

ACT ON PROHIBITION AGAINST THE FINANCING OF TERRORISM

Act No. 8697, Dec. 21, 2007
Amended by Act No. 8863, Feb. 29, 2008
Act No. 10042, Feb. 4, 2010

Article 1 (Purpose)

The purpose of this Act is to provide for matters necessary for prohibiting the financing of terrorism to implement the International Convention for the Suppression of the Financing of Terrorism.

Article 2 (Definitions)

The definitions of terms used in this Act are as follows:

1. The term “funds for terrorism against the public (hereafter referred to as “funds for terrorism”)” means funds or assets collected, provided, transported or kept to be used for an act falling under any of the following items, for the purposes of interfering with the State, a local government or a foreign government (including a foreign local government, or international organization established by treaty or other international convention) in exercising its rights or forcing it to perform a non-obligatory act, or threatening or endangering the public:
 - (a) Murder, injuring human body part that may result in death, or illegal arrest, confinement, abduction, enticement or taking hostage;
 - (b) An act related to an aircraft (referring to an aircraft pursuant to subparagraph 1 of Article 2 of the Aviation Act; the same applies hereafter in this item), falling under any of the following subitems:
 - (i) Crashing, overturning or destroying an aircraft during flight (referring to flight, as referred to in subparagraph 1 of Article 2 of the Aviation Safety and Security Act; the same applies

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- hereafter in this item), or causing sufficient damage to harm the safety of an aircraft during flight;
- (ii) Hijacking, or forcing the operation of an aircraft during flight by assault, intimidation or other means; and
 - (iii) Damaging, or interfering with the operation of aviation facilities related to the operation of an aircraft, so as to harm the safety of an aircraft;
- (c) An act related to a ship (referring to a ship pursuant to subparagraph 1 of Article 2 of the Act on Punishment for Damaging Ships or Offshore Facilities; the same applies hereinafter in this item) or an offshore facility (referring to an offshore facility pursuant to subparagraph 5 of Article 2 of the same Act; the same applies hereinafter in this item), falling under any of the following subitems:
- (i) Destroying a ship during its operation (referring to operation as referred to in subparagraph 2 of Article 2 of the Act; the same applies hereafter in this item) or an offshore facility, or causing sufficient damage to harm the safety of a ship during its operation, any offshore facility or freight stowed thereon;
 - (ii) Hijacking, or forcing the operation of a ship by assault, intimidation or other means; and
 - (iii) Destroying, causing major damage to, or impairing the functions of equipment or facilities related to the operation of a ship, so as to harm the safety of the ship during operation;
- (d) Loading or exploding explosives or incendiary arms or devices, which were produced, or are sufficiently powerful to kill, critically injure or cause major damage, or using them in other ways on any of the following vehicles or facilities:
- (i) Public vehicles that are used for transporting humans or goods, such as trains, streetcars, automobiles, etc.;
 - (ii) Facilities or roads used for vehicle traffic falling under subitem (i), parks, stations, or other public facilities;
 - (iii) Facilities to supply electricity or gas, drinking water supply for the public, other facilities or facilities for telecommunications provided to, or used by the public;
 - (iv) Processing, transporting or storing facilities to produce or refine raw materials of petroleum, flammable gas, coal or other fuel,

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or process them into fuel; and

(v) Structures, aircraft or ships, which the public may access, excluding facilities referred to in subitems (i) through (iv).

- (e) An act related to nuclear materials (referring to nuclear materials pursuant to subparagraph 1 of Article 2 of the Protection of Nuclear Facilities, etc. and Prevention of Radiation Disasters Act; hereafter the same applies in this item), radioactive materials (referring to radioactive materials pursuant to subparagraph 5 of Article 2 of the Atomic Energy Act; hereafter the same applies in this item) or nuclear facilities (referring to nuclear facilities pursuant to subparagraph 2 of Article 2 of the Protection of Nuclear Facilities, etc. and Prevention of Radiation Disasters Act; hereafter the same applies in this item), falling under any of the following subitems:
- (i) Killing a human, injuring a body part or property, or endangering other public safety by destroying a nuclear reactor;
 - (ii) Endangering human life or body part by wrongfully using radioactive materials, a nuclear reactor or facility related thereto, a nuclear fuel cycle facility, a radiation generator, etc.;
 - (iii) Receiving, carrying, possessing, storing, using, transporting, altering, disposing of or dispersing nuclear materials; and
 - (iv) Destroying or damaging nuclear materials or a nuclear facility, or causing such, or interfering with the normal operation of a nuclear facility, resulting in discharge of radioactive material or radiation leak; and

2. The term "financial transaction" means a financial transaction pursuant to subparagraph 2 of Article 2 of the Act on Report on, and Use of Specific Financial Transaction Information.

Article 3 (Application to Foreign Exchange Transactions or Foreigners)

(1) This Act shall also apply to cases falling under any subparagraph of Article 2 (1) of the Foreign Exchange Transactions Act.

(2) This Act shall also apply to a person falling under any of the following subparagraphs:

1. Any foreigner (including any person without citizenship; the same applies hereafter) who has committed a crime referred to in Article 6 (1) outside Korean territory to damage a Korean public institution,

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such as an embassy abroad, or a facility thereof, or harm Korean citizens; and

2. Any foreigner who has committed a crime referred to in Article 6 (1) outside Korean territory and is in Korean territory.

Article 4 (Disposition as a Person whose Financial Transactions are Restricted and Restriction on Financial Transactions, etc.)

(1) If any individual, corporation or organization is deemed related to the financing of terrorism and a case falling under any of the following subparagraphs, the Financial Services Commission may designate the individual, corporation or organization as a person whose financial transactions are restricted, and publicly announce such designation: *⟨Amended by Act No. 8863, Feb. 29, 2008⟩*

1. Where restriction on the financing of terrorism is necessary for complying with treaties to which Korea is a party, or generally accepted international laws in good faith; and
2. Where restriction on the financing of terrorism is necessary for especially contributing to international efforts to sustain international peace and security.

(2) The Financial Service Commission shall have prior consultation with each of the following persons, when intending to designate and publicly announce a person whose financial transactions are restricted: *⟨Amended by Act No. 8863, Feb. 29, 2008⟩*

1. The Minister of Justice; and
2. The Minister of Foreign Affairs and Trade.

(3) If any person who has been designated, and publicly announced as a person whose financial transactions are restricted pursuant to paragraph (1) intends to make a transaction with a financial institution, etc. (referring to a financial institution, etc. as referred to in subparagraph 1 of Article 2 of the Act on Report on, and Use of Specific Financial Transaction Information; the same applies hereafter) or for disbursement or receipt of the payment therefor, the Financial Services Commission may grant him/her permission, in accordance with Presidential Decree. In such cases, the authority of the Financial Services Commission to grant permission may be entrusted to the Governor of the Bank of Korea. *⟨Amended by Act No. 8863, Feb. 29, 2008⟩*

(4) When any person who has been designated, and publicly announced

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as a person whose financial transactions are restricted pursuant to paragraph (1) is no longer related to the financing of terrorism, the Financial Services Commission shall revoke such designation, and publicly announce it. In such cases, paragraph (2) shall apply mutatis mutandis to the revocation of designation as a person whose financial transactions are restricted. *<Amended by Act No. 8863, Feb. 29, 2008>*

(5) Any person who is dissatisfied with any of the following dispositions may raise an objection in accordance with Presidential Decree:

1. Disposition as a person whose financial transactions are restricted pursuant to paragraph (1); and
2. Denial of permission pursuant to paragraph (3).

Article 5 (Duties of Financial Institutions, etc. and Their Employees)

(1) No financial institution, etc. (including its employees) may conduct a financial transaction nor may disburse or receive the payment therefor, with a person who has been listed and publicly announced as a person whose financial transactions are restricted under Article 4 (1), except for cases where permission is granted under Article 4 (3).

(2) When any employee of a financial institution, etc. notices that assets received from a financial transaction are funds for terrorism, or the other party in a transaction is making a transaction, or disbursing or receiving the payment therefor without permission referred to in Article 4 (3) or is committing a crime referred to in Article 6 (1), he/she shall report it to the competent investigative authority, notwithstanding other Acts or subordinate statutes.

(3) Where any employ intends to file, or has already filed a report pursuant to paragraph (2), he/she may not disclose such fact to any other person, including the other party to the relevant financial transaction: *Provide*, That this may not apply, if the financial institution provides such information to prevent the financing of terrorism.

Article 6 (Penal Provisions)

(1) Any person falling under any of the following subparagraphs shall be imprisoned with prison labor for 10 years or less or fined 100 million won or less:

1. Any person who has raised, supplied or transported funds or assets, knowing that they were to be used for terrorism; and
2. Any person who has forced or persuaded another person to raise, supply

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or transport funds or assets, that they were to be used for terrorism.

(2) Any person falling under any of the following subparagraphs shall be imprisoned with prison labor for three years or less or fined 30 million won or less:

1. Any person who has made a financial transaction, or disbursement or receipt of the payment therefor, upon obtaining permission pursuant to Article 4 (3) by false or other illegal means;
2. Any person who has made a financial transaction, or disbursement or receipt of the payment therefor, without permission pursuant to Article 4 (3); and
3. Any employee who has conducted a transaction in violation of Article 5 (1).

(3) Any person falling under any of the following subparagraphs shall be imprisoned with prison labor for two years or less, or fined 10 million won or less:

1. Any person who has failed to file a report to the competent investigative authority, in violation of Article 5 (2);
2. Any person who has disclosed the filing of a report, in violation of Article 5 (3).

(4) Any person who has attempted a crime falling under paragraph (1) 1 shall be punished.

(5) Any person who has committed a crime falling under paragraphs (1) through (3) may be punished by both imprisonment with prison labor and a fine.

(6) Where the representative of a corporation, or an agent, an employee or other servant of a corporation or individual commits any violation referred to in paragraphs (1) through (3) in connection with the business of the corporation or individual, not only shall such violator be punished, but such corporation or individual shall also be punished by a fine prescribed for in the relevant Article: *Provided*, That when the corporation or individual has not been neglect of considerable attention and supervision regarding the relevant business in order to prevent such violation, this shall not apply. *<Amended by Act No. 10042, Feb. 4, 2010>*

Article 7 (Fines for Negligence)

(1) Twenty thousand won or less shall be imposed on a financial institution, etc. as a fine for negligence (limited only to cases where its employee

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has violated Article 5 (1) inadvertently) that has conducted a transaction in violation of paragraph (1) of the same Article.

(2) Fines for negligence referred to in paragraph (1) shall be imposed and collected by the Financial Services Commission in accordance with Presidential Decree. *<Amended by Act No. 8863, Feb. 29, 2008>*

(3) Any person who is dissatisfied with the disposition of a fine for negligence pursuant to paragraph (2) may raise an objection to the Financial Services Commission within 30 days after the date of receipt of such notification. *<Amended by Act No. 8863, Feb. 29, 2008>*

(4) Where any person who is subject to the disposition of a fine for negligence under paragraph (2) has raised an objection under paragraph (3), the Financial Services Commission shall immediately notify the competent court, and the court shall proceed to a trial on the fine for negligence pursuant to the Non-Contentious Case Litigation Procedure Act. *<Amended by Act No. 8863, Feb. 29, 2008>*

(5) If an objection is not raised or a fine for negligence is not paid within the period prescribed in paragraph (3), the said fine for negligence shall be collected by referring to the dispositions on default of national taxes.

ADDENDUM

This Act shall enter into force one year after the date of its promulgation.

ADDENDA *<Act No. 8863, Feb. 29, 2008>*

Article 1 (Enforcement Date)

This Act shall enter into force on the date of its promulgation.

Articles 2 through 5 Omitted.

ADDENDUM *<Act No. 10042, Feb. 4, 2010>*

This Act shall enter into force on the date of its promulgation.