



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

CIRCULAR OF THE CONTROLLER OF STRATEGIC TRADE
NO. 1/2018

DIRECTIVE ON IMPLEMENTATION OF TARGETED FINANCIAL
SANCTIONS RELATING TO PROLIFERATION FINANCING

Purpose

The purpose of this Directive is to provide guidelines on implementation of targeted financial sanctions relating to proliferation financing (TFS-PF) under the Strategic Trade Act 2010 (STA), Strategic Trade (United Nations Security Council Resolutions) Regulations 2010 and Strategic Trade (Restricted End-Users and Prohibited End-Users) Order 2010.

Background

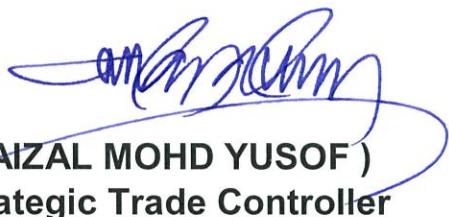
2. The United Nations Security Council (UNSC) has imposed TFS-PF measures as part of its efforts in preventing, suppressing and disrupting proliferation of weapons of mass destruction and its financing.
3. In Malaysia, the STA and specifically, the Strategic Trade (United Nations Security Council Resolutions) Regulations 2010 and Strategic Trade (Restricted End-Users and Prohibited End-Users) Order 2010 provide the legal basis for domestic implementation of TFS-PF in relation to designated countries and persons, particularly from the Democratic People's Republic of Korea (DPRK) and Islamic Republic of Iran (Iran).

4. In order to support better understanding and facilitate effective implementation of the TFS-PF requirements, the Directive is issued pursuant to section 6 of the STA to clarify the specific obligations on the following areas:
 - i. Sanctions screening obligations (i.e. maintenance of sanctions lists, screening of designated persons and related parties);
 - ii. Requirement to freeze assets and block transactions, and reject potential or new customers involving designated persons;
 - iii. Allowable transactions and UNSCR exemptions for basic and extraordinary expenses and payments due under existing contracts;
 - iv. Reporting requirements to the relevant supervisory authorities in the event of positive name match with the designated person; and
 - v. Dealing with false positives and delisting from the UN list.

5. The Directive is legally binding on the persons listed in Appendix I of the document.

Effective Date

6. The directive takes effect from **13 April 2018**.



(FAIZAL MOHD YUSOF)
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Strategic Trade Secretariat
Ministry of International Trade and Industry
Malaysia

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