



November 29, 2006

To: All Banks
Federally Regulated Trust and Loan Companies
Federally Regulated Life Insurance Companies
Federally Regulated Property and Casualty Insurance Companies
Federally Regulated Cooperative Credit Associations
Fraternal Benefit Societies

cc: Provincial Regulators and Supervisors
Canadian Association of Direct Response Insurers
Canadian Bankers Association
Canadian Fraternal Association
Canadian Life and Health Insurance Association
Canadian Securities Administrators
Credit Union Central of Canada
Insurance Bureau of Canada
Investment Dealers Association of Canada
Trust Companies Association of Canada

Re: Regulations Implementing the United Nations Resolution on the Democratic People's Republic of Korea (UNRDPRK)

New Searching and Reporting Obligation

On November 9, 2006 the Governor in Council enacted the *Regulations Implementing the United Nations Resolution on the Democratic People's Republic of Korea (UNRDPRK)*, P.C. 2006-1312, SOR/2006-0287. The UNRDPRK implement, among other things, a requirement for anyone in Canada, including Canadian financial institutions, to freeze any property in their possession or control belonging to a person designated as subject to the asset freeze. The United Nations Security Council has established a committee to designate those persons who will be subject to the asset freeze in respect of the UNRDPRK.

The UNRDPRK can be found in Part II of the *Canada Gazette*, under the following link:

<http://canadagazette.gc.ca/partII/2006/20061129/html/sor287-e.html>

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The UNRDPRK impose similar prohibitions, searching obligations and reporting requirements on financial institutions and financial transactions with respect to designated persons, as are contained in the *Regulations Establishing a List of Entities* made under subsection 83.05(1) of the *Criminal Code* and/or the *Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism* (RIUNRST) and the *United Nations Al-Qaida and Taliban Regulations* (UNAQTR).

Implementation of Searching and Reporting Obligations

Designated Persons

OSFI has been advised by the Department of Foreign Affairs and International Trade that a listing of designated individuals or entities has not yet been finalized. OSFI will post these names to its web site as soon as they become available. The names also will be provided in searchable databases in the same format and manner as the postings of Listed Persons provided under other *United Nations Act/Criminal Code* regulations.

In addition, OSFI will post new or updated information on designated persons, as soon as this information is available..

Searching

OSFI expects that federally regulated financial institutions will implement the necessary measures to search for the names of individuals or entities designated under the UNRDPRK.

We would like to remind federally regulated financial institutions that the obligation to search for designated names is continuous and should not be linked to the monthly reporting obligation. At a minimum, it is our expectation that federally regulated financial institutions will search their records for designated names at least weekly, and more frequently if needed.

Reporting to OSFI

OSFI intends to create new reporting forms for federally regulated financial institutions to use in complying with their monthly reporting obligations. These forms will be similar to those already in use for other reporting under the *United Nations Act/Criminal Code* regulations. We anticipate that provincial authorities and other regulators may wish to adapt the new forms for their own use. We are currently in the process of finalizing these forms, which will be posted to our web site when ready for use, and you will be advised when this has occurred.

Federally regulated financial institutions are expected to file their first reports with OSFI following the initial posting of the designated names. At that time we will advise you of the first reporting date. Subsequent reports are to be provided on the 15th day of each month thereafter (the same timeline as reporting under other regulations). Until OSFI publishes a list of designated individuals or entities, federally regulated financial institutions will not be required to file monthly reports.

If you require clarification or have questions on any of the matters outlined in this letter, please e-mail extcomm@osfi-bsif.gc.ca, or contact the Compliance Division at OSFI.

Thank you very much for your anticipated cooperation in this matter.

Robert Hanna
Acting Assistant Superintendent, Regulation Sector