Sanctions Secretariat can help the DPE file a delisting petition with the committee.

PNG-designated DPEs.

- **Interim designations** (made by the Prime Minister under s 7) lapse automatically after 30 days unless confirmed by the National Court, and may be revoked earlier by the Prime Minister.
- **Final designations** (confirmed by the Court under s 9) may be **reviewed and revoked** under s 11, either by the Prime Minister (after NSAC advice) or by the Court on application.

[. https://pngsanctionssecretariat.gov.pg/authorization/](https://pngsanctionssecretariat.gov.pg/authorization/)

22) I run a very small business. Do I really need to bother with sanctions compliance?

Yes. The UNFSA sanctions-related obligations apply to all persons, not just FIs and DNFBPs, regardless of their size. However, a risk-based approach means your controls can be proportionate:

Essential small business sanctions checklist (keep it somewhere visible)

Step	What to do
1. Identify	Note the customer's or supplier's legal / trading name whenever you open an account or accept a high-value order.
2. Screen	Compare the name against the Sanctions Secretariat's latest Consolidated List (download it or use their e-mail alerts).
3. Act on a match	If the name matches or is very close, pause the transaction and call the Secretariat for guidance; do not alert the customer.
4. Record	Write down the date of the check, the list version you used, and the result. Keep the record for 7 years.
5. Brief staff	Give anyone who handles payments a short, once-a-year reminder of these four steps.

23) What are the penalties for noncompliance with the USFSA?

Offence	Individual	Company
Deal with frozen asset (s) (s 14)	≤ PGK 100 000 or 9 yrs jail	≤ PGK 450,000 or asset value
Make assets available (s 15)	Same	Same
Reckless breach	≤ PGK 50 000 or 5 yrs	≤ PGK 250,000 or asset value

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24) Where can I find further information on how to build an effective Sanctions Compliance Programme?

The UNFSA guidelines for FIs and DNFBPs provide information to assist businesses in designing sanctions compliance programmes that are specifically tailored to their customer base, the nature of services they provide, and the size and complexity of their operations. An effective sanctions compliance programme consists of five pillars: management commitment, risk assessment, internal controls, independent testing, and training. Appendix 1 of the Secretariat guidelines for DNFBPs provides a suggested risk-assessment matrix for small businesses. pngsanctionssecretariat.gov.pg

Key contacts

Office	Purpose	Contact
Sanctions Secretariat	List updates, licences, and public guidance	mailto:pngsanctions@pmnec.gov.pg
FASU (Bank of PNG)	Suspicious Matter Reports	mailto:fasu@bankpng.gov.pg

Remember:

Stop, screen, seek advice. Ignorance is no defence, and DPRK and Iran-related transactions demand the highest level of caution. When unsure, contact the Sanctions Secretariat before proceeding. We would rather help you avoid violations than penalise you after the fact.

(Disclaimer: This guide summarises publicly available information from the UN sanctions committees and the PNG Sanctions Secretariat. It is not legal advice.)