Requests Regarding Sanctions Regulations

To comply with the domestic sanctions regulations (such as the Foreign Exchange and Foreign Trade Act ("FEFTA")) as well as the international sanctions regulations imposed by the Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury and by other competent regulatory authorities, Citibank, N.A., Tokyo Branch ("CBNA Tokyo") confirms whether all of the clients' funds transfers do not fall under the prohibited ones, such as the ones involving sanctioned persons/entities, international terrorists and sanctioned jurisdictions. Your understanding and cooperation would be very much appreciated.

Examples of regulations to be complied with

- The FEFTA (Japan)
- The Act on Special Measures Concerning Asset Freezing, etc. of International Terrorists Conducted by Japan Taking into Consideration United Nations Security Council Resolution 1267 (Japan)
- Sanctions programs imposed by the OFAC

Transaction information required for confirmation

- In order to confirm that the remittance does not fall under payment regulations applicable to specific countries, financial institutions in Japan are also obliged to obtain and confirm the information with regard to the beneficiary's address. Therefore, please **make sure that the beneficiary's address (including the country and city) is mentioned** in the remittance form or payment instruction.
- In case there is a potential or similar match between the beneficiary's name and records in sanction screening lists, we may ask you for additional information including personal identifiable information, such as the date of birth or information of beneficiary owners of the entity, in order to perform further check whether the match is true or false.
- As sanctions screening lists are updated daily, additional confirmation may be required even for beneficiaries of remittances transacted in the past.

Declaration of purpose of funds and attestation for the transaction being not subject to restriction.

- **Please provide the purpose of funds** Please also provide name of goods, country of origin and port of loading in case where the purpose of fund is for trade settlement. In case where the purpose of fund is for intermediary trade settlement, please further provide the final destination (country) of goods.
- Please kindly confirm that your transaction does not fall under the restrictions listed below (“Subject to FEFTA restrictions”) and is not subject to sanctions regulations issued by the United Nations, US and/or other governments (“restricted transactions”) and attest as such by following the procedures directed for each channel.
- If you attest that your transaction is not a restricted transaction by use of codeword, please input '/NRT/' (Non-Restricted Transaction) in the Bank Details Field (equivalent to Field 72 of SWIFT 103 and MT202). If you use different codeword other than 'NRT,' please submit 'Acknowledgement of the Foreign Exchange and Foreign Trade Act (for codeword)' with designated format in advance.

- We may contact you if we are unable to determine whether or not the payment falls under the restricted transactions, or if we think necessary, to ask you to provide additional information/document such as invoice for underlying trade or details of purpose of funds. Your continuous support would be appreciated.
- In the event where we are unable to contact you after all available means during Japan business hours, we will suspend the processing of your fund transfer until a final and definite determination could be made with regard to its compliance with applicable regulations. Therefore, please kindly include necessary information such as beneficiary's information or purpose of funds in the payment order in advance.
- The above is applicable to both outgoing and incoming fund transfers.

Subject to FEFTA restrictions

- Payments for which authorization is required pursuant to the provisions of FEFTA Article 16.1 to Article 16.3;
- Payments related to capital transactions stipulated in the provisions of FEFTA Article 20 for which authorization is required pursuant to the provisions of FEFTA Article 21.1 to Article 21.2;
- Payments related to specified capital transactions stipulated in the provisions of FEFTA Article 24.1 for which authorization is required pursuant to the provisions of FEFTA Article 24.1 to Article 24.2;
- Payments related to service transactions stipulated in the provisions of FEFTA Article 25.6 for which authorization is required pursuant to the provisions of FEFTA Article 25.6;
- Among the inward direct investments, etc. that are stipulated in FEFTA Article 26.2 and for which notification is required pursuant to the provisions of FEFTA Article 27.1, payments related to transactions stipulated in a Cabinet Order in accordance with the provisions of FEFTA Article 27.1 and constituting inward direct investments etc. as mentioned in FEFTA Article 27.3.3; and
- Payments related to freight imports (goods for which Minister of Economy, Trade and Industry has required their approval based on the same reasons supporting the requirement for payment authorization pursuant to the provisions of FEFTA Article 16.1) for which authorization is required pursuant to the provisions of FEFTA Article 52
- The list below includes specific examples of FEFTA restricted transactions. Please refer to Ministry of Finance's website for details.

1. "Restrictions on Payments for Trade" on North Korea
    - All transactions related to the import or the intermediate trade of goods whose place of origin or embarkation area is North Korea
    - Transactions related to the intermediate trade of goods whose destination is North Korea

2. "Restrictions on Payments for Specific Purposes" involving North Kore
    - Transactions conducted for the purpose of funding "activities that contribute to North Korea's nuclear projects"

3. "Restrictions on Payments for Specific Purposes" involving Iran
    - Transactions conducted for the purpose of funding "activities that contribute to Iran's nuclear activities"
    - Transactions conducted for the purpose of funding "activities that facilitate the supply of large conventional weapons to Iran"

4. Prohibition of Remittances to individuals/entities who have an address or residence in North Korea
   - Remittances to individuals/entities who have an address or residence in North Korea, except for the cases in which the amount is less than JPY 100,000 with humanitarian purposes
     ※The scope of this restriction is the remittances whose recipients fall into either of below categories.

     ① A natural person with an address or residence in North Korea
     ② A corporation or other entity that possesses a main office in North Korea
     ③ Foreign subsidiaries, branches, or any kind of remote offices of a corporation or other entity mentioned in 2)
     ④ A corporation or other entity whose beneficiary owner is categorized into 1) or 2) above
     ⑤ Foreign subsidiaries, branches, or any kind of remote offices of a corporation or other entity mentioned in 4)

5. Restrictions on payments related to providing services / outward direct investment to individuals/entities in Russia
   - Prohibition of specific technology transfer to Russia
   - Prohibition of providing specific services including accounting, audit and business management consulting to Russia (Limited to services commenced on and after September 5, 2022. Services provided by residents in Japan who invest to the subject entities 10% or more are exempted)
   - Prohibition of outward direct investment* in businesses in Russia (Applied to investments commenced on and after May 12, 2022)
   - Payment related to loan or guarantee transaction provided by a resident to a non-resident for the purpose of import / intermediary trade of Russian crude oil or petroleum products above price cap (Applied to transactions on and after - December 5, 2022, for Crude oil and February 6, 2023, for petroleum products)
   - Prohibition of construction and engineering services to Russia (Applied to services commenced on and after September 30, 2023)

*Outward direct investment

Payments for the purpose of establishing permanent business relationship with foreign entities (including entities being invested 10% or more) such as obtaining securities, providing loans, payments for opening/expanding branch/plants.

If you have any questions, please feel free to contact our CitiService representatives at +81-3-6776-9200 / japan.citiservice@citi.com

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