H. R. 1771

To improve the enforcement of sanctions against the Government of North Korea, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2013

Mr. ROYCE (for himself, Mr. ENGEL, Mr. CHABOT, Ms. ROS-LEHTINEN, Mr. ROHRABACHER, Mr. Poe of Texas, Mr. SHERMAN, and Mr. SALMON) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Ways and Means, the Judiciary, Financial Services, and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

A BILL

To improve the enforcement of sanctions against the Government of North Korea, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “North Korea Sanctions Enforcement Act of 2013”.

(b) Table of Contents.—The table of contents for this Act is as follows:
Sec. 1. Short title; table of contents.
Sec. 2. Findings.
Sec. 3. Definitions.

TITLE I—INVESTIGATIONS, PROHIBITED ACTIVITIES, AND PENALTIES

Sec. 101. Statement of policy.
Sec. 102. Investigations.
Sec. 103. Briefing to Congress.
Sec. 104. Designation of persons, foreign governments, and financial institutions.
Sec. 105. Forfeiture of property.

TITLE II—SANCTIONS AGAINST NORTH KOREAN PROLIFERATION, HUMAN RIGHTS VIOLATIONS, AND ILLICIT ACTIVITIES

Sec. 201. Sanctions for material support of North Korean proliferation.
Sec. 202. Sanctions against the provision of specialized financial messaging services to designated North Korean financial institutions.
Sec. 203. Proliferation prevention sanctions.
Sec. 204. Procurement sanctions.
Sec. 205. Sanctions with respect to the provision of vessels or shipping services to transport certain goods related to proliferation, terrorism, or criminal activities of North Korea.
Sec. 206. International assistance.
Sec. 207. Exclusion, waiver, and removal of designation.

TITLE III—PROMOTION OF HUMAN RIGHTS AND DISINVESTMENT

Sec. 301. Information technology.
Sec. 302. Disclosures to Securities and Exchange Commission relating to sanctionable activities.
Sec. 303. Authority of State and local governments to divest from companies that invest in North Korea.
Sec. 304. Safe harbor for changes of investment policies by asset managers.
Sec. 305. Sense of Congress regarding certain ERISA plan investments.
Sec. 307. Limits on jurisdictional immunity.

TITLE IV—GENERAL AUTHORITIES

Sec. 401. Suspension of sanctions and other measures.
Sec. 402. Termination of sanctions and other measures.
Sec. 403. North Korea Enforcement and Humanitarian Fund.
Sec. 404. Regulations.
Sec. 405. Effective date.

1 SEC. 2. FINDINGS.

2 Congress finds the following:

3 (1) The Government of North Korea has repeatedly violated its commitments to the complete,
verifiable, irreversible dismantlement of its nuclear weapons programs, and has willfully violated multiple United Nations Security Council resolutions calling for it to cease its development, testing, and production of weapons of mass destruction.

(2) North Korea poses a grave risk for the proliferation of nuclear weapons and other weapons of mass destruction.

(3) The Government of North Korea has been implicated repeatedly in money laundering and illicit activities, including prohibited arms sales, narcotics trafficking, the counterfeiting of United States currency, and the counterfeiting of intellectual property of United States persons.

(4) The Government of North Korea has recently and repeatedly sponsored acts of international terrorism, including attempts to assassinate defectors and human rights activists; repeated threats of violence against foreign persons, leaders, newspapers, and cities; and the shipment of weapons to Hezbollah and Hamas via Iran.

(5) North Korea has unilaterally withdrawn from the 1953 Armistice Agreement that ended the Korean War, and committed unprovoked acts of war against South Korea in 2010 by sinking the warship
Cheonan and killing 46 of her crew, and by shelling Yeonpyeong Island, killing four civilians.

(6) North Korea maintains a system of brutal political prison camps that contain as many as 200,000 men, women, and children, who live in atrocious living conditions with insufficient food, clothing, and medical care, and under constant fear of torture or arbitrary execution.


(8) North Korea has prioritized weapons programs and the procurement of luxury goods, in defiance of United Nations Security Council resolutions, and in gross disregard of the needs of its people.

(9) Persons, including financial institutions, who engage in transactions with, or provide financial services to, the Government of North Korea and its financial institutions without establishing sufficient financial safeguards against North Korea’s use of these transactions to promote proliferation, weapons trafficking, human rights violations, illicit activity, and the purchase of luxury goods, aid and abet North Korea’s misuse of the international financial
system, and also violate the intent of relevant United

(10) The Government of North Korea’s conduct
poses an imminent threat to the security of the
United States and its allies, to the global economy,
to the safety of members of the United States armed
forces, to the integrity of the global financial system,
to the integrity of global nonproliferation programs,
and to the people of North Korea.

(11) The Congress seeks, through this legisla-
tion, to use nonmilitary means to address this emer-
gency, to provide diplomatic leverage to negotiate
necessary changes in North Korea’s conduct, and to
ease the suffering of the people of North Korea.

SEC. 3. DEFINITIONS.

In this Act:

(1) ACCOUNT; CORRESPONDENT ACCOUNT; PAY-
ABLE-THROUGH ACCOUNT.—The terms “account”,
“correspondent account”, and “payable-through ac-
count” have the meanings given those terms, respec-
tively, under section 5318A of title 31, United
States Code.

(2) APPROPRIATE CONGRESSIONAL COMMIT-
TEES.—The term “appropriate congressional com-
mittees” means—
(A) the Committee on Foreign Affairs and the Committee on Financial Services of the House of Representatives; and

(B) the Committee on Foreign Relations and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(3) CENSORSHIP.—The term "censorship" means, with respect to North Korea, activities that—

(A) prohibit, limit, or penalize the exercise of freedom of expression or assembly by citizens of North Korea; or

(B) limit access to print or broadcast media, including the facilitation or support of intentional frequency manipulation by the Government of North Korea that would jam or restrict an international signal.

(4) DESIGNATED PERSON.—The term "designated person" means a person, foreign government, or financial institution designated by the President under subsection (a), (b), (c), or (d) of section 104 for purposes of applying the sanctions described in title II (as applicable) with respect to the person, foreign government, or financial institution.
(5) **Domestic Financial Institution.**—The term “domestic financial institution” has the meaning given such term in section 5312 of title 31, United States Code.

(6) **Facilitate.**—

(A) **In General.**—The term “facilitate” means, with respect to any of the activities described in section 104(a), to—

(i) provide material support to, aid, abet, attempt, or conspire to commit the activity;

(ii) conceal any evidence, proceeds, or instrumentalities of the activity;

(iii) possess, receive, exchange, or transmit the proceeds, instrumentalities, or other property involved in the activity;

(iv) sell, lease, or provide a vessel or conveyance, to register of reflag a vessel or conveyance, or provide insurance or reinsurance or any other shipping service in furtherance of the activity; or

(v) engage in any act with the purpose of causing the activity to occur.

(B) **Exception.**—Nothing in this paragraph shall be construed to apply with respect
to the provision of specialized financial mes-
saging services (as described in section 202).

(7) Financial institution.—The term “fi-
nancial institution” means a financial institution
specified in subparagraph (A), (B), (C), (D), (E),
(F), (G), (H), (I), (J), (M), or (Y) of section
5312(a)(2) of title 31, United States Code.

(8) Financial transaction.—The term “fi-
nancial transaction” has the meaning given such
term in section 1956 of title 18, United States Code.

(9) Foreign government.—The term “for-

government” has the meaning given the term
“foreign state” in section 1603 of title 28, United
States Code.

(10) Government of North Korea.—The
term “Government of North Korea” means—

(A) the Government of North Korea;

(B) any political subdivision, agency, or in-

strumentality thereof;

(C) the National Defense Commission of

North Korea and its members; and

(D) any person owned or controlled by, or

acting for or on behalf of, the Government of

North Korea.
(11) Instrumentalities.—The term “instrumentalities” includes, with respect to any of the activities described in section 104(a)—

(A) any property other than proceeds of such transaction which is also part of the subject matter of such transaction;

(B) any property used to facilitate such transaction, including any article, container, or conveyance used, or intended to be used, to facilitate such transaction; and

(C) any property other than the proceeds of such transaction that is involved in or used to facilitate such transaction.

(12) International Terrorism.—The term “international terrorism” has the meaning given such term in section 2331 of title 18, United States Code.

(13) Luxury Goods.—The term “luxury goods” has the meaning given such term in subpart 746.4 of title 15, Code of Federal Regulations, and includes the items listed in Supplement No. 1 to such regulation, and any similar items.

(14) Monetary Instrument.—The term “monetary instrument” has the meaning given such
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term under section 5312 of title 31, United States Code, and also includes—

(A) stored value cards, tangible or intangible prepaid access devices, or other instruments or devices for the electronic storage or transmission of value, as defined in part 1010 of title 31, Code of Federal Regulations; and

(B) any covered goods, as defined in section 1027.100 of title 31, Code of Federal Regulations, and any instrument or tangible or intangible access device use for the electronic storage and transmission of a representation of covered goods.

(15) NORTH KOREAN FINANCIAL INSTITUTION.—The term “North Korean financial institution” means—

(A) a financial institution organized under the laws of North Korea or any jurisdiction within North Korea, including a foreign branch of such an institution;

(B) a financial institution located in North Korea, except as may be excluded from such definition by the President in accordance with section 207(d);
(C) a financial institution, wherever located, owned or controlled by the Government of North Korea; or

(D) a financial institution, wherever located, owned or controlled by a financial institution described in subparagraph (A), (B), or (C).

(16) NORTH KOREAN PROPERTY.—The term “North Korean property” includes any funds, financial assets, technology, property, or resources that are owned or controlled, directly or indirectly, by the Government of North Korea.

(17) PERSON.—The term “person” means—

(A) a natural person;

(B) a corporation, business association, partnership, association, society, trust, financial institution, joint venture, corporation, group, subgroup, agency, insurer, underwriter, guarantor, and any other business organization, any other nongovernmental entity, organization, or group, and any governmental entity operating as a business enterprise; and

(C) a successor to any entity described in subparagraph (B).
(18) PROCEEDS.—The term “proceeds” has the meaning given such term in section 1956 of title 18, United States Code.

(19) SERIOUS HUMAN RIGHTS ABUSE.—The term “serious human rights abuse” includes genocide, slavery, kidnaping, peonage, murder, torture, and aggravated sexual abuse, as those terms are described and made punishable under part I of title 18, United States Code, when carried out by the Government of North Korea, without regard to whether such conduct is within the criminal jurisdiction of the United States.

(20) SPECIFIED UNLAWFUL ACTIVITY.—The term “specified unlawful activity” has the meaning given such term in section 1956 of title 18, United States Code.

(21) TRANSACTION.—The term “transaction” has the meaning given such term in section 1956 of title 18, United States Code.

(22) UNITED STATES PERSON.—The term “United States person” means—

(A) a natural person who is a citizen of the United States or who owes permanent allegiance to the United States; and
(B) a corporation or other legal entity which is organized under the laws of the United States, any State or territory thereof, or the District of Columbia, if a natural person described in subparagraph (A) owns, directly or indirectly, more than 50 percent of the outstanding capital stock or other beneficial interest in such corporation or other legal entity.

TITLE I—INVESTIGATIONS, PROHIBITED ACTIVITIES, AND PENALTIES

SEC. 101. STATEMENT OF POLICY.

In order to achieve the peaceful disarmament of North Korea, Congress finds that it is necessary—

(1) to encourage all responsible members of the international community to fully and promptly implement United Nations Security Council Resolution 2094;

(2) to sanction the entities, officials, and financial institutions that facilitate proliferation, illicit activities, arms trafficking, imports of luxury goods, severe human rights abuses, cash smuggling, and censorship by the Government of North Korea;

(3) to authorize the President to sanction financial institutions and jurisdictions that fail to exercise
due diligence to ensure that such financial institutions and jurisdictions do not facilitate proliferation, arms trafficking, kleptocracy, and imports of luxury goods by the Government of North Korea; and

(4) to deny the Government of North Korea access to the funds it uses to obtain nuclear weapons, ballistic missiles, and luxury goods instead of providing for the needs of its people.

SEC. 102. INVESTIGATIONS.

(a) INITIATION OF INVESTIGATION.—The President shall initiate an investigation into the possible designation of a person under section 104(a) upon receipt by the United States of credible information indicating that such person has engaged in one or more activities described in section 104(a) and, except as provided in section 207, shall designate any person who the President determines has engaged in one or more activities described in section 104(a).

(b) PERSONNEL.—The President shall direct the Secretary of State, the Secretary of the Treasury, the Attorney General, the Secretary of Homeland Security, the Secretary of Defense, the Director of Central Intelligence, and the heads of other Federal departments and agencies as may be necessary to assign sufficient experienced and qualified investigators, attorneys, and technical personnel
to investigate and sanction any of the activities described in section 104(a) and to coordinate and ensure the effective enforcement of the provisions of this Act.

(c) Sharing of Information.—The Federal departments and agencies supporting the enforcement of this Act shall share such information with, and shall provide each other access to, databases and other sources of information as may be necessary to enforce the provisions of this Act.

SEC. 103. BRIEFING TO CONGRESS.

(a) In General.—Not later than 180 days after the date of the enactment of this Act, and every 180 days thereafter, the President shall provide to the appropriate congressional committees a briefing on the following:

   (1) Assets of the Government of North Korea.—The significant assets held by the Government of North Korea, the amount of each such asset, and the form and financial institution (if any) in which each such asset is held.

   (2) Transactions Involving the Government of North Korea.—The significant international financial transactions by the Government of North Korea during the previous 180 days, including the amounts, parties, terms, and date of each such transaction, the property involved in the trans-
action, and the names and nationalities of any financial institutions involved in each such transaction.

(3) DESIGNATIONS.—Each person, foreign government, or financial institution designated under subsection (a), (b), (c), or (d) of section 104 during the previous 180 days.

(4) WAIVERS, ETC.—All waivers, exclusions, and removals of designation granted under section 207 during the previous 180 days.

(b) CONTENTS OF BRIEFING.—The briefings required by subsection (a) shall also contain—

(1) a list of all persons and foreign governments that have provided financial, storage, transportation, communication, messaging, promotional, or other services with respect to such property and transactions;

(2) an assessment of the sufficiency of financial safeguards to ensure that such property and transactions are prevented from being used to facilitate any of the activities described in section 104(a), and recommendations for any safeguards necessary to prevent such use; and

(3) whether any evidence exists to suggest that such property constitutes the proceeds or instrumentalities of any activity described in section 104(a).
SEC. 104. DESIGNATION OF PERSONS, FOREIGN GOVERNMENTS, AND FINANCIAL INSTITUTIONS.

(a) Designation of Persons Who Engage in Certain Activities.—Except as provided in section 207, the President shall exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) without regard to section 202 of such Act to designate and apply the sanctions described in title II, as applicable, with respect to any person if the President determines that the person—

(1) knowingly and materially contributes, through the export to or import from North Korea of any goods or technology, to the efforts by any government or person to use, develop, produce, stockpile, or otherwise acquire nuclear, radiological, chemical, or biological weapons, or any device or system designed in whole or in part to deliver such weapons;

(2) knowingly exports, or facilitates the export of, defense articles and defense services to the Government of North Korea, or knowingly exports, or facilitates the export of, any defense articles and defense services from North Korea to any other country;

(3) knowingly exports, or facilitates the export of, any luxury goods to North Korea;
(4) knowingly provides, sells, leases, registers, or reflags a vessel, aircraft, or other conveyance, or provides insurance or reinsurance or any other shipping or transportation service used or intended to be used for, the transportation of goods to or from North Korea, for purposes facilitating a specified unlawful activity, or for purposes of evading a regulation established under this Act or the International Emergency Economic Powers Act;

(5) knowingly transfers, pays, exports, withdraws, or otherwise deals with any property or interest in property of the Government of North Korea for purposes of facilitating a specified unlawful activity, or for purposes of evading a regulation established under this Act or the International Emergency Economic Powers Act;

(6) knowingly engages in or facilitates censorship by the Government of North Korea; or

(7) knowingly commits or facilitates a serious human rights abuse by the Government of North Korea.

(b) DESIGNATION OF PERSONS AND FOREIGN GOVERNMENTS THAT ARE SANCTIONED BY EXECUTIVE ORDER OR THE UNITED NATIONS.—Except as provided in section 207, the President shall exercise the authorities
of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) without regard to section 202 of such Act to designate and apply the sanctions described in title II, as applicable, with respect to any person or foreign government if the President determines the person or foreign government—

(1) has been listed or sanctioned under any regulation or Executive Order No. 13382, 13224, 13551, or otherwise pursuant to the International Emergency Economic Powers Act for illicit activities or activities concerning North Korea’s proliferation of weapons of mass destruction;

(2) has been sanctioned under United Nations Security Council resolutions 1695, 1718, 1874, 2087, 2094, or other such resolution concerning North Korea’s proliferation of weapons of mass destruction; or

(3) has been convicted of a criminal offense for any of the activities described in paragraphs (1) through (7) of subsection (a).

(c) DESIGNATION OF GOVERNMENT OF NORTH KOREA.—Except as provided in section 207, the President shall exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) without regard to section 202 of such Act to designate
and apply the sanctions described in title II, as applicable, with respect to the Government of North Korea.

(d) Discretionary Authority to Designate Foreign Governments and Financial Institutions.—Except as provided in section 207, the President may exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) without regard to section 202 of such Act to designate and apply any of the sanctions described in sections 201 and 204, as applicable, with respect to any foreign government or financial institution if the President determines the foreign government or financial institution, after the date that is 180 days after the date of the enactment of this Act—

(1) engages in any of the activities described in paragraphs (1) through (7) of subsection (a);

(2) fails to freeze any funds, financial assets, or economic resources of a person designated under subsection (a) or (b) in accordance with the legal process of the country in which such property is held;

(3) fails to freeze any funds, financial assets, or economic resources that could be used to facilitate any of the activities described in paragraph (1), (2), or (3) of subsection (a), in accordance with the legal
process of the country in which such property is held;

(4) fails to apply enhanced monitoring to prevent any transactions that could be used to facilitate any of the activities described in paragraph (1), (2), or (3) of subsection (a);

(5) permits any North Korean financial institution to open any new branch, subsidiary or representative office, or to establish any new joint venture within its jurisdiction, or to take an ownership interest in, or establish or maintain a correspondent relationship with any bank in its jurisdiction, if such branch, subsidiary, representative office, joint venture, ownership interest, or correspondent relationship could be used to facilitate any of the activities described in paragraph (1), (2), or (3) of subsection (a);

(6) fails to prohibit any transfers of cash, including through cash couriers, transiting to and from North Korea so as to ensure such transfers of bulk cash are not used to facilitate any of the activities described in paragraph (1), (2), or (3) of subsection (a);

(7) provides public financial support for trade with the Government of North Korea (including the
granting of export credits, guarantees or insurance
to their nationals or entities involved in such trade)
when such financial support could be used to facili-
tate any of the activities described in paragraph (1),
(2), or (3) of subsection (a); or

(8) facilitates the use of any proceeds of the
bribery of an official of the Government of North
Korea, or the misappropriation, theft, or embezzle-
ment of public funds by, or for the benefit of, an of-
official of the Government of North Korea.

(e) APPLICATION TO SUCCESSORS, ETC.—The des-
ignation of a person, foreign government, or financial in-
stitution under subsection (a), (b), (c), or (d) shall also
apply with respect to—

(1) a successor entity to the designated person;

(2) a person owned or controlled by, or under
common ownership or control with, the designated
person, if the person owned or controlled by, or
under common ownership or control with (as the
case may be), the designated person knowingly en-
gaged in the transaction causing the designation;

(3) a corporate officer or principal of, or a
shareholder with a controlling interest in, such des-
ignated person, if such corporate officer, or principal
or shareholder with a controlling interest, knowingly
engaged in the transaction causing the designation; and

(4) a United States person, including a domestic financial institution, to the same extent as if the transaction were engaged in by the United States person or in the United States if—

(A) a person, including a foreign subsidiary, owned or controlled by the United States person engages in or facilitates any of the activities described in paragraphs (1) through (7) of subsection (a); and

(B) the United States person knew or should have known that the person engaged in or facilitated any of the activities described in paragraphs (1) through (7) of subsection (a).

(f) REGULATIONS.—

(1) IN GENERAL.—The President shall promulgate such regulations as may be necessary under the authority of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) to carry out this section.

(2) ADDITIONAL REQUIREMENT.—The regulations promulgated under this subsection shall require enhanced due diligence for all transactions with the Government of North Korea or involving
North Korean property to prevent the facilitation of activities described in any of paragraphs (1) through (7) of subsection (a) or any of paragraphs (1) through (8) of subsection (d).

(g) PENALTIES.—Any person who engages in the conduct described in subsection (a), or who violates any regulation promulgated under subsection (f) or section 404, shall be subject to the penalties under section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) in the same manner and to the same extent as such penalties would apply to any person who violates any license, order, regulation, or prohibition issued under that Act (50 U.S.C. 1701 et seq.).

SEC. 105. FORFEITURE OF PROPERTY.

(a) USE OF FUNDS DERIVED FROM CIVIL FORFEITURES.—Section 981(e) of title 18, United States Code, is amended—

(1) in paragraph (6), by striking “or” at the end;

(2) in paragraph (7), by striking the period at the end and inserting “; or”; and

(3) by inserting after paragraph (7) the following new paragraph:

“(8) in the case of property involved in any of the activities described in section 104(a) of the
North Korea Sanctions Enforcement Act of 2013, in accordance with section 403 of that Act.”.

(b) CUSTOMS FORFEITURES.—Notwithstanding sections 609, 613(a)(3), and 613A(e) of the Tariff Act of 1930 (19 U.S.C. 1609(a), 1613(a)(3), and 1613b(c)), any funds derived from the forfeiture of property under section 596 of the Tariff Act of 1930 (19 U.S.C. 1595a) that relates to any of the activities described in section 104(a) shall be deposited into the North Korea Enforcement and Humanitarian Fund established under section 403.

(c) PAYMENT IN LIEU OF FORFEITURE.—If a financial institution or other person pays a sum of money to the United States—

(1) in lieu of the commencement of criminal, civil, or administrative forfeiture proceedings to forfeit property involving any of the activities described in section 104(a), or

(2) in settlement of such forfeiture proceedings if commenced,

such sum of money shall be treated as forfeited funds and disposed of in accordance with section 403.
TITLE II—SANCTIONS AGAINST NORTH KOREAN PROLIFERATION, HUMAN RIGHTS VIOLATIONS, AND ILLICIT ACTIVITIES

SEC. 201. SANCTIONS FOR MATERIAL SUPPORT OF NORTH KOREAN PROLIFERATION.

(a) Sense of Congress.—It is the sense of Congress that the Government of North Korea should be treated as a primary money laundering concern in accordance with section 5318A of title 31, United States Code.

(b) Requirements for Financial Institutions Maintaining Accounts for Foreign Financial Institutions.—

(1) Termination of Correspondent or Payable-Through Accounts.—A domestic financial institution shall terminate any correspondent account that is established, maintained, administered, or managed for, or on behalf of, any person, foreign government, or financial institution designated under subsection (a) or (b) of section 104.

(2) Prohibition on Indirect Correspondent Accounts.—If a domestic financial institution has or obtains knowledge that a correspondent account established, maintained, admin-
istered, or managed by that domestic financial institution for a foreign financial institution is being used by the foreign financial institution to provide financial services indirectly to any person, foreign government, or financial institution designated under subsection (a) or (b) of section 104, the domestic financial institution shall ensure that the correspondent account is no longer used to provide such services, including, when necessary, terminating the correspondent account.

(3) Enhanced due diligence and reporting requirements.—Except as provided in section 207, the Secretary of Treasury shall require all domestic financial institutions to apply one or more of the special measures described in paragraphs (1) through (5) of section 5318A(b) of title 31, United States Code, to—

(A) any financial institution that establishes, maintains, administers, or manages any correspondent account for a person, financial institution, or foreign government designated under subsection (a) or (b) of section 104; and

(B) any person, financial institution, or foreign government designated under subsection (c) or (d) of section 104.
(4) ADDITIONAL REQUIREMENTS.—A domestic financial institution required to terminate an account pursuant to this subsection—

(A) shall not permit the foreign bank to establish any new positions or execute any transactions through such account, other than those necessary to close the account; and

(B) may reestablish an account closed pursuant to such subsection if the Secretary of the Treasury determines that the account will not be used to provide financial services indirectly to a person designated under subsection (a) or (b) of section 104.

(5) PROHIBITION ON DESIGNATION AS PRIMARY DEALER.—With respect to a designated person that is a domestic financial institution, neither the Board of Governors of the Federal Reserve System nor the Federal Reserve Bank of New York may designate, or permit the continuation of any prior designation of, such financial institution as a primary dealer in United States Government debt instruments.

(6) PROHIBITION ON SERVICE AS A REPOSITORY OF GOVERNMENT FUNDS.—With respect to a designated person that is a domestic financial institution, such domestic financial institution may not
serve as agent of the United States Government or
serve as a repository for United States Government
funds.

(7) FOREIGN EXCHANGE.—The President may
prohibit any transactions in foreign exchange by any
domestic financial institution in which a designated
person has any interest.

(8) BANKING TRANSACTIONS.—The President
may prohibit any transfers of credit or payments be-
tween domestic financial institutions or by, through,
or to any financial institution, to the extent that
such transfers or payments involve any interest of a
designated person.

(9) PENALTIES.—

(A) TITLE 31, U.S.C.—The penalties pro-
vided for in sections 5321(a) and 5322 of title
31, United States Code, shall apply to a person
that violates a regulation prescribed under
paragraph (1), (2), (3), or (4) in the same man-
ner and to the same extent as such penalties
would apply to any person that is otherwise
subject to such section 5321(a) or 5322.

(B) IEEPA.—The penalties provided for
in section 206 of the International Emergency
Economic Powers Act (50 U.S.C. 1705) shall
apply to a person who violates a regulation prescribed under paragraph (5), (6), (7), or (8) in the same manner and to the same extent as such penalties would apply to any person that is otherwise subject to such section.

(c) Blocking of Property.—

(1) In general.—The President shall exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) without regard to section 202 of such Act to immediately freeze or block—

(A) any North Korean property, and

(B) any property involved in any of the activities described in section 104(a), within the jurisdiction of the United States, or held by a domestic financial institution.

(2) Property of a designated person.—The President may exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) without regard to section 202 of such Act to block any property of a designated person within the jurisdiction of the United States, or held by a domestic financial institution.

(3) Property derived from misappropriation, theft, or embezzlement of public
Funds.—The President shall exercise the authorities of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) without regard to section 202 of such Act to encourage foreign governments and foreign financial institutions to block, in accordance with the legal process of the country in which the property is held, any property derived from the misappropriation, theft, or embezzlement of public funds by, or for the benefit of, an official of the Government of North Korea.

(4) Scope of Authority.—Activities prohibited by reason of the blocking of property and financial transactions under this section shall include the following:

(A) Payments or transfers of any property, or any transactions involving the transfer of anything of economic value by any United States person, including any United States financial institution and any branch or office of such financial institution that is located outside the United States, to a designated person.

(B) The transfer directly or indirectly, of any goods, technology, or services by a United States person to a designated person.
(d) Review of Transaction Licenses.—The Secretary of the Treasury shall review all transaction licenses granted pursuant to subpart E of part 510 of title 31, Code of Federal Regulations, all applications for such licenses, and all exclusions from such licensing requirements not later than 180 days after the date of the enactment of this Act, and shall deny or revoke any license for any transaction that, in the determination of the Secretary of the Treasury, lacks sufficient financial controls to ensure that such transaction will not facilitate any of the activities described in section 104(a).

(e) Denial of Visas.—The President may direct the Secretary of State to deny a visa to, and the Secretary of Homeland Security to exclude from the United States, any alien who is a designated person, or who is a corporate officer or principal of, or a shareholder with a controlling interest in, a designated person.

(f) International Cooperation.—The President shall—

(1) take appropriate steps to secure the effective enforcement of anti-money laundering protocols consistent with the purpose of this Act, through bilateral discussions with foreign governments and through the Financial Action Task Force; and
(2) support efforts of foreign governments to enact and enforce legislation consistent with the purposes of this Act.

SEC. 202. SANCTIONS AGAINST THE PROVISION OF SPECIALIZED FINANCIAL MESSAGING SERVICES TO DESIGNATED NORTH KOREAN FINANCIAL INSTITUTIONS.

(a) Briefings Required.—

   (1) In general.—Not later than 90 days after the date of the enactment of this Act, and every 180 days thereafter, the President shall provide to the appropriate congressional committees a briefing on the following:

   (A) A list of all persons and foreign governments that the President has identified that directly provide specialized financial messaging services to, or enable or facilitate direct or indirect access to such messaging services for, any North Korean financial institution designated under section 104(b).

   (B) A detailed assessment of the status of efforts by the President to end the direct provision of such messaging services to, and the enabling or facilitation of direct or indirect access to such messaging services for any North Ko-
ean financial institution designated under sec-

tion 104(b).

(2) Enabling or facilitation of access to
specialized financial messaging services
through intermediary financial institu-
tions.—For purposes of paragraph (1) and sub-
section (b), enabling or facilitating direct or indirect
access to specialized financial messaging services for
any North Korean financial institution designated
under section 104(b) includes doing so by serving as
an intermediary financial institution with access to
such messaging services.

(b) Authorization of imposition of sanctions.—

(1) In general.—Except as provided in para-
graph (2), if, on or after the date that is 180 days
after the date of the enactment of this Act, a person
continues to knowingly and directly provide special-
ized financial messaging services to, or knowingly
enable or facilitate direct or indirect access to such
messaging services for any North Korean financial
institution designated under section 104(b), the
President may impose sanctions pursuant to section
206(b) of the International Emergency Economic
Powers Act (50 U.S.C. 1705(b)) with respect to the person.

(2) EXCEPTION.—The President may not impose sanctions pursuant to paragraph (1) with respect to a person for directly providing specialized financial messaging services to, or enabling or facilitating direct or indirect access to such messaging services for, any North Korean financial institution designated under section 104(b) if—

(A) the person is subject to a sanctions regime under its governing foreign law that requires it to eliminate the knowing provision of such messaging services to, and the knowing enabling and facilitation of direct or indirect access to such messaging services for any North Korean financial institution designated under section 104(b); and

(B) the person has, pursuant to that sanctions regime, terminated the knowing provision of such messaging services to, and the knowing enabling and facilitation of direct or indirect access to such messaging services for, any North Korean financial institution designated under section 104(b) identified under such governing
foreign law for purposes of that sanctions regime.

(3) Requirement for Consultation.—The President may not impose sanctions pursuant to paragraph (1) with respect to a person for directly providing specialized financial messaging services to, or enabling or facilitating direct or indirect access to such messaging services for, any North Korean financial institution designated under section 104(b) unless the President has made good-faith efforts to obtain the voluntary cessation of such specialized financial messaging services by such person.

SEC. 203. PROLIFERATION PREVENTION SANCTIONS.

(a) In General.—Section 6(j) of the Export Administration Act of 1979 (50 U.S.C. App. 2405), as continued in effect under the International Emergency Economic Powers Act, is amended by adding at the end the following new paragraph:

“(7) A validated license shall be required for the export to North Korea of any goods or technology without regard to whether or not the Secretary of State has designated North Korea as a country the government of which has provided support for acts of international terrorism, as deter-
mined by the Secretary of State under paragraph
(1) or any other provision of law.”.

(b) TRANSACTIONS WITH COUNTRIES SUPPORTING
ACTS OF INTERNATIONAL TERRORISM.—The prohibitions
and restrictions described in section 40 of the Arms Ex-
port Control Act (22 U.S.C. 2780) shall also apply to ex-
porting or otherwise providing (by sale, lease or loan,
grant, or other means), directly or indirectly, any muni-
tions item or defense articles and defense services to the
Government of North Korea without regard to whether or
not North Korea is a country with respect to which sub-
section (d) of such section (relating to designation of state
sponsors of terrorism) applies.

SEC. 204. PROCUREMENT SANCTIONS.

(a) IN GENERAL.—Except as provided in this section,
the United States Government may not procure, or enter
into any contract for the procurement of, any goods or
services from any designated person.

(b) FAR.—The Federal Acquisition Regulation
issued pursuant to section 1303 of title 41, United States
Code, shall be revised to require a certification from each
person that is a prospective contractor that such person
does not engage in any of the activities described in section
104(a). Such amendment shall apply with respect to con-
tracts for which solicitations are issued on or after the
date that is 90 days after the date of the enactment of this Act.

(c) GSA.—The Administrator of General Services shall include on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs maintained by the Administrator under part 9 of the Federal Acquisition Regulation each person that is debarred, suspended, or proposed for debarment or suspension by the head of an executive agency on the basis of a determination of a false certification under subsection (b). If the head of an executive agency determines that a person has submitted a false certification under subsection (b) after the date on which the Federal Acquisition Regulation is revised to implement the requirements of this section, the head of such executive agency shall terminate a contract with such person or debar or suspend such person from eligibility for Federal contracts for a period of not more than three years. Any such debarment or suspension shall be subject to the procedures that apply to debarment and suspension under the Federal Acquisition Regulation under subpart 9.4 of part 9 of title 48, Code of Federal Regulations.

(d) Clarification Regarding Certain Products.—The remedies specified in subsections (a) through (c) shall not apply with respect to the procurement of eligible products, as defined in section 308(4) of the Trade
Agreements Act of 1979 (19 U.S.C. 2518(4)), of any foreign country or instrumentality designated under section 301(b) of such Act (19 U.S.C. 2511(b)).

(e) Rule of Construction.—Nothing in his subsection may be construed to limit the use of other remedies available to the head of an executive agency or any other official of the Federal Government on the basis of a determination of a false certification under subsection (b).

(f) Executive Agency Defined.—In this section, the term “executive agency” has the meaning given such term in section 133 of title 41, United States Code.

SEC. 205. SANCTIONS WITH RESPECT TO THE PROVISION OF VESSELS OR SHIPPING SERVICES TO TRANSPORT CERTAIN GOODS RELATED TO PROLIFERATION, TERRORISM, OR CRIMINAL ACTIVITIES OF NORTH KOREA.

(a) Briefing Required.—Not later than 180 days after the date of the enactment of this Act, and every 180 days thereafter, the President shall provide to the appropriate congressional committees a briefing identifying foreign ports and airports whose inspections of ships, aircraft, and conveyances originating in North Korea, carrying North Korean property, or operated by the Government of North Korea are deficient to effectively prevent
the facilitation of any of the activities described in section 104(a).

(b) Enhanced Customs Inspection Requirements.—Not later than 180 days after the identification of any port or airport pursuant to subsection (a), the Secretary of Homeland Security shall promulgate regulations imposing enhanced inspection requirements on any cargo landed in the United States or entering interstate commerce that has been transported through such port or airport.

(c) Seizure and Forfeiture.—A vessel, aircraft, or conveyance used to facilitate any of the activities described in section 104(a) that comes within the jurisdiction of the United States may be seized and forfeited under chapter 46 of title 18, United States Code, or under chapter 4 of title 19, United States Code, and the proceeds of any such forfeiture shall be available for the purposes described in section 403.

SEC. 206. INTERNATIONAL ASSISTANCE.

(a) Condition on Provision of United States Funds to an International Financial Institution.—Funds appropriated for payment to an international financial institution (as defined in section 1701(c)(2) of the International Financial Institutions Act (22 U.S.C. 262r(e)(2))) shall not be made available to the
institution unless the institution provides assurances to
the Secretary of State that the funds will not be used for
assistance to the Government of North Korea.

(b) Opposition to Use of International Financial Institution Funds for North Korea.—The
United States Executive Director at each international fi-
nancial institution (as so defined) shall use the voice, vote,
and influence of the United States to oppose the provision
by the institution of any assistance to the Government of
North Korea.

(c) Transactions in Defense Articles and Defense Services.—

(1) In general.—The President shall withhold
assistance under part I of the Foreign Assistance
Act of 1961 (22 U.S.C. 2151 et seq.) to the govern-
ment of any country that provides defense articles
and defense services to the Government of North
Korea or receives defense articles and defense serv-
ices from the Government of North Korea.

(2) Applicability.—The prohibition described
in paragraph (1) shall terminate on the date that is
2 years after the date on which such foreign govern-
ment ceases to provide defense articles and defense
services to the Government of North Korea, or to
purchase or receive defense articles and defense
services from the Government of North Korea.

(3) WAIVER.—Assistance may be furnished to a
foreign government described in paragraph (1) if the
President makes the determinations prescribed in
subsection (b) of section 620G of the Foreign Assist-
ance Act of 1961, as amended (22 U.S.C. 2377(b)).

SEC. 207. EXCLUSION, WAIVER, AND REMOVAL OF DESIGNA-
TION.

(a) EXCLUSIONS.—The following activities shall not
apply with respect to the requirement under subsection
(a), (b), (c), or (d) of section 104 to designate a person,
foreign government, or financial institution for purposes
of imposing a sanction or sanctions on the designated per-
son:

(1) Activities subject to the reporting require-
ments of title V of the National Security Act of
1947 (50 U.S.C. 413 et seq.), or to any authorized
intelligence activities of the United States.

(2) Any transaction the exclusive purpose for
which is to provide humanitarian assistance to the
people of North Korea.

(3) Any transaction the exclusive purpose for
which is to import food products into North Korea,
if such food items are not defined as luxury goods.

(5) Any transaction the exclusive purpose for which is to import fertilizers, pesticides, agricultural equipment, or medical supplies or equipment into North Korea, provided that such supplies or equipment are not controlled under—


(B) the Arms Export Control Act (22 U.S.C. 2751 et seq.);

(C) part B of title VIII of the Nuclear Proliferation Prevention Act of 1994 (22 U.S.C. 6301 et seq.); or

(D) the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (22 U.S.C. 5601 et seq.).
(b) WAIVERS.—

(1) IN GENERAL.—The President may waive, on a case-by-case basis, and for a period not to exceed one year, the requirement under subsection (a) or (b) of section 104 to designate a person, foreign government, or financial institution, or to impose a sanction or sanctions on the designated person, if the President submits to the appropriate congressional committees a written determination that the waiver meets the following requirements:

(A) The waiver is vital to the economic or national security interests of the United States.

(B) The waiver will advance the purposes set forth in section 4 of the North Korea Human Rights Act of 2004 (22 U.S.C. 7801 et seq.).

(C) The waiver is for the benefit of a financial institution that—

(i) has blocked all North Korean property deposited in such financial institution, pending an audit of the origin of such property and the implementation of safeguards to ensure that the property is not used to facilitate any of the activities described in section 104(a); and
(ii) is providing good-faith cooperation with the investigation of any of the activities described in section 104(a) or the enforcement of the provisions of this Act.

(D) The waiver is for the benefit of a person, foreign government, or financial institution that is providing good-faith cooperation with the investigation of any of the activities described in section 104(a) and the enforcement of this Act.

(E) The waiver is for the benefit of a person, foreign government, or financial institution that provides underwriting, financial, insurance, reinsurance, reflagging, transportation, or financial messaging services, and who has exercised due diligence in establishing and enforcing official policies, procedures, and controls to ensure that the person, foreign government, or financial institution (as the case may be) does not facilitate any of the activities described in section 104(a).

(F) In the absence of the waiver, the imposition of the sanction or sanctions would have a severe and adverse humanitarian impact on the people of North Korea and such impact
substantially outweighs the interest of the United States in enforcing the provisions of this Act.

(2) GOVERNMENT OF NORTH KOREA.—The President may waive, on a case-by-case basis, and for a period not to exceed one year, the requirement under section 104(c) to designate the Government of North Korea, or to impose a sanction or sanctions on the Government of North Korea, if the President submits to the appropriate congressional committees a written determination that the waiver meets the requirements described in paragraph (1)(F).

(c) REMOVAL OF SANCTIONS.—The President may prescribe rules and regulations for the removal of sanctions on a person, foreign government, or financial institution that is designated under subsection (a), (b), or (d) of section 104 and the removal of designations of a person, foreign government, or financial institution with respect to such sanctions if the President determines that the designated person has verifiably ceased its participation in any of the activities described in section 104(a) and is cooperating with the investigation of such activities and carrying out this Act.

(d) FINANCIAL SERVICES FOR HUMANITARIAN AND CONSULAR ACTIVITIES.—The President may promulgate
regulations, rules, and polices as may be necessary to fa-
cilitate the provision of financial services by a foreign fi-
nancial institution that is not controlled by the Govern-
ment of North Korea in support of the activities subject
to exclusion under this section.

TITLE III—PROMOTION OF
HUMAN RIGHTS AND DIS-
INVESTMENT

SEC. 301. INFORMATION TECHNOLOGY.
Section 104 of the North Korean Human Rights Act
of 2004 (22 U.S.C. 7814) is amended by inserting after
subsection (c) the following new subsection:
“(d) INFORMATION TECHNOLOGY STUDY.—Not later
than 180 days after the date of the enactment of this sub-
section, the President shall submit to the appropriate con-
gressional committees a classified report setting forth a
detailed plan for making unrestricted, unmonitored, and
inexpensive electronic mass communications available to
the people of North Korea.”.

SEC. 302. DISCLOSURES TO SECURITIES AND EXCHANGE
COMMISSION RELATING TO SANCTIONABLE
ACTIVITIES.
(a) IN GENERAL.—Section 13 of the Securities Ex-
change Act of 1934 (15 U.S.C. 78m) is amended by add-
ing at the end the following new subsection:
“(s) Disclosure of Certain Activities Relating to North Korea, Terrorism, and the Proliferation of Weapons of Mass Destruction.—

“(1) General disclosure required.—Each issuer required to file an annual or quarterly report under subsection (a) shall include with such report a statement of whether, during the period since the issuer made the last such report, the issuer or any affiliate of the issuer—

“(A) was designated under section 104 of the North Korea Sanctions Enforcement Act of 2013, or engaged in any of the activities described in section 104(a) of such Act; or

“(B) knowingly conducted any transaction or dealing with any person designated pursuant to subsection (a), (b), (c), or (d) of section 104 of the North Korea Sanctions Enforcement Act of 2013.

“(2) Specific disclosure required.—If an issuer reports under paragraph (1) that the issuer or an affiliate of the issuer has engaged in any activity described in that paragraph, the issuer shall include with the statement required under that paragraph a detailed description of each such activity, including—
“(A) the nature and extent of the activity;

“(B) the revenues and profits, if any, attributable to the activity; and

“(C) whether the issuer or the affiliate of the issuer (as the case may be) intends to continue the activity.

“(3) INVESTIGATION OF DISCLOSURES.—When the Commission receives a report under paragraph (1) from an issuer that the issuer or an affiliate of the issuer has engaged in any activity described in that paragraph, the President shall—

“(A) initiate an investigation into the possible imposition of sanctions under the North Korea Sanctions Enforcement Act of 2013, the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), Executive Order 13224, Executive Order 13382, Executive Order 13551, Executive Order 13570, or any other provision of law; and

“(B) not later than 180 days after initiating such an investigation, make such determinations as are required by section 104 of the North Korea Sanctions Enforcement Act of 2013.”.
(b) **Effective Date.**—The amendment made by subsection (a) shall take effect with respect to reports required to be filed with the Securities and Exchange Commission after a date that is 90 days after the date of the enactment of this Act.

**SEC. 303. AUTHORITY OF STATE AND LOCAL GOVERNMENTS TO DIVEST FROM COMPANIES THAT INVEST IN NORTH KOREA.**

(a) **Sense of Congress.**—It is the sense of Congress that the United States should support the decision of any State or local government that for moral, prudential, or reputational reasons divests from, or prohibits the investment of assets of such State or local government in, a person that engages in investment activities in North Korea, if North Korea is subject to economic sanctions imposed by the United States.

(b) **Authority To Divest.**—Notwithstanding any other provision of law, a State or local government may adopt and enforce measures that meet the requirements of subsection (d) to divest the assets of such State or local government from, or prohibit investment of the assets of such State or local government in, any person that such State or local government determines, using credible information available to the public, engages in investment activities in North Korea described in subsection (c).
(c) **Investment Activities Described.**—A person engages in investment activities in North Korea described in this subsection if the person—

1. has an investment of $10,000 or more in North Korea; or

2. is a financial institution that extends $10,000 or more in credit to another person, for 45 days or more, if such person will use such credit for investment in North Korea.

(d) **Requirements.**—Any measure taken by a State or local government under subsection (b) shall meet the following requirements:

1. **Notice.**—The State or local government shall provide written notice to each person with respect to which a measure under this section is to be applied.

2. **Timing.**—The measure applied under this section shall apply to a person not earlier than the date that is 90 days after the date on which written notice is provided to such person under paragraph (1).

3. **Opportunity for Hearing.**—The State or local government at issue shall provide an opportunity to comment in writing to each person with respect to which a measure is to be applied under this
section. If such person demonstrates to such State
or local government that such person does not en-
gage in investment activities in North Korea de-
scribed in subsection (c), such measure shall not
apply to such person.

(4) SENSE OF CONGRESS ON AVOIDING ERRO-
NEOUS TARGETING.—It is the sense of Congress
that a State or local government should not adopt
a measure under subsection (b) with respect to a
person unless such State or local government has
made every effort to avoid erroneously targeting
such person and has verified that such person en-
gages in investment activities in North Korea de-
scribed in subsection (c).

(c) NOTICE TO DEPARTMENT OF JUSTICE.—Not
later than 30 days after a State of local government ap-
plies a measure under this section, such State or local gov-
ernment shall notify the Attorney General of such meas-
ure.

(f) NONPREEMPTION.—A measure applied by a State
or local government authorized under subsection (b) or (i)
is not preempted by any Federal law or regulation.

(g) DEFINITIONS.—In this section:

(1) ASSET.—
(A) IN GENERAL.—Except as provided in subparagraph (B), the term “asset” refers to public monies and includes any pension, retirement, annuity, or endowment fund, or similar instrument, that is controlled by a State or local government.

(B) EXCEPTION.—The term “asset” does not include employee benefit plans covered by title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.).

(2) INVESTMENT.—The term “investment” includes—

(A) a commitment or contribution of funds or property;

(B) a loan or other extension of credit; and

(C) the entry into or renewal of a contract for goods or services.

(h) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2) or subsection (i), this section applies to measures applied by a State or local government before, on, or after the date of the enactment of this Act.

(2) NOTICE REQUIREMENTS.—Except as provided in subsection (i), subsections (d) and (e) apply
to measures applied by a State or local government on or after the date of the enactment of this Act.

(i) AUTHORIZATION FOR PRIOR APPLIED MEASURES.—

(1) IN GENERAL.—Notwithstanding any other provision of this section or any other provision of law, a State or local government may enforce a measure (without regard to the requirements of subsection (d), except as provided in paragraph (2)) applied by such State or local government before the date of the enactment of this Act that provides for the divestment of assets of such State or local government from, or prohibits the investment of the assets of such State or local government in, any person that such State or local government determines, using credible information available to the public, engages in investment activities in North Korea (determined without regard to subsection (c)) or other business activities in North Korea that are identified in such measure.

(2) APPLICATION OF NOTICE REQUIREMENTS.—A measure described in paragraph (1) shall be subject to the requirements of paragraphs (1) and (2) and the first sentence of paragraph (3)
of subsection (d) on and after the date that is two
years after the date of the enactment of this Act.

(j) Rule of Construction.—Nothing in this Act
or any other provision of law authorizing sanctions with
respect to North Korea shall be construed to abridge the
authority of a State or local government to issue and en-
force rules governing the safety, soundness, and solvency
of a financial institution subject to its jurisdiction or the
business of insurance pursuant to the Act of March 9,
1945 (15 U.S.C. 1011 et seq.) (commonly known as the
“McCarran-Ferguson Act”).

SEC. 304. SAFE HARBOR FOR CHANGES OF INVESTMENT
POLICIES BY ASSET MANAGERS.

(a) In General.—Section 13(c)(1) of the Invest-
ment Company Act of 1940 (15 U.S.C. 80a–13(c)(1)) is
amended—

(1) in subparagraph (A), by striking “or” at
the end;

(2) in subparagraph (B), by striking the period
and inserting “; or”; and

(3) by adding at the end the following:

“(C) engage in investment activities in
North Korea described in section 303 of the
North Korea Sanctions Enforcement Act of
2013.”.
(b) Securities and Exchange Commission Regulations.—Not later than 120 days after the date of the enactment of this Act, the Securities and Exchange Commission shall issue any revisions the Commission determines to be necessary to the regulations requiring disclosure by each registered investment company that divests itself of securities in accordance with section 13(c) of the Investment Company Act of 1940 (15 U.S.C. 80a–13(c)), including divestments of securities in accordance with subparagraph (C) of such section, as added by subsection (a)(3).

SEC. 305. SENSE OF CONGRESS REGARDING CERTAIN ERISA PLAN INVESTMENTS.

It is the sense of Congress that a fiduciary of an employee benefit plan, as defined in section 3(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(3)), may divest plan assets from, or avoid investing plan assets in, any person the fiduciary determines engages in investment activities in North Korea described in section 406 of this Act, without breaching the responsibilities, obligations, or duties imposed upon such fiduciary by subparagraph (A) or (B) of section 404(a)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(a)(1)), if—
(1) such fiduciary makes such determination using credible information that is available to the public; and

(2) such fiduciary prudently determines that the result of such divestment or avoidance of investment would not be expected to provide the employee benefit plan with—

(A) a lower rate of return than alternative investments with commensurate degrees of risk; or

(B) a higher degree of risk than alternative investments with commensurate rates of return.

SEC. 306. REPORT ON NORTH KOREAN PRISON CAMPS.

(a) IN GENERAL.—The Secretary of State shall submit to the appropriate congressional committees a report describing, with respect to each political prison camp in North Korea—

(1) the camp’s estimated prisoner population;

(2) the camp’s geographical coordinates;

(3) the reasons for confinement of the prisoners;

(4) the camp’s primary industries and products, and the end users of any goods produced in such camp;
(5) the natural persons and agencies responsible for conditions in the camp;

(6) the conditions under which prisoners are confined, with respect to the adequacy of food, shelter, medical care, working conditions, and reports of ill-treatment of prisoners; and

(7) imagery, to include satellite imagery of each such camp, in a format that, if published, would not compromise the sources and methods used by the intelligence agencies of the United States to capture geospatial imagery.

(b) FORM.—The report required under subsection (a) shall be included in the first report required to be submitted to Congress after the date of the enactment of this Act under sections 116(d) and 502B(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151n(d) and 2304(b)) (relating to the annual human rights report).

SEC. 307. LIMITS ON JURISDICTIONAL IMMUNITY.

The exception to immunity provided in section 1605A of title 28, United States Code, applies to North Korea, to the same extent as any foreign state (as defined in section 1603 of such title), and (as provided in section 1605(c) of such title) to any official, employee, or agent of North Korea, without regard to whether or not North
Korea is designated as a state sponsor of terrorism, as defined in section 1605A(h) of such title.

**TITLE IV—GENERAL AUTHORITIES**

**SEC. 401. SUSPENSION OF SANCTIONS AND OTHER MEASURES.**

(1) **IN GENERAL.**—Any sanction or other measure required by title II or III of this Act (or any amendment made by title II or III of this Act) may be suspended for up to 365 days upon certification by the President to the appropriate congressional committees that the Government of North Korea has—

(A) verifiably ceased its counterfeiting of United States currency, including the surrender or destruction of specialized materials and equipment used for or particularly suitable for counterfeiting;

(B) taken significant steps toward financial transparency to comply with generally accepted protocols to cease and prevent the laundering of monetary instruments;

(C) taken significant steps toward verification of its compliance with United Na-
tions Security Council Resolutions 1695, 1718, 1874, 2087, and 2094;

(D) taken significant steps toward accounting for and repatriating the citizens of other countries abducted by the Government of North Korea;

(E) taken significant steps toward verification of its compliance with the Joint Statement of September 19, 2005;

(F) accepted and begun to abide by internationally recognized standards for the distribution and monitoring of humanitarian aid;

(G) provided credible assurances that it will not support further acts of international terrorism; and

(H) taken significant and verified steps to improve living conditions in its political prison camps.

(2) Renewal of Suspension.—The suspension described in paragraph (1) may be renewed for an additional consecutive period of 365 days upon certification by the President to the appropriate congressional committees that the Government of North Korea—
(A) has continued to make significant progress toward compliance with the conditions described in paragraph (1) during the previous year; and

(B) meets 2 or more of the requirements described in paragraphs (1) through (6) of section 402.

SEC. 402. TERMINATION OF SANCTIONS AND OTHER MEASURES.

Any sanction or other measure required by title II or III and of this Act (or any amendment made by title II or III of this Act) shall terminate on the date on which the President determines and certifies to the appropriate congressional committees that the Government of North Korea has met the requirements of section 401, and has also—

(1) completely, verifiably, and irreversibly dismantled all of its nuclear, chemical, biological, and radiological weapons programs, including all programs for the development of systems designed in whole or in part for the delivery of such weapons;

(2) released all political prisoners, including the citizens of North Korea detained in the North Korea's political prison camps;
(3) ceased its censorship of peaceful political activity;

(4) has taken significant steps toward the establishment of an open, transparent, and representative society;

(5) has fully accounted for all citizens of all nations abducted by the Government of North Korea; and

(6) made public commitments to, and continues to make significant progress toward—

(A) establishing an independent judiciary;

and

(B) respecting the human rights and basic freedoms recognized in the Universal Declaration of Human Rights.

SEC. 403. NORTH KOREA ENFORCEMENT AND HUMANITARIAN FUND.

(a) Establishment.—There is established in the Treasury of the United States a fund to be known as the North Korea Enforcement and Humanitarian Fund (in this section referred to as the “Fund”).

(b) Deposits.—All revenues derived from any criminal, civil, or administrative forfeitures of property involved in any of the activities described in section 104(a), and all revenues derived from any agreement to defer prosecu-
tion for any such activities, and all revenues derived from penalties assessed under section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) arising from violations of section 104(a) or the regulations promulgated under section 104(f) or section 404, shall be deposited into the Fund, and may be transferred and consolidated on the books of the Treasury into a special account for the purposes described in subsection (c).

(e) Uses.—There are authorized to be appropriated from the Fund each fiscal year—

(1) such amounts as shall be necessary and appropriate for the administration of the Fund; and

(2) without regard to fiscal year limitation, amounts not exceeding—

(A) for salaries, benefits, and expenses for persons assigned by the President to conduct investigations and enforce sanctions as prescribed in this Act, $5,000,000;

(B) for any of the purposes described in section 524(c) of title 28, United States Code, or section 9703 of title 31, United States Code, with respect to investigations and enforcement activities under title I or title II, $5,000,000;
(C) to carry out section 103 of the North Korea Human Rights Act of 2004 (22 U.S.C. 7813), $3,000,000;

(D) to carry out section 104 of the North Korea Human Rights Act of 2004 (22 U.S.C. 7814), $5,000,000;

(E) to carry out section 203 of the North Korea Human Rights Act of 2004 (22 U.S.C. 7833), $5,000,000; and

(F) to carry out subsection (d) of section 104 of the North Korean Human Rights Act of 2004 (22 U.S.C. 7814) (as added by section 301 of this Act), $2,000,000.

(d) TRANSFER.—To prevent the accumulation of excessive surpluses in the Fund, in any fiscal year an amount specified in an annual appropriation law may be transferred out of the Fund and deposited, in equal proportions, into the funds established under section 9703 of title 31, United States Code, and under section 524(c) of title 28, United States Code.

(e) SUNSET.—The Fund established under this section shall cease to exist on September 30, 2023, and any unexpended funds remaining in the Fund after such date shall be transferred in accordance with subsection (d).
SEC. 404. REGULATIONS.

(a) IN GENERAL.—The President is authorized to promulgate such rules and regulations as may be necessary to carry out the provisions of this Act.

(b) RULE OF CONSTRUCTION.—Nothing in this Act or any amendment made by this Act shall be construed to limit the authority of the President to designate or sanction persons pursuant to Executive Order No. 13382, 13224, 13551, or otherwise pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.).

SEC. 405. EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.