

JAFIC

Annual Report 2007



National Police Agency



Introduction

Boryokudan and other criminal organizations have been posing a significant threat and concern to the lives of people in our country. Criminal proceeds they save make "necessary funds" for further crimes, procurement of arms, and other illegal activities, and are the basis for maintaining and reinforcing their organizations. Therefore, in implementing countermeasures against organized crime, it is most essential to deprive criminals of criminal proceeds. Aware of this, the police have always been working with relevant authorities to locate criminal proceeds. However, criminal organizations seek to hide them by means of "money laundering" with a view to avoiding investigation of the police. Today, economic and financial services have been increasingly globalized, and money launderers opt for using an international settlement system through countries where regulations are relatively lax. It is to respond to this trend that Japan's anti money laundering measures have been strengthened in coordination with other countries and international initiatives.

"The Act on Prevention of Transfer of Criminal Proceeds" adopted in March 2007 is one of such measures closely linked to international initiatives. It assigns to the National Police Agency a new function of analyzing and disseminating financial intelligence. Government organs with similar function, now in place in many countries, are generally called FIUs (Financial Intelligence Units). The Japan Financial Intelligence Center (JAFIC) was established in the National Police Agency in April 2007 as a new Japan's FIU. JAFIC is currently strengthening international cooperation with other FIUs in many countries, so that the police are able to combat money laundering more positively than before both inside and outside of Japan.

However, the police should not always play a leading part in anti-money laundering measures. As is detailed later in this report, when it comes to customer identification, for example, the cooperation of business operators and their potential customers, or the public at large, is indispensable. The Law for Prevention of Transfer of Criminal Proceeds significantly expanded the scope of regulated business operators, who are now expected to actively participate in anti-money laundering measures. It is therefore ever more important that a wide range of people involved in anti-money laundering measures, directly or indirectly, understand circumstances surrounding money laundering. From this view point, at publishing this first report, JAFIC tries to cover the entire contents of the measures and, through the use of figures, tables, pictures and easy wording, together with detailed explanations of technical terms and abbreviations, to help you understand "money laundering" better.

Criminals always invent more sophisticated methods to evade regulations. Regulations and countermeasures should also be refined effectively, which requires valuable inputs from various participants. We hope that those inputs will soon replace the following descriptions.

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The term "money laundering" has gradually been recognized by the public in Japan through the exposure of cases that have captured the attention of society. Hiding the source or attribution of criminal proceeds is a highly latent and elusive activity, which is extremely difficult to detect.

The international society has been enhancing and developing systems to prevent and detect money laundering, as well as cooperating with each other to deal with this issue. Japan is also reinforcing anti-money laundering measures in line with international initiatives. Various activities centered on the police described in this report have also delivered positive results with the help of such international cooperation. This report begins in the first chapter with a brief history of anti-money laundering measures in international society and Japan.

Section 1 | Anti-Money Laundering Measures in International Society

1 | Anti-Money Laundering Measures as International Countermeasures against Narcotic Drugs

In the 1980s, global spread of narcotics abuse was taken as a crisis in the international society. One of the main causes was the existence of transnational drug-trafficking organizations linking production of narcotics to the consumption of them. It was recognized important to inflict damage on the source of their funds, by all measures, such as by confiscating illegal proceeds from drug manufacturing and trafficking and effectively preventing their money laundering activities. In this context, "the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances" (hereinafter, "UN New Narcotics Convention") was adopted in December 1988 and required each state to criminalize activities such as hiding drug crime proceeds and establish relevant regulations to confiscate such proceeds.

In addition, at the Arch Summit of July 1989, major developed countries decided to found the FATF (Financial Action Task Force on Money Laundering) to take concerted actions to the problem of money laundering. In April 1990, urged by the need for standardizing measures in different countries, the FATF laid out standards in "the 40 Recommendations", to be applied in the fields of law enforcement, criminal justice, and the financial system. "The 40 Recommendations" required early ratification of "the UN New Narcotics Convention", development of domestic laws stipulating anti-money laundering measures, and establishment of measures such as customer identification and suspicious transaction reporting system covering financial institutions.



2 | Anti-Money Laundering Measures as Countermeasures

against Transnational Criminal Organizations and International Terrorism

In the 1990s, the international expansion of organized crime was recognized as a phenomenon which could threaten each country's security, and therefore an international convention against transnational organized crimes was studied mainly by the United Nations. At the Halifax Summit in June 1995, it was pointed out that effective measures to prevent the hiding of proceeds not only from drug-trafficking but also from serious crimes were necessary for successful countermeasures against transnational organized crimes. In accordance with these movements, the FATF revised, in June 1996, a part of "the 40 Recommendations," and recommended that the scope of predicate offences (criminal offences as a result of which illegal proceeds were generated and may become the subject of punishment for money laundering) be extended from drug crimes to serious crimes.

Further, at the Birmingham Summit in March 1998, it was agreed by the participating countries to create FIUs (Financial Intelligence Units), which are dedicated to collect, analyze and disseminate money laundering information, as a measure to make effective use of the suspicious transaction reports for criminal investigation .

Later, in response to the terrorist attacks in the US in September 2001, the FATF held an extraordinary meeting, where it issued "the 8 Special Recommendations" including criminalising terrorist financing and freezing terrorist assets considering it necessary to include anti-terrorist financing measures within the scope of anti-money laundering measures. In 2004, a new item related to the measure to prevent the physical cross-border transportation of funds was added to these recommendations, which made them "the 9 Special Recommendations" .

3 | Countermeasures to Sophistication of Modus Operandi of Money Laundering

In accordance with development of anti-money laundering measures, the trend of money laundering itself has been changing. The FATF put the highest emphasis in its study on hiding funds using business sectors other than financial institutions. As a result, the FATF revised again in June 2003 "the 40 Recommendations" by extending the scope of operators required to take measures including customer identification etc. The FATF has been studying new methods of money laundering engineered in various countries and regions in the world since then, such as money laundering using new settlement systems, alternative remittance systems, trade-type money laundering, etc. and providing multiple advice on measures through publishing reports and other methods.

Section 2 | Anti-Money Laundering Measures in Japan

1 | Enforcement of "the Anti-Drug Special Law"

Anti-money laundering measures in Japan have been developed step by step in accordance with initiatives of the international society. Firstly, "the Law Concerning Special Provisions for the Narcotics and Psychotropics Control Law, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances through International Cooperation" (hereinafter, "the Anti-Drug Special Law") was enforced in

1992 as one of the domestic laws implementing "the UN New Narcotics Convention", aiming mainly at dealing with drug crime proceeds. This law criminalized money laundering activities connected with drug crimes for the first time in Japan and established the suspicious transaction reporting system (regarding drug crime proceeds) by financial institutions, etc. in response to "the FATF 40 Recommendations."

2 | Enforcement of the Organized Crimes Punishment Law

The FATF mutual evaluation of Japan 1994 voiced a negative view on the limit of predicate offences of money laundering to illegal drug crimes. It was difficult for financial institutions, etc. to determine if each transaction was actually related to drug crimes in reporting suspicious transaction reports, resulting in the fact that the suspicious transaction reporting system did not work effectively. For improvement of these disadvantages, "the Act on Punishment of Organized Crimes, Control of Crime Proceeds and Other Matters" (hereinafter, "the Organized Crimes Punishment Law") was adopted (enforced in Feb. 2000) in Japan based on the FATF recommendations as revised in June 1996. This law represented progress in regulations against criminal proceeds in several points. The scope of predicate offences for money laundering and suspicious transaction reports was expanded from illegal drug crimes to include other serious crimes. In addition, the law designated the Financial Supervisory Agency (later, the Financial Services Agency) as the FIU of Japan, where money laundering information should be centralized, arranged and analyzed to be disseminated to investigative authorities.

3 | Enforcement of "the Act on Punishment of Financing Offences of Public Intimidation" and "the Law on Customer Identification by Financial Institutions", and the Revision of "the Organized Crimes Punishment Law"

As a major development after the terrorist attacks in US, "the Act on Punishment of Financing Offences of Public Intimidation" was adopted (enforced in July 2002) as a domestic law to implement "the International Convention for the Suppression of the Financing of Terrorism". Also, to implement the customer identification regime required under the said Convention and the FATF recommendations, "the Law on Customer Identification by Financial Institutions" was adopted (enforced in Jan. 2003).

At the same time as the adoption of "the Act on Punishment of Financing Offences of Public Intimidation", "the Organized Crimes Punishment Law" was partly revised, so that the terrorist financing offence was included into predicate offences. Moreover, terrorist funds were stipulated as criminal proceeds, and the scope of suspicious transaction reports was extended to terrorist funds by the revised law.

4 | Enforcement of "the Act on Prevention of Transfer of Criminal Proceeds"

Based on the fact that the FATF re-revised "the 40 Recommendations" in 2003 to extend the scope of business operators required to implement customer identification etc. to operators other than financial institutions, "the Headquarters for Promotion of Measures Against Transnational Organized Crime and International Terrorism", with the Chief Cabinet Secretary as head thereof, publicized "the Action Plan for Prevention of Terrorism" including the implementation of the re-revised Recommendations in December 2004. In November 2005, "the



Headquarters for the Promotion of Measures Against Transnational Organized Crime and International Terrorism" decided that the National Police Agency would make a draft of a law for implementation of the re-revised Recommendations and that the FIU would be transferred from the Financial Services Agency to the National Public Safety Commission / the National Police Agency.

The National Police Agency drafted a bill in cooperation with relevant ministries and agencies and submitted it to the 166th National Diet session in February 2007. "The Act on Prevention of Transfer of Criminal Proceeds" was then adopted in March of that year. A part of the law, stipulating the transfer of the FIU, etc. was enforced in April of the same year, while the remaining part of the law, e.g. the extension of the scope of business operators, was enforced on March 1, 2008.

History of Anti-Money Laundering Measures

Global Events		Events in Japan
December 1988	Adoption of "UN New Narcotics Convention" (Criminalization of money laundering activities related to illegal proceeds obtained from drug crimes.)	
July 1989	Arch Summit (Establishment of the FATF (Financial Action Task Force on Money Laundering))	
April 1990	FATF issued "the 40 Recommendations" - Customer identification by financial institutions - Reporting of suspicious transactions to financial regulatory authorities	June 1990 Notices issued on the requirement of customer identification, etc. (by the Director-General of the Banking Bureau, Ministry of Finance and others)
		July 1992 Enforcement of "the Anti-Drug Special Law" (Creation of the "Suspicious transaction report" system relating to drug crimes)
June 1996	FATF revised "the 40 Recommendations" - Extending the scope of predicate offences to serious crimes became compulsory.	
May 1998	Birmingham Summit (Agreement on establishment of FIU)	February 2000 Enforcement of "the Organized Crimes Punishment Law" (Extension of the scope of predicate offences to certain serious crimes, establishment of the Japanese version of FIU, etc.)
September 2001	Terrorist attacks in the US	
October 2001	FATF issued "Special recommendations on terrorist financing" - Criminalization of terrorist financing, Reporting of terrorist financing-related suspicious transactions.	
		July 2002 With the enforcement of "the Act on Punishment of Financing to Offences of Public Intimidation" and "the revised Organized Crimes Punishment Law", terrorist financing offence was added to predicate offences.
		January 2003 Enforcement of "the Customer Identification Act" (Obligation of identification of customers etc. by financial institutions, etc. is legislated.)
June 2003	FATF re-revised "the 40 Recommendations" - Application of recommendations to non-financial businesses (real estate agents, dealers in precious metals, dealers in precious stones, etc.) and professionals (lawyers, accountants, etc.)	
		December 2004 "The Headquarters for Promotion of Measures Against Transnational Organized Crime and International Terrorism" created the "Action Plan for Prevention of Terrorism".
		November 2005 "The Headquarters for Promotion of Measures Against Transnational Organized Crime and International Terrorism" decided on "the Development of laws for implementation of the FATF recommendations"
		March 2007 Adoption of "the Act on Prevention of Transfer of Criminal Proceeds"
		April 2007 Transfer of the FIU (from the Financial Services Agency to the National Public Safety Commission / the National Police Agency)
		March 2008 Enforcement of the application of customer identification obligation, etc. to non-financial business operators etc



As described in the preceding chapter, legal systems on money laundering both in Japan and foreign countries have realized a gradual development since the 1980s and generally contain the following three elements:

- (1) Criminalization of money laundering
- (2) Confiscation of criminal proceeds

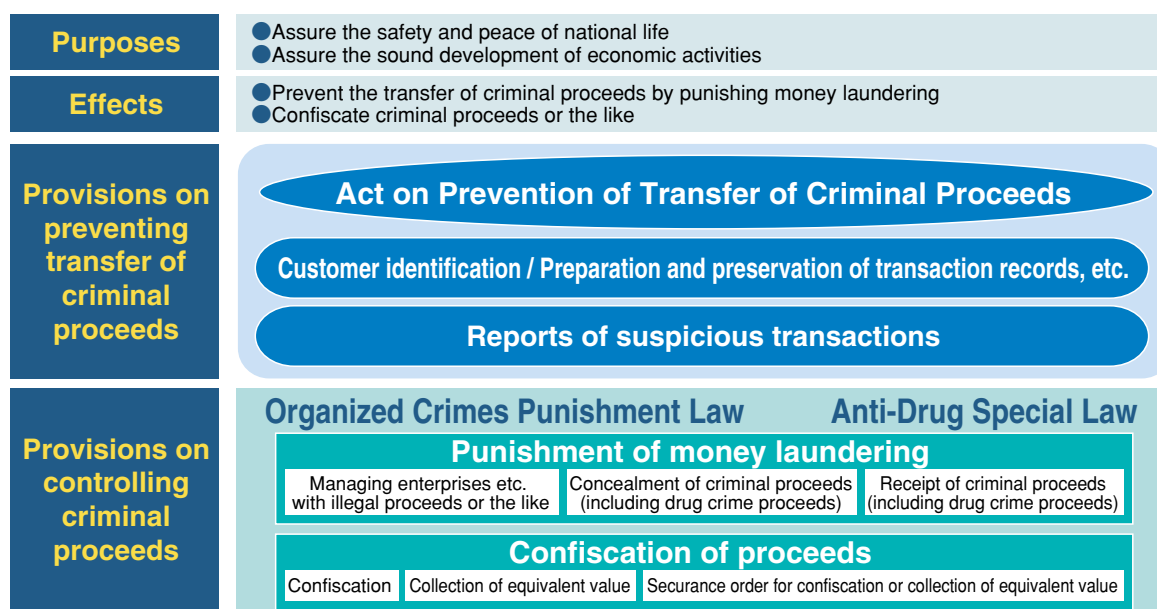
(3) Obligation of a certain range of business operators to take preventive measures such as customer due diligence.

Among these standards, (1) and (2) are aimed at the direct effects of weakening, in particular, the financial foundations of criminal organizations to target assets generated through crimes, while (3) is aimed at preventing money laundering itself by making it easier to trace the transfer of illegal funds and making it more difficult to avoid prosecution and confiscation.

In Japan the standards (1) and (2) above are realized mainly by the Anti-Drug Special Law and the Organized Crimes Punishment Law, and the standard (3) is realized by the Act on Prevention of Transfer of Criminal Proceeds. This chapter gives you an outline of these laws centered on the Act on Prevention of Transfer of Criminal Proceeds, of which JAFIC plays an important part in terms of enforcement .

For your information, the texts of these laws are attached at the end of the report.

Fig. 2-1 Relationships of the Act on Prevention of Transfer of Criminal Proceeds, the Organized Crimes Punishment Law, and the Anti-Drug Special Law



Section 1

Outline of the Anti-Drug Special Law and the Organized Crimes Punishment Law

1 | Anti-Drug Special Law

As described in Chapter 1, the Anti-Drug Special Law was enacted for the purpose of blocking cycles of illegal proceeds derived from drug crimes, directly triggered by the UN New Narcotics Convention adopted in 1988 and the FATF "40 Recommendations" issued in 1990, and enforced on July 1, 1992. This law contains two items with regard to measures against drug crime proceeds as below.

Anti-Drug Special Law included, at the time of enactment, provisions on reports of suspicious transactions, which have been taken over to the Act on Prevention of Transfer of Criminal Proceeds through the Organized Crimes Punishment Law.

(1) Punishment of money laundering

The Anti-Drug Special Law defines the act of money laundering as a new crime in that it has such aspects as encouraging further (drug) crimes.

a. Crime of concealment of drug crime proceeds, etc. (Article 6)

The following acts are criminalized by this article: (i) Act of "disguising facts with respect to acquisition or disposition of drug crime proceeds etc." (ii) Act of "concealing drug crime proceeds, etc." and (iii) Act of "disguising facts with respect to the source of drug crime proceeds, etc."

Examples of the act (i), "Act of disguising facts with respect to acquisition" are the act of depositing drug crime proceeds, etc. under the name of a third party, the act of manipulating the book by pretending profits have been gained by legal business activities, or the like.

An example of the act (i), "Act of disguising facts with respect to disposition" is the act of purchasing goods under the name of a third party, using drug crime proceeds etc., or the like.

Examples of the act (ii), "concealing" are actions such as physically concealing money or goods (e.g. in the trunk room of a car) and sending money to a country or region where it is considerably difficult to trace the funds, or the like.

An example of the act (iii), "Act of disguising facts with respect to the source" is the illegal drug's purchaser's act of pretending the payment for purchase is a repayment of a fictitious debt.

b. Crime of receipt of drug crime proceeds, etc. (Article 7)

The act of "knowingly receiving drug crime proceeds, etc." is criminalized by this article. For example, an act in which a main member of Boryokudan group receives money as part of a protection racket, knowing that the money has been obtained from drug crime.

(2) Confiscation, collection of equivalent value and securance measures (Article 11 through 13, 19)

Drug crime proceeds shall be confiscated. If it cannot be confiscated because, for example, it has already been consumed or the right thereof has been transferred, collection of equivalent value will be ordered. The system of confiscation and collection of equivalent value provided in Anti-Drug Special Law has been strengthened compared to the existing system of



confiscation and collection of equivalent value in the Penal Code in that the target is not limited to tangible property, but is extended to deposit claims, etc. and that confiscation and collection of equivalent value are compulsory. Moreover, it can be prohibited by court order to dispose drug crime proceeds which should be confiscated prior to court decision in order to ensure the confiscation of the proceeds. As the risk of disposal by a criminal will be raised if he/she knows of the commencement of investigation, the court can issue a seurance order even before the prosecution upon request of a police officer, etc. with a fixed period of 30 days, which could be renewable.

2 | Organized Crimes Punishment Law

As described in Chapter 1, the Organized Crimes Punishment Law was enacted based on the extension of predicate offences in the revised FATF "40 Recommendations" and the international agreement on the establishment of an FIU, and was enforced in February 2000. In terms of criminal proceeds regulations, this law is characterized by the extension of the scope of predicate offences from drug crimes stipulated in the Anti-Drug Special Law to certain serious crimes.

(1) Punishment of money laundering (Article 9 through 11)

According to the Organized Crimes Punishment Law, changing a director, etc. as a means of managing an enterprise, etc. using criminal proceeds shall be punished as another type of money laundering crime, in addition to acts of disguising, concealing, and receiving stipulated in the Anti-Drug Special Law.

(2) Confiscation, collection of equivalent value and seurance measures (Article 13 through 16, 22, 23,42)

The system of confiscation and collection of equivalent value provided in the Organized Crimes Punishment Law is subject to the discretion of the court, unlike the system provided in the Anti-Drug Special Law. However, it has been strengthened compared to the existing system in the Penal Code in that the target is extended to monetary claims, assets obtained as the fruit of criminal proceeds are also within the scope, seurance measures have been established, and so on.

At the time of the enactment of the Organized Crimes Punishment Law, it was stipulated that so-called "Crime victim property", such as proceeds obtained through fraud, etc. may not be confiscated in consideration of damage claims by victims. However, the law was partially revised (enforced in Dec. 2006) to enable confiscation in certain cases where the crime is considerably organized or it will be difficult to recover the damage by civil proceedings due to money laundering or other reasons.

Section 2 | Outline of the Act on Prevention of Transfer of Criminal Proceeds

As described in Chapter 1, the Act on Prevention of Transfer of Criminal Proceeds is a new law created on the basis of existing laws, i.e. the whole part of the Law on Customer Identification by Financial Institutions and a part of the Organized Crimes Punishment Law and also in response to the revised FATF "40 Recommendations" of 2003 and modification and modernization of money laundering techniques. The law provides for a system to prevent transfer of criminal proceeds, including customer identification, preparation and preservation of transaction records,

suspicious transaction reporting etc. to be implemented by a certain range of business operators. For the fundamental structure of the law, please refer to Fig. 2-3.

1 | Purpose of the Law (Article 1)

The purpose of this law is to prevent the transfer of criminal proceeds and insure the appropriate enforcement of international treaties concerning the prevention of financing terrorism, etc. and, thereby, to assure the safety and peace of national life and to contribute to the sound development of economic activities. The law provides for tools to accomplish these objectives, that is, identification of customers, preservation of transaction records, and reporting of suspicious transactions by specified business operators as defined in 2 below. These actions should promote a synergy effect with other measures as set forth by the Organized Crimes Punishment Law and the Anti-Drug Special Law.

2 | Specified Business Operators (Paragraph 2 of Article 2)

Business operators, required to take measures like customer identification by this law, are called "Specified business operators," the scope of which is defined in line with the FATF Recommendations as well as in consideration of business practices in Japan and their money laundering risks. Financial institutions, etc. described in the table below had already been obliged to undertake identical measures by the Law on Customer Identification by Financial Institutions and other regulations.

○Financial institutions, etc. (Item 1 through 33):

Bank; Shinkin bank; Federation of Shinkin banks; Labor bank; Federation of labor banks; Credit cooperative; Federation of credit cooperatives; Agricultural cooperative; Federation of agricultural cooperatives; Fishery cooperative; Federation of fishery cooperatives; Fishery processing cooperative; Federation of fishery processing cooperatives; Norinchukin Bank; shokochukin Bank; Insurance company; Foreign insurance company etc.; Small-claims/short-term insurance business operator; Federation of fishery cooperatives for mutual aid; Financial instruments business operator; Securities finance company; Specially permitted business notifying person; Trust company; Person who conducts declaration of trust intending to sell beneficiary rights; Real estate specified joint enterprise operator; Mutual loan company; Money lender; Call money market broker; Futures commission merchant; Book-entry transfer institution; Account management institution; Management Organization for Postal Savings and Postal Life Insurance; Currency exchanging operator (This law is yet to be applied to the Development Bank of Japan and electronic receivables recording organizations.)

○Finance leasing operator (Item 34)

○Credit card operator (Item 35)

○The real estate transaction business operator (Item 36)

○Business operator dealing with jewelry, precious metal etc. (Item 37)

○Business operator providing a service of receiving postal items or a service of receiving telephone call (Item 38)

○Lawyer or legal profession corporation (Item 39)

○Judicial scrivener or judicial scrivener corporation (Item 40)

○Administrative scrivener or administrative scrivener corporation (Item 41)

○Certified public accountant or audit firm (Item 42)

○Certified tax accountant or certified tax accountant corporation (Item 43)



3 | Responsibilities of the National Public Safety Commission and FIU (Article 3)

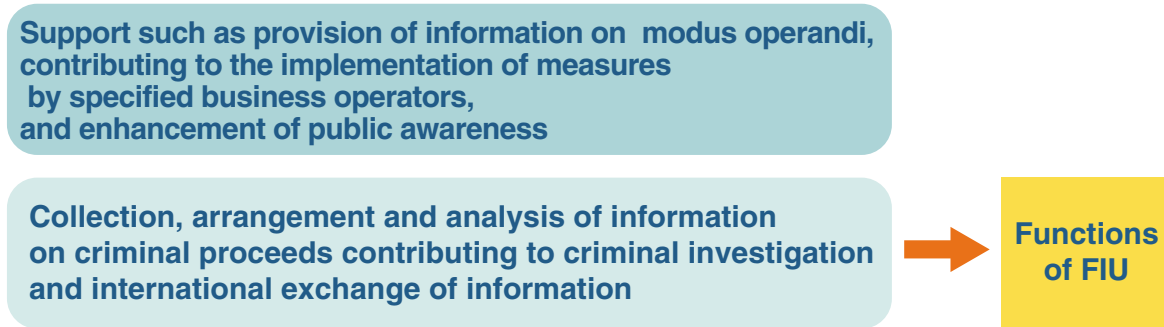
The Act on Prevention of Transfer of Criminal Proceeds provides that the National Public Safety Commission has responsibilities to endeavor 1) to enhance public awareness on the importance of the prevention of the transfer of criminal proceeds in order to ensure specified business operators take appropriate actions, and 2) to promptly and appropriately collect, arrange and analyze information on criminal proceeds including information on suspicious transactions reported by specified business operators so that such information can be effectively utilized in criminal investigation and related international cooperation.

Government organs that perform collection, arrangement and analysis of suspicious transaction reports and disseminate them to investigative authorities are generally called FIUs (Financial Intelligence Units). Japanese FIU used to belong to Financial Services Agency. Under the new law, National Public Safety Commission took over this function from the Financial Services Agency, in connection with the extension of the scope of specified business operators. For this purpose, the Japan Financial Intelligence Center (JAFIC) was established in the National Police Agency, in charge of police administration under the control of the National Public Safety Commission, on April 1, 2007.

In May 2007, JAFIC became a member of the Egmont Group, an international framework aiming at communication between FIUs.

The outline of the structure of JAFIC will be detailed in Chapter 3.

Fig. 2-2 Responsibilities of the National Public Safety Commission (Article 3 of the Act on Prevention of Transfer of Criminal Proceeds)



4 | Measures by Specified Business Operators

By the law, specified business operators are obliged to conduct the following:

(1) Identification of customers (Article 4)

In conducting a certain transaction, they should verify identification data of a customer such as the name and domicile by asking for his/her driver's license or other identification documents;

(2) Preparation and preservation of customer identification records (Article 6)

They should prepare and keep the record of identification data and measures taken for customer identification etc. for seven years;

(3) Preparation and preservation of transaction records etc. (Article 7)

They should prepare and keep the record of the date and contents etc. of transactions for seven years;

(4) Reports of suspicious transactions (Article 9)

They should report transactions that are suspected of being related to criminal proceeds, with exception for judicial scriveners, administrative scriveners, certified public accountants, certified tax accountants and lawyers;

(5) Notification pertaining to foreign exchange transactions (Article 10)

In conducting a cross-border payment, they should notify the receiving institutions of certain items such as the name and the account number. This article is applied only to financial institutions that can conduct exchange transactions;

(6) Measures by lawyers (Article 8)

Measures to be taken by lawyers are governed by the provisions established in the Rules of the Japan Federation of Bar Associations, the contents of which should follow the examples of judicial scriveners etc.

These measures are classified by the types of business operators in Table 2-1. Also, "Specified Business Affairs" subject to obligations and "Specified Transactions" subject to customer identification obligation are listed in Table 2-2.

Customer identification, preparation and preservation of customer identification records and transaction records described in (1) through (3) above are expected to work as warnings against persons who attempt to transfer criminal proceeds and to enable tracing proceeds afterwards. Suspicious transaction reports described in (4) will be used for investigations into money laundering crimes and predicate offences and will prevent criminals from abusing economic and financial systems and assure its soundness.

The purpose of notification pertaining to foreign exchange transactions described in (5) is to enable tracing funds internationally and also respond to the FATF Special Recommendations regarding terrorist financing.



Table 2-1 Measures of specified business operators obliged by the law

Specified Business Operators (Paragraph 2 of Article 2)	Identification of customers (Article 4)	Preparation and preservation of customer identification records (Article 6)	Preparation and preservation of transaction records (Article 7)	Reports of suspicious transactions (Article 9)
Financial institutions, etc. (Item 1 through 33)				○
Finance leasing operators (Item 34)				
Credit card operators (Item 35)				
The real estate transaction business operator (Item 36)				
Business operators dealing with jewelry, precious metals or the like (Item 37)				
Business operators providing a service of receiving postal items (Item 38)				
Business operators providing a service of receiving telephone calls (Item 38)				○
Judicial scrivener (Item 40)				X
Administrative scrivener (Item 41)				
Certified public accountant (Item 42)				
Certified tax accountant (Item 43)				
Lawyer (Item 39)	To be stipulated in the Rules of the Japan Federation of Bar Associations following the examples of judicial scriveners or the like (Article 8)	X		

Table 2-2 Scope of "Specified Business Affairs" subject to obligations and "Specified Transactions" requiring customer identification

	Specified Business Affairs	Specified Transactions
Financial institutions, etc.	Business affairs conducted by financial institutions, etc. (limited to business affairs regarding finance)	Conclusion of deposit/savings contracts (which means contracts for the acceptance of deposits or savings), large cash transactions exceeding 2,000,000 yen, cash remittance exceeding 100,000 yen, etc.
Finance leasing operators	Finance leasing business affairs (limited to transactions which cannot be terminated earlier than the end of a contract, and to cases where the lessor enjoys the benefit associated with use of leased product and bears the cost)	Conclusion of lease contracts of goods whose lease fee exceeds 100,000 yen per payment
Credit card operators	Credit card business affairs	Conclusion of contracts for the delivery or issuance of a credit cards
Building lots and buildings transaction business operators	Business affairs which pertain to the buying and selling of building lots or buildings, or agent work or intermediation thereof	Conclusion of contracts for buying and selling building lots or buildings, or agent work or intermediation thereof
Business operators dealing with jewelry, precious metals etc.	Business affairs which pertain to the buying and selling precious metals (gold, platinum, silver and alloy of these metals) and jewelry (diamond and other precious stones, semiprecious stones and pearls)	Conclusion of contracts for buying and selling precious metals etc. whose payment amount exceeds 2,000,000 yen by cash
Business operators providing a service for receiving postal mail	Business affairs for providing a service of receiving postal mail on behalf of a customer	Conclusion of contracts for the provision of service * Conclusion of contracts including a clause stating that a postal mail without description on the destination such as a company name, with which one could easily recognize the receiver as the agent, will not be received is excluded. * Conclusion of a contracts including a clause stating that a registered mail for cash and a postal mail which can be recognized as a deposit/savings passbook etc. sent by a financial institution dealing with deposit/savings will not be received is excluded.
Business operators providing a service for receiving telephone calls	Business affairs for providing a service for receiving telephone calls on behalf of a customer	Conclusion of contracts for the provision of service * Conclusion of a contract including a clause stating that the operator will clearly specify the company name of the agent when receiving a telephone call is excluded. * Conclusion of a contract for call center business etc. is excluded.
Judicial scrivener Administrative scrivener Certified public accountant Certified tax accountant	Business affairs which pertain to agent or deputy work for the following acts: - Acts or procedures concerning the buying and selling of building lots or buildings - Acts or procedures concerning the establishment, merger, etc. of companies etc. - Management or disposition of cash, deposits, securities and other property * Payment of tax, penalty, fine etc. is excluded. * Management or disposition of others' property as a duty of a person appointed by the court or the competent administrative authority, such as a guardian of an adult etc. is excluded.	Conclusion of contracts for carrying out agent work etc. for the following acts - Acts or procedures concerning the buying and selling of building lots or buildings - Acts or procedures concerning the establishment, merger, etc. of companies etc. - Management or disposition of cash, deposits, securities and other property whose value exceeds 2,000,000 yen * Conclusion of a contract for a voluntary guardian is excluded.
X		A transaction with a customer already identified is excluded, provided, however, that there is no suspicion of identity theft etc.



5 | Dissemination of Information on Suspicious Transactions (Article 11 and 12)

In order to make use of information on suspicious transactions for domestic and overseas investigation etc., the National Public Safety Commission may disseminate information to authorities in charge of investigating criminal cases such as a public prosecutor, and to a foreign FIU under certain conditions. The STR regime is detailed in Chapter 4 (Reports of Suspicious Transactions) and Chapter 5 (Promotion of International Cooperation).

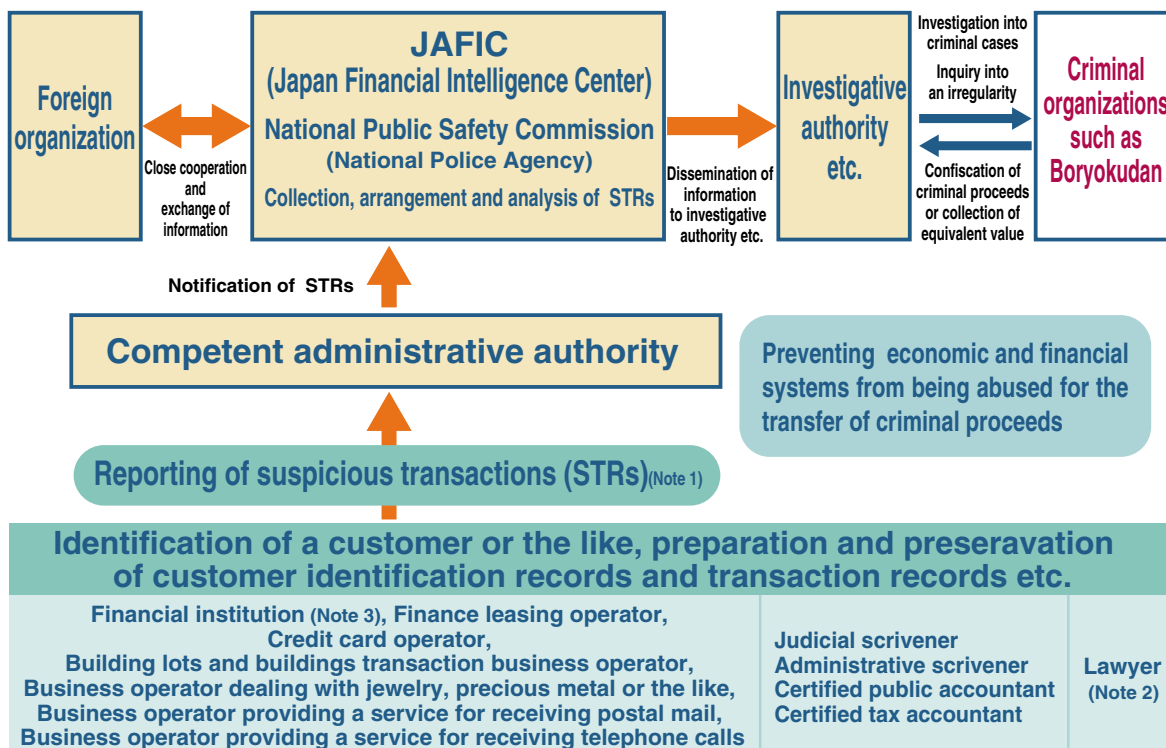
6 | Supervisory Measures (Article 13 through 17, 23, 27)

The law grants inspection power to competent administrative authorities so that they can detect irregularities by specified business operators. The authorities can also employ various supervisory methods such as guidance, advice, suggestion, and remedy order in the case of violation for a better compliance by specified business operators. A person who violates a remedy order may be punished with imprisonment with labor for not more than two years or a fine of not more than three million yen. Moreover, to complement supervisory function, the National Public Safety Commission is granted the authority to state its opinion to competent administrative authorities (and make necessary inspections on business operators) when it detected violations.

7 | Enforcement Date

The part of the law related to FIU functions such as responsibilities of the National Public Safety Commission came into force on April 1, 2007, while the remainder on March 1, 2008.

Fig. 2-3 Outline of the Act on Prevention of Transfer of Criminal Proceeds



Note 1: Lawyers, judicial scriveners, administrative scriveners, certified public accountants and certified tax accountants are not subject to the obligation of suspicious transaction reporting.
 Note 2: Measures by lawyers corresponding to the measures of customer identification, preparation and preservation of customer identification records and transaction records shall be stipulated by the provisions established in the Rules of the Japan Federation of Bar Associations following the examples of judicial scriveners etc. set forth by the Act on Prevention of Transfer of Criminal Proceeds.
 Note 3: Among financial institutions, business operators involved in exchange transactions are obliged to notify information on money senders.



On April 1, 2007, the JAFIC (Japan Financial Intelligence Center) was established within the Organized Crime Department of the National Police Agency at the same time that first tier of the Act on Prevention of Transfer of Criminal Proceeds came into force. JAFIC is an institution playing a central role in the enforcement of the said law mainly by collecting, arranging and analyzing suspicious transaction reports (STRs) filed from specified business operators. Intelligence acquired through this process is disseminated as appropriate to investigative authorities. As shown in the structure of the Act on Prevention of Transfer of Criminal Proceeds, cooperation of the public, especially business operators is indispensable for JAFIC to exercise its function. This chapter summarises the structure of JAFIC and the work of the police, as well as relevant activities performed by related institutions, business operators and others.

Section 1 | Background

Many countries have an equivalent institution to JAFIC. These are generally called FIUs (Financial Intelligence Units). Egmont Group, established in 1995 as a forum for exchanging information between FIUs, defines an FIU as a "central, national agency responsible for receiving, analyzing and disseminating to the competent authorities, disclosures of financial information: (1) concerning suspected proceeds of crime and potential financing of terrorism, or (2) required by national legislation or regulation, in order to combat money laundering and terrorism financing".

In Japan, although suspicious transaction reporting was made obligatory by the Anti-Drug Special Law in July 1992, it did not centralize the information. Japan's first FIU was established within the Financial Supervisory Agency (reorganized into the Financial Services Agency in July 2000), when the Organized Crimes Punishment Law came into effect in February 2000.

In connection with the extension of the scope of business operators required to take anti-money laundering measures (i.e., building lots and buildings transaction business operators and business operators dealing with jewelry, precious metals etc. were added to financial institutions etc.), elements of STRs were to be extended as well. Therefore, the function of FIU, which handles and analyzes STRs, was not as suited for the Financial Services Agency, which supervises financial institutions, as the national police agency, which makes use of overall reported information for investigations and countermeasures against organized crimes as well as terrorism. This idea was unveiled in November 2005, when Government's "Headquarters for the



Promotion of Measures against Transnational Organized Crime and Other Relative Issues and International Terrorism" decided to formulate the bill of the new AML/CFT law (the Act on Prevention of Transfer of Criminal Proceeds).

The Act on Prevention of Transfer of Criminal Proceeds clarified that the National Public Safety Commission (NPSC), which controls the National Police Agency and is aided by it, is responsible for prompt and appropriate collection, arrangement and analysis of suspicious transaction reports filed from specified business operators. It granted to the NPSC a function related to handling of STRs including provision of them to foreign FIUs as well as a function of quasi-supervisory measures against specified business operators. JAFIC (Japan Financial Intelligence Center) was created within the Organized Crime Department, Criminal Investigation Bureau of the National Police Agency, as a new Japan's FIU to perform these functions.

Section 2 Mission and Structure

JAFIC is in charge of the following tasks provided in the Act on Prevention of Transfer of Criminal Proceeds:

- Collection, arrangement, analysis and dissemination to investigative authorities etc. of suspicious transaction reports;
- Dissemination of information to foreign FIUs;
- Provision of information and complementation of supervisory measures to ensure that specified business operators take required measures;

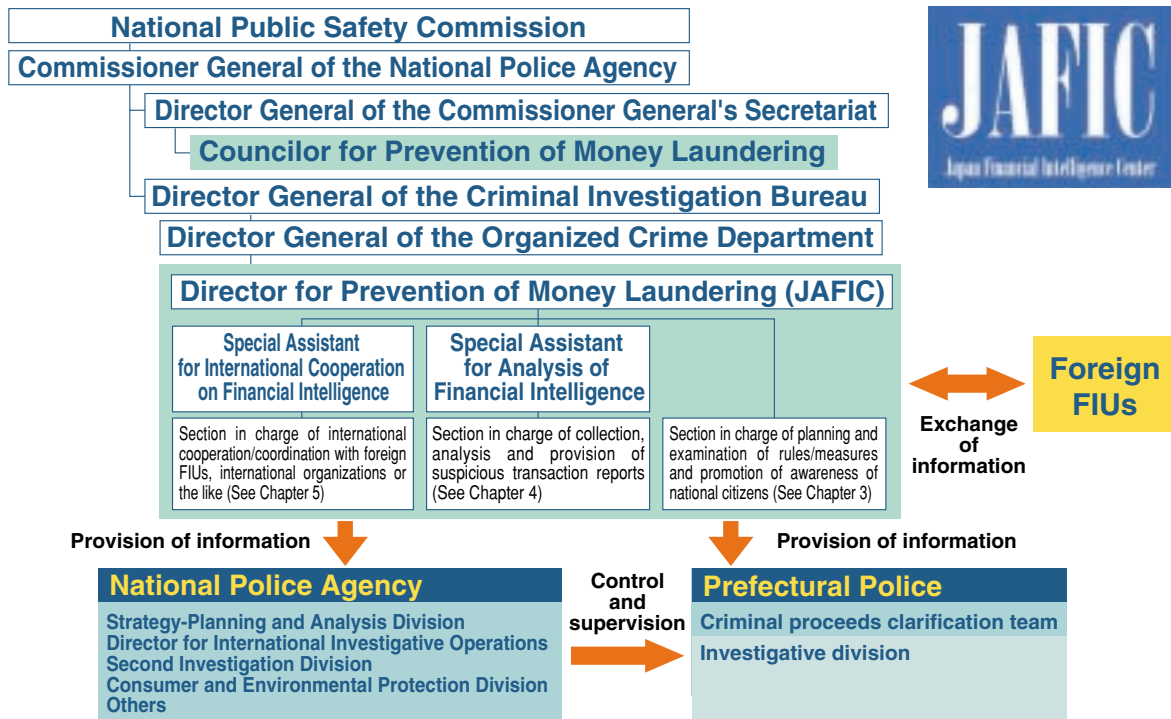
JAFIC also plans and examines the legal system related to AML/CFT and gives various directions to nationwide police forces including "the Guideline for Promotion of the Criminal Proceeds Control", described in Section 4, and participates in establishing international standards.

Among these tasks, the status of the analysis and dissemination of STRs will be explained in Chapter 4, while cooperation with foreign FIUs and international institutions will be described in Chapter 5.

The structure of JAFIC is illustrated by Fig. 3-1. It is currently composed of about 40 employees under the Director.

On the other hand, the "Task Force specializing in investigation of money laundering" is established in each Prefectural Police Force, based on the below-mentioned "the Guideline for Promotion of the Criminal Proceeds Control", to further analyze flows of illegal funds and eliminate them from organized criminal groups.

Fig. 3-1 Structure of JAFIC



Section 3 JAFIC and Partners

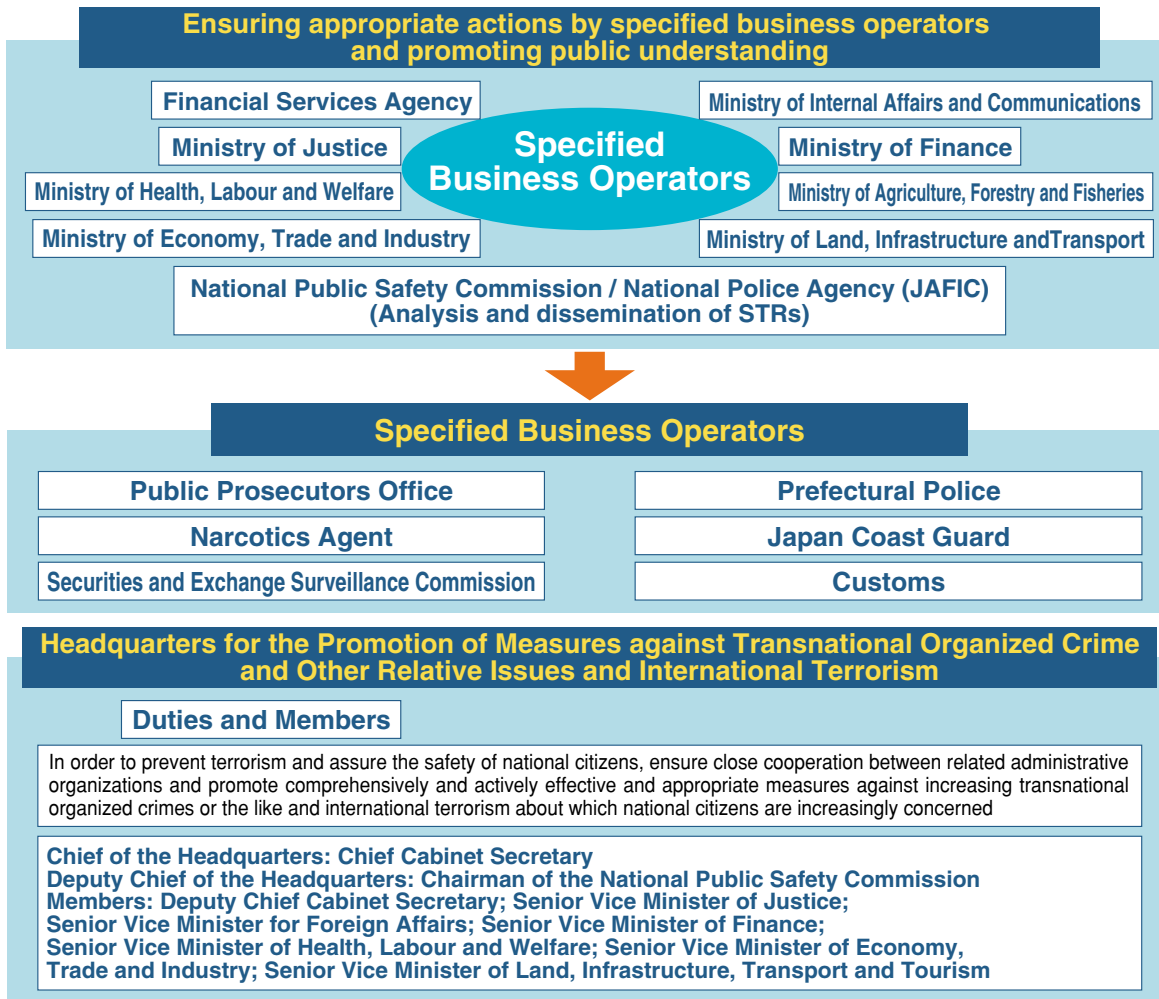
The Act on Prevention of Transfer of Criminal Proceeds provides that specified business operators including financial institutions should take initial anti-money laundering measures. As stated in this chapter separately, in addition to analysis and dissemination of financial intelligence, JAFIC endeavors to make public actual conditions of money laundering and relevant counter-measures in order that specified business operators take proper actions. Relevant ministries and agencies in charge of supervising business operators issue guidelines for STRs, give seminars in cooperation with industry organization, and exercise the supervisory function to secure a fulfillment of obligations. On the other hand, investigative authorities, such as the police, detect money laundering crimes and predicate offences and, as a result, confiscate criminal proceeds within their respective jurisdictions.

Ministries and agencies carry out their duties in each position, while also cooperating with each other by exchanging useful information, discussing issues in preventing money laundering and other ways.

Also, for the purpose of promoting effective and appropriate measures against transnational organized crimes and international terrorism in a comprehensive and active manner, the "Headquarters for the Promotion of Measures against Transnational Organized Crime and Other Relative Issues and International Terrorism" has been established in the Cabinet since August 2004. In addition, the "Ministerial Meeting Concerning Measures against Crime" started by a cabinet meeting agreement on September 2003 frequently discusses anti-money laundering measures.



Fig. 3-2 Anti-money laundering measures in each governmental organization



Section 4 Countermeasures against Criminal Proceeds by the Police

From the perspectives of confiscating the financial bases of criminal organizations, the police have been promoting countermeasures against criminal proceeds by, among others, cracking down on illegal acts and other fund acquiring activities undertaken by Boryokudan. The Act on Prevention of Transfer of Criminal Proceeds is expected to make these countermeasures more effective with the cooperation of a wide range of business operators who may deal with criminal proceeds. The National Police Agency, playing a central part in enforcing the law, issued "the Guideline for Promotion of the Criminal Proceeds Control" by the notice of the Deputy Commissioner General of the National Police Agency dated April 26, 2007. In order that the police departments in Japan collectively strengthen measures against criminal proceeds, the Guideline clarifies fundamental items and ideas of these measures.

Fundamental items in carrying out measures against criminal proceeds indicated by "the

Guideline for Promotion of the Criminal Proceeds Control" are composed of four principles and six promoting items as follows:

1. Principles for countermeasures against criminal proceeds

- (1) Promotion of efforts by specified business operators and the understanding of national citizens
- (2) Analysis and utilization of information on criminal proceeds
- (3) Enhanced control of crimes relating to criminal proceeds and confiscation of criminal proceeds
- (4) Promotion of international cooperation regarding countermeasures against criminal proceeds

2. Promoting items of countermeasures against criminal proceeds

- (1) Establishing an enforcement mechanism

The National Police Agency and each prefectural police department should develop a system necessary for countermeasures against criminal proceeds. Each prefectural police department should strengthen its structure for relevant sections to discharge their respective duties and, most importantly, establish a Task Force specializing in investigation of money laundering.

- (2) Promotion of efforts by specified business operators and the understanding of national citizens

The police should provide information on the transfer of criminal proceeds, instruction and advice to specified business operators and conduct public information and educational activities to deepen general understanding about AML/CFT measures.

- (3) Collection, arrangement and analysis of information on criminal proceeds

The National Police Agency should collect, arrange, analyze and disseminate information on criminal proceeds. Each prefectural police department should collect information necessary for effective countermeasures against criminal proceeds. Relevant sections in a police department should maintain close cooperation with one another.

- (4) Promotion of countermeasures against criminal proceeds

The National Police Agency should provide instruction to and coordinate among prefectural police departments which investigate crimes related to criminal proceeds, as well as clarify actual conditions of criminal organizations etc. Each prefectural police department should utilize STRs, apply the Organized Crimes Punishment Law, the Anti-Drug Special Law and other laws, while also promoting information collection activities.

- (5) Promotion of confiscating criminal proceeds

The police should make use of every opportunity to take measures for confiscating criminal proceeds by, for example, requesting pre-indictment confiscation security orders and closely cooperating with the Public Prosecutors Office.

- (6) Promotion of international cooperation

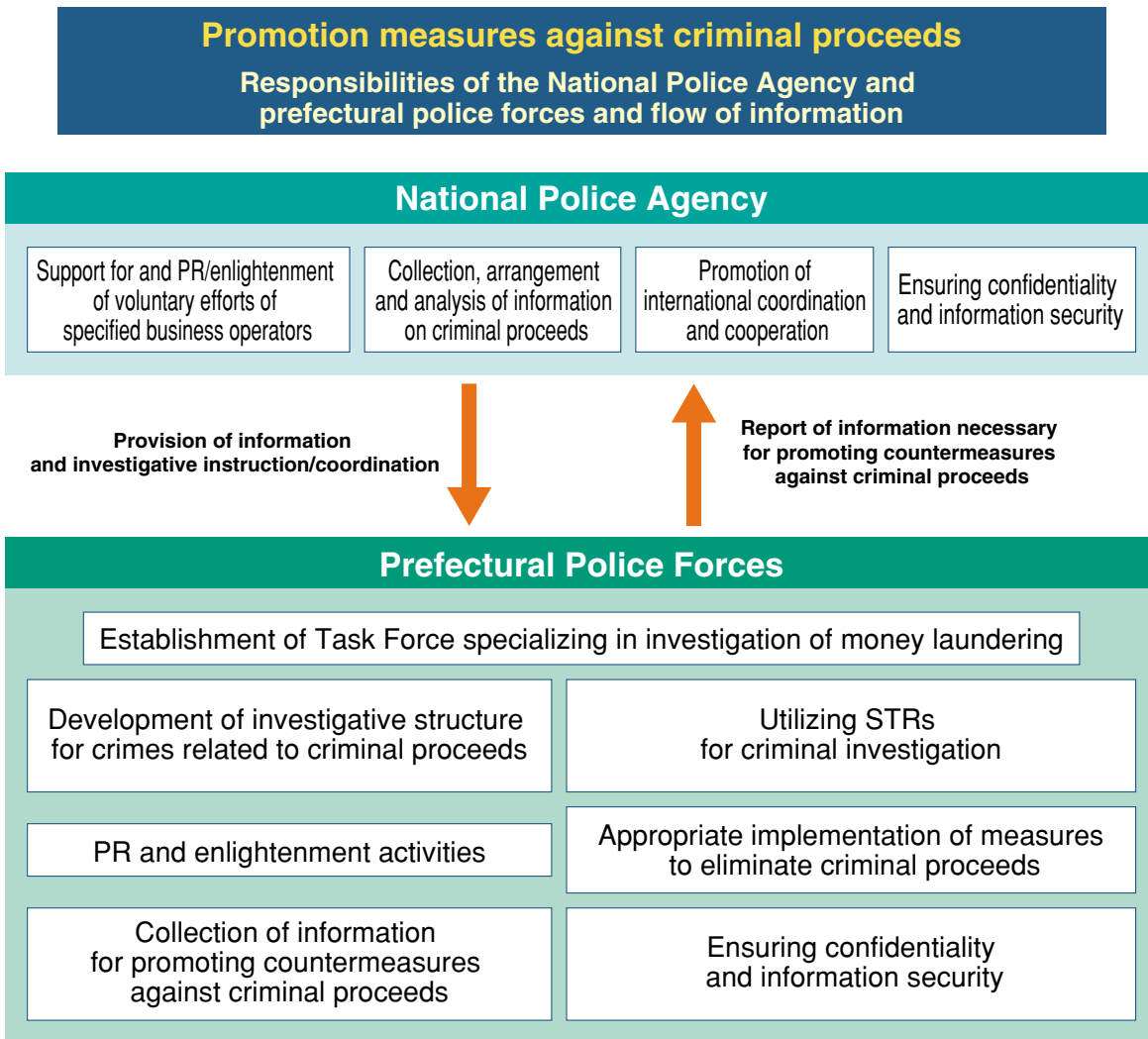
The police should strengthen international cooperation by, for example, exchanging information with foreign FIUs, responding to revisions of international recommendations, and supporting foreign countries in implementing international recommendations.

The police have already been putting into practice actively, as described in Chapter 6, the poli-



cies indicated by "the Guideline for Promotion of the Criminal Proceeds Control" through various criminal investigations.

Fig. 3-3 Overview of the promotion outline of measures against criminal proceeds



Section 5

Cooperation with Business Operators and the Public

Paragraph 1 Public Relations Activities toward the Enforcement of the New Law

1 | Participation in Seminars Given by Related Ministries and Agencies

JAFIC cooperated with relevant ministries and agencies in issuing guidelines for STRs and giving seminars for specified business operators, especially those who would be newly obliged to take preventive measures by the Act on Prevention of Transfer of Criminal Proceeds, so as to encourage understanding and cooperation toward the smooth enforcement of the law.

Examples:

- Made explanation about the outline of the Act on Prevention of Transfer of Criminal Proceeds, reporting procedure of STRs, and so on at seminars for business operators conducted by the Ministry of Economy, Trade and Industry at each Bureau of Economy, Trade and Industry as well as seminars held by industry organizations since August 2007.
- Made explanation about the outline of the Act on Prevention of Transfer of Criminal Proceeds, reporting procedure of STRs and so on at seminars for business operators conducted by the Ministry of Internal Affairs and Communications on December 10, 2007.

Seminar for business operators



2 | Public Service Announcement in Cooperation with Mass Media and PR Activities Using Posters/Leaflets

Upon the Act on Prevention of Transfer of Criminal Proceeds fully taking effect in March 2008, national citizens are more often than before required to produce their identifications. Prior to the enforcement of the said law, JAFIC called for necessary cooperation in customer identification through TV, radio and newspapers and disseminated background information of the law. In addition, JAFIC prepared posters and leaflets so that the targeted business operators, industry organizations, police offices etc. throughout the country can make the public aware of the required procedure.

Prepared poster





Prepared leaflet



3 | PR on Website

JAFIC has created a JAFIC page on the website of the National Police Agency, where it explains about its activities and the Act on Prevention of Transfer of Criminal Proceeds.

Website of the National Police Agency:

<http://www.npa.go.jp>

Website of JAFIC

<http://www.npa.go.jp/sosikihanzai/jafic/index.htm>

Explanation at the National Police Agency Website



Paragraph 2 Provision of Information on Criminal Proceeds to Business Operators

1 | Seminars for Financial Institutions

JAFIC gave, together with the Financial Services Agency, "Suspicious Transaction Reporting" seminars for financial institutions 23 times in total at 12 places in Tokyo and at Local Finance Bureaus or the like from October to November 2007, where it explained about actual cases of suspicious transaction reporting utilized by investigative authorities and points to keep in mind when filing the report and so on and answered the questions made by employees of financial institutions.

2 | Provision of Information on Terrorist and Related Persons

When, for example, the United Nations Security Council adopts a resolution on measures for preventing transfer of funds related to persons or organizations deemed to be involved in terrorism, JAFIC notifies financial institutions, etc. through related ministries and agencies of the listed parties and requests them to report transactions suspected of being related to targeted parties.

Paragraph3 Efforts of Business Operators

1 | Efforts of the Banking Industry

The "Japanese Bankers Association" (hereinafter referred to as "JBA"), of which most of the banks active in Japan are members, established the "Working Committee on Money Laundering Issues" within JBA in 1990 and, since then, has been taking anti-money laundering measures, such as preparing and disseminating notices on items to keep in mind regarding the procedures of customer identification and suspicious transaction reporting, preparing and distributing seminar handbooks for its members, giving seminars for its members, and so on. Also, JBA prepares leaflets, posters or the like to be provided to customers regarding customer identification procedure, etc. In addition, JBA is promoting organizational measures on issues related to money laundering/terrorist financing inside and outside of Japan by following at all times the development of AML/CFT measures at FATF, exchanging and sharing information continuously with foreign bankers associations or the like, making responses to FATF mutual evaluations against Japan, and so forth. As an example of JBA playing a leading part in the efforts of the banking industry, it incorporated into its "Code of Conduct," established in November 2005, provisions on compliance including money laundering prevention and confrontation with antisocial forces, and has had its members put them into practice.

2 | Efforts of the Securities Industry

The securities industry has made efforts to eliminate boryokudan from securities transactions and promote anti-money laundering measures. One of the main actors in these efforts has been the Japan Securities Dealers Association (JSDA), which resolved in 1991 to avoid transactions with boryokudan or the like and has strongly promoted customer identification for anti-money laundering. However, after the securities market, which had continued to remain sluggish following the bubble's collapse, took an upward trend, cases of funds being acquired by antisocial forces began to appear.

In these circumstances, JSDA as well as each stock exchange, together with related institutions including the Financial Services Agency and the National Police Agency, established the "Securities Safety Liaison Committee" in November 2006 to examine future measures. The Committee published on July 26, 2007 the "Elimination of Antisocial Forces from Securities Transactions and the Securities Market" as an interim report of the examination result, where it clarified that anti-money laundering measures such as prompt reporting of suspicious transactions should be further reinforced.



3 | Efforts of the Real Estate Industry

The real estate industry established in December 2007, a cross-organizational liaison council named "Liaison Council for Preventing Transfer of Criminal Proceeds and Preventing Damage by Antisocial Forces in the Real Estate Industry" so that the real estate industry as a whole can promote collective efforts to prevent the transfer of criminal proceeds and eliminate antisocial forces in preparation for the total enforcement of the Act on Prevention of Transfer of Criminal Proceeds. The Liaison Council, in cooperation with related ministries and agencies including the Ministry of Land, Infrastructure and Transport and the National Police Agency, is promoting such efforts as discussing the development of the responsibility system with relevant operators, preparing and distributing a brochure or the like for enlightenment, and sharing information concerning the operation of systems including the Act on Prevention of Transfer of Criminal Proceeds.

4 | Efforts of Lawyers Associations

The Japan Federation of Bar Associations had been examining the relation between anti-money laundering measures and the duties of a lawyer, recognizing the importance of the measures and established with a resolution of the general assembly meeting in March 2007 the "Rules on Identification of Clients and Record-Keeping" stipulating obligations of a lawyer; e.g., confirming the identity of a client, preserving the records for certain practices, and not accepting a request if suspected to be used for transfer of criminal proceeds. The rule was put into effect on July 1, 2007.

The Japan Federation of Bar Associations, in cooperation with each bar association distributed PR leaflets, gave seminars and delivered training videos on the Internet for a successful implementation of the rule.



The Act on Prevention of Transfer of Criminal Proceeds requires the specified businesses operators to file a report to a competent administrative authority if a transaction is suspected to be related to criminal proceeds. This measure was made obligatory for the first time in the Anti-Drug Special Law and was taken over to the Act on Prevention of Transfer of Criminal Proceeds through the Organized Crimes Punishment Law. The following is the outline and operational conditions of the STR regime.

Section 1 | Outline of the Suspicious Transaction Report System

1 | Purpose

Suspicious transaction report system aims, by supporting investigation on money laundering and predicate offences, to prevent illegal use of the services of legal businesses and maintain their soundness.

2 | Cases in which Reporting is Required

Specified business operators are required to file an STR to a corresponding supervising authority, when they suspect, during the course of their businesses (types of the businesses listed in table 2-2), that assets they received are criminal proceeds or that their client commits an offence of concealment of criminal proceeds.

3 | Announcement of Guidelines

Specified business operators are expected to judge whether the concerned transaction is a suspicious transaction with their own knowledge and experience at that industry, taking into account the form of transaction, client attributes and conditions surrounding the transaction. It may well be the case, however, that some operators simply lack adequate understanding of money laundering and find it difficult to make an appropriate judgment. Therefore, in Japan, since the time of the Anti-Drug Special Law, "List of Reference Cases of Suspicious Transactions," has been issued for specified business operators as a guideline for reporting. It is often called the "Reporting Guideline." Under the Act on Prevention of Transfer of Criminal Proceeds, which covers a wider variety of businesses than before, competent supervisory authorities issue Reporting Guidelines, based on the characteristics of respective businesses.

These guidelines are listed in Annex, and as clarified in the introduction thereof, samples of suspicious transactions are intended merely for reference. This means, it is for the operator to judge whether an individual case is a suspicious transaction, taking into account the client's attributes, con-

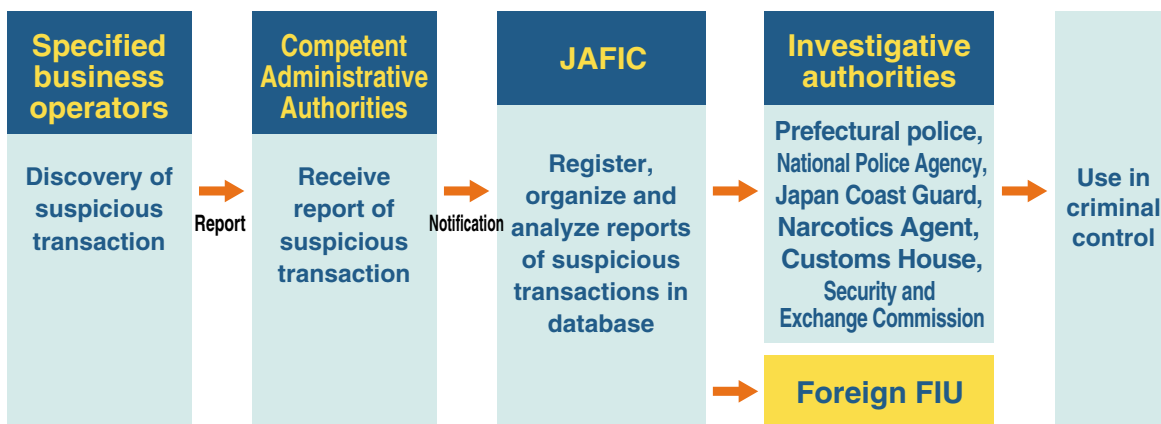


ditions surrounding the transaction and other specifics of the transaction. All the transactions that appear to match the listed samples do not necessarily have to be reported as suspicious, while transactions that do not fall within any of them may still be suspicious and subject to reporting.

4 | Flow of the Suspicious Transaction Reporting

Information reported by specified business operators are collected at JAFIC via the competent administrative authorities. (Internet reporting is submitted first to JAFIC, which then copy it to the competent authority.) JAFIC sorts and analyzes suspicious transaction reports and then hands over the result of analysis to investigative authorities such as Prefectural Police and the Public Prosecutors Office. Investigative authorities use STRs as clues for arrests, detection of criminal proceeds and tracing the source of illicit funds. JAFIC also provides foreign FIUs on their request with information of overseas transactions so they can trace criminal proceeds transferred across borders.

Figure 4-1 Flow of STRs from specified business operators, through JAFIC to investigative authorities



5 | Information Security Measures

Since STRs include sensitive information on individuals and business activities, JAFIC makes utmost efforts to prevent leakage, loss, damage, or other misconducts. National Public Safety Commission sets forth in its rule how relevant information should be handled and other information security measures.

Following are some of the security measures JAFIC takes.

(1) Management of Entering and Exiting

Terminals that can access information stored in the JAFIC database are located in a room with a door that is controlled by a biometric authentication system. Only a limited number of staff members are permitted to enter the room.

(2) Three steps of Authentication

In order to access the information in the JAFIC database, three levels of authentication are required. In other words, the information can be reached only after authentication is done 3 times, in 3 different ways. In the authentication procedure, if more than one mistakes occur, access from the terminal is prohibited, and in this way use without permission is securely prevented.

(3) Surveillance of Terminal

All processing operated at the terminal, such as file inquiries and printing, is monitored and recorded by surveillance software. This allows for tracing survey in case of illegal operation, as well as restraining illegal operation within the organization.

(4) Physical Measures of Terminal

Each terminal is firmly affixed to a desk with a security wire, to prevent theft.

(5) Strengthening of Server Management

The server that contains reporting information is located in a server room with adequate security measures, and only qualified staffs are allowed to enter.

(6) Encryption of Terminal's Hard Disk Drive Information

The hard disk drives on the terminals that are used to access the database system are all encrypted. Therefore, if the hard disk drives are removed and taken out, the information recorded in the hard disk drive and all related programs will still be inaccessible.

(7) Encryption of Circuit

Transmission between the server and terminals is encrypted with a special circuit.

Section2 | Situation of Suspicious Transaction Reports

1 | Transition of Number of Reporting

As described in Chapter 1, the system of suspicious transaction reports was first established with the enforcement of the Anti-Drug Special Law in 1992. At that time targeted transactions were only proceeds obtained from drug crimes. There were less than 20 cases reported between 1992 and 1998, and in 1999, the eighth year since the enforcement of the Anti-Drug Special Law, the number finally reached 1000. However, with the enforcement of the Organized Crimes Punishment Law in February 2000, the scope of predicate offences was significantly expanded and the number of reports has been increasing ever since. The number of reports of 2007 reached 158,041, an increase of 44,181 cases (38.8%) from the year before, and about 20.8 times increase compared to 2000.

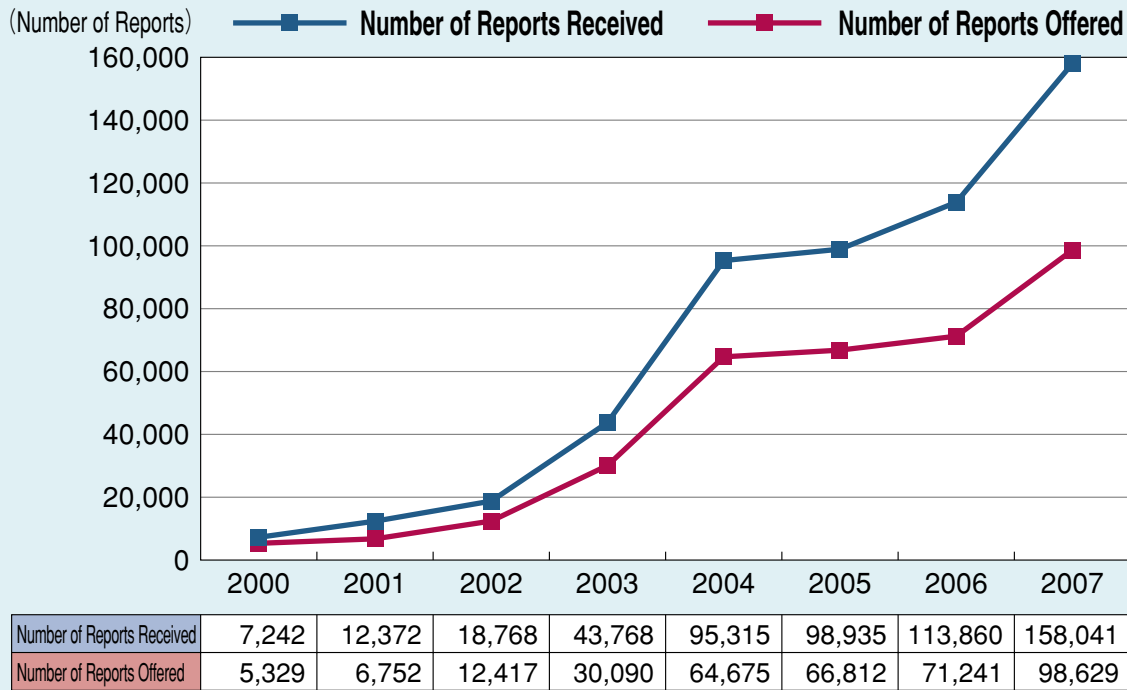
Table 4-1 Trend Diagram of Number of Reports of Suspicious Transactions (1992-1999)

	1992	1993	1994	1995	1996	1997	1998	1999
Yearly number of Reports Received	12	17	6	4	5	9	13	1,059

Note: The notifications of 1992 are those made after July, the month the notification system was established.



Figure 4-2 Trend Diagram of Number of Reports of Suspicious Transactions (2000-2007)



Note 1: Reports that were received by the Financial Services Agency between February 2000 and March 2007 and by the National Public Safety Commission and the National Police Agency after April 2007.

Note 2: Reports that were disseminated by the Financial Services Agency between February 2000 and March 2007 and by the National Public Safety Commission and National Police Agency after April 2007.

The circumstances regarding the increase in reporting numbers can be thought to be an overall improvement of compliance awareness in society, the tendency of financial institutions' strengthening of surveillance on illegal funds, and the permeation of the system of suspicious transaction reports in financial institutions. In particular, many financial institutes, in which the number of reports has increased, not only have strengthened their system of detecting suspicious transaction by adding staff in charge of anti-money laundering and implementing detection systems, but also have implemented thorough education to improve staff members' understanding. There is an overall tendency of financial institutions that take measures both tangibly and intangibly.

At Bank A, a major city bank, the Money Laundering Prevention Section was established, focusing on managing reports of suspicious transactions with tens of staff members. Also, the board of directors issued money laundering prevention regulations, and they performed training and education for all staff members and at each branch. As a result, the number of Bank A's reports of suspicious transactions increased 55.2% compared to the previous year.



Money Laundering Prevention Section of Bank A

2 | Number of Reports by Business Types

The number of suspicious transaction reports that each category of businesses filed in 2007 is shown in table 4-2. Banks have the highest number of reports with 133,699 cases, or 84.6% of all reports, followed by the Japan Post (11,859 cases, 7.5%), and credit unions and credit associations (10,237 cases, 6.5%).

Table 4-2 Number of Suspicious Transaction Reports by Business Types

Business Type	2006		2007		Increase/Decrease rate	
	Number of reports	Percentage	Number of reports	Percentage	Number of reports	Percentage
Bank	93,426	82.1%	133,699	84.6%	40,273	43.1%
Japan Post	10,509	9.2%	11,859	7.5%	1,350	12.8%
Credit Union, Credit Association	8,136	7.1%	10,237	6.5%	2,101	25.8%
Securities Company	656	0.6%	1,174	0.7%	518	79.0%
Money Lending Business	805	0.7%	397	0.3%	-408	-50.7%
Agriculture and Forestry	89	0.1%	294	0.2%	205	230.3%
Labour Bank	86	0.1%	189	0.1%	103	119.8%
Insurance Company	33	0.0%	48	0.0%	15	45.5%
Other	120	0.1%	144	0.1%	24	20.0%
Total	113,860	100.0%	158,041	100.0%	44,181	38.8%

Note: "Japan Post" includes the "Japan Post Bank" and "Japan Post Insurance."

3 | Number of Reports by Branch Locations

Locations of branches (stores) of financial institutions that filed suspicious transaction reports are shown in figure 4-3 and table 4-4. Tokyo has the most with 44,817 reports, or 28.4% of all reports, followed by Osaka Prefecture with 16,097 cases (10.2%), and Kanagawa Prefecture with 10,007 cases (6.3%).

The top 10 prefectures are concentrated in large cities, presumably due to the fact that the population, scale of economy and the number of transactions are larger.

In 40 prefectures reports increased from the year before. In particular, in Kagoshima Prefecture 3.2 times more reports than 2006 were filed. Reports in Tochigi, Aichi, Nara, Okayama, Nagasaki and Ooita also more than doubled. This shows that both city banks and local financial institutions are improving AML measures.



Figure 4-3 Number of Suspicious Transaction Reports by Prefectures, in 2007

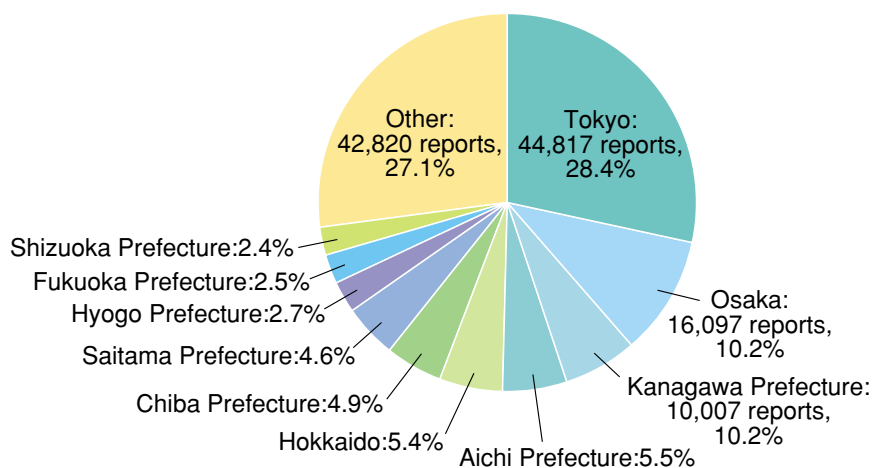


Table 4-3 Number of Suspicious Transaction Reports by Prefectures

Prefecture	Number of reports in 2006	Number of reports in 2007	Increase/decrease between 2006 and 2007 (number of reports)	Increase/decrease between 2006 and 2007 (%)	Average number of reports for one office
Tokyo	37,152	44,817	7,665	20.6%	5.63
Osaka	10,179	16,097	5,918	58.1%	3.64
Kanagawa	7,571	10,007	2,436	32.2%	3.42
Aichi	4,271	8,708	4,437	103.9%	2.29
Hokkaido	4,883	8,489	3,606	73.8%	2.01
Chiba	6,764	7,764	1,000	14.8%	3.38
Saitama	5,370	7,248	1,878	35.0%	2.98
Hyogo	3,084	4,335	1,251	40.6%	1.46
Fukuoka	2,624	3,916	1,292	49.2%	1.30
Shizuoka	2,403	3,840	1,437	59.8%	1.71
Total of top 10 prefectures	84,301	115,221	30,920	36.7%	3.17
Total of other 37 prefectures	29,559	42,820	13,261	44.9%	1.04
Total	113,860	158,041	44,181	38.8%	2.04

Note: The number of offices of financial institution was taken from "Statistical Survey of Business and Companies in 2006-Total Number of Businesses by Industry (Sub-category) of Prefectural Statistics," General Affairs Ministry. This does not exactly correspond to the number of offices subject to STR requirement.

Section3 Use of Suspicious Transaction Reports

Paragraph1 Dissemination to Investigative Authorities

JAFIC provides investigative authorities with STRs that it judged to be conducive to the investigation of money laundering and predicate offences. Investigative authorities are Prefectural Police, Public Prosecutors Office, Narcotics Control Department, Japan Coast Guard, and Customs and Securities and Exchange Surveillance Commission.

In 2007, 98,649 reports were disseminated to investigative authorities, an increase of 27,408 (38.5%) compared to the previous year (See figure 4-2).

The number of disseminated reports amount to 62.4% of all the STRs and this ratio stays almost the same over the past several years.

Paragraph2 Outlook of How STRs are Used

The number of cases cleared by prefectural police that were initiated with STRs is increasing each year, after the enforcement of Organized Crimes Punishment Law, with 99 cases in 2007, about twice the number in 2006.

The total number of cases since 2000 is 225.

Table 4-4 Number of cases cleared that started with Suspicious Transaction Reports

2000	2001	2002	2003	2004	2005	2006	2007	Total
3	14	16	12	13	18	50	99	225

Note: This is the number held by National Police Agency

Table 4-5 shows the numbers categorized by the type of crime, and fraud has the largest number making up 81.8%.

Table 4-5 Number of cases cleared that started with Suspicious Transaction Reports by the types of crimes

Crime \ Year	2000	2001	2002	2003	2004	2005	2006	2007	Total
Fraud	2	3	2	4	6	14	34	81	146
Violation of Immigration Control and Refugee Recognition Act		2	5	1		2	12	1	23
Violation of Banking Act	1	3	3	4	1		1	1	14
Violation of Money-Lending Business Law and Law Concerning Receiving of Capital		1		3	3	1	2	3	13
Forgery of documents		2	1		2	1		2	8
Other		3	5		1		1	11	21
Total	3	14	16	12	13	18	50	99	225



For the 99 cases above, 907 STRs were utilized. Other than these STRs, 23,079 STRs were utilized by prefectural police in 2007. Many of them are being used for criminal investigation that started with the STRs but are still under investigation, for criminal investigation that started from a different source, for locating criminal proceeds, and for revealing sources of income of Boryokudan.

Table 4-6 Number of STRs used in 2007

Number of STRs used for cases cleared that started with information contained therein	907
Number of STRs used for other AML/CFT actions	23,079

Note: STRs disseminated before 2007 are included.

JAFIC analyzes information contained in STRs by matching with other relevant STRs, various police information including that of antisocial syndicates and Boryokudan, as well as publicly available information. These analyses have revealed transfers of large amount of funds that antisocial syndicates had made through overseas remittances and by making use of Boryokudan affiliated companies, investment partnerships and other kinds of corporate vehicles.

Although it can be assumed that a large part of the funds handled by antisocial syndicates sometimes clearly originate from criminal proceeds, proving it is often difficult because their relationship with particular predicate offences is obscured through various means of "layering". As recent cases of arrests typically show, criminal organizations often use affiliated companies as cover, feign normal transactions that hide any connection with Boryokudan, receive cooperation from others that provide various information and specialized knowledge, and are obtaining a great sum of profit by taking advantage of companies that are in financial hardships or through market manipulation or other illegal means that hinder the fairness of securities markets.

Therefore, JAFIC is convinced that it is important to continue to monitor and trace the movement of funds of antisocial forces, and to enhance the control of illegal activities committed in the course of it through the utilization of the analysis of STRs as well as a close cooperation with investigative authorities, including Customs, Securities and Exchange Surveillance Commission and foreign FIUs.

Section 1**Need for International Cooperation on AML/CFT Measures**

Economy and financial services are widely globalized today, and money transfers can be made instantly across borders. There are a number of cases in which crime and terrorist organizations attempt to evade judicial authorities' investigations by transferring criminal proceeds to foreign countries, and terrorist funds through third-party nations.

Non-cooperative countries and regions or those taking insufficient AML/CFT measures are likely to be misused as an escape route for money-laundering or terrorist financing.

It is in this context that no jurisdiction can be outside the global network to tackle money laundering and terrorist financing. Every country or region needs to closely cooperate with others in making and implementing measures against this, so relevant authorities can trace and detect illicit proceeds and prevent criminal organizations from abusing international financial system for illicit purposes.

Since the time of Japan Financial Intelligence Office (JAFIO), Japan's FIU has actively participated in the deliberation at FATF (Financial Action Task Force on Money Laundering) and other international institutions and discussed this matter with global partners.

JAFIC (Japan Financial Intelligence Center), Japan's new FIU established in April 2007, will not only take over the achievements of JAFIO, but will also seek to collaborate even more vigorously with other countries in promoting global implementations of effective AML/CFT measures.



Section 2 Activities of International Institutions and Japan's Participation

Paragraph 1 FATF

1 | FATF

FATF (Financial Action Task Force on Money Laundering) is an intergovernmental body established by the "Economic Declaration" of the 1989 Archa Summit Communique to promote international cooperation on AML measures. After the September 11th terrorist attacks of 2001, FATF has also taken an initiative in the promotion of international CFT measures.

FATF has 32 member jurisdictions (including Japan) and two international organizations as of October 2007.

2 | Activities of FATF

(1) Main Activities of FATF

1. Formulation and review of international standards in the "FATF Recommendations" concerning AML/CFT measures
2. Monitoring the status of compliance with the FATF Recommendations in FATF member jurisdictions (Mutual Evaluations)
3. Promotion of compliance with the FATF Recommendations to non-member nations/regions
4. Study on trends and modus operandi of money laundering and terrorist financing

(2) The FATF Recommendations

a) The 40 Recommendations

In 1990, FATF laid out standards in "the 40 Recommendations", to be applied by a jurisdiction in the field of law enforcement, criminal justice, and financial regulations.

In 1996, FATF revised the Recommendations and, for instance, made suspicious transaction report obligatory and required predicate offences to include serious crimes as a whole.

With cooperation from private sector, FATF started a re-evaluation process of the Recommendations in 2001 to improve AML/CFT measures against the increasing sophistication and complexity of money laundering. The re-revision was finalized and publicized in June 2003.

The new "40 Recommendations" contained following additional elements.

- Clearer definition of money-laundering offenses
- Risk sensitive customer due diligence
- Countermeasures against the use of corporate body forms
- Application of preventive measures to non-financial businesses (real estate agents, dealers in precious stones and metals, etc.) and professions (lawyers, accountants and other professionals)
- National and international cooperation among FIUs, supervisory authorities, law enforcement authorities and other governmental organizations handling issues related to money-laundering

b) The 9 Special Recommendations on Terrorist Financing

In October 2001, a month after the September 11th US terrorist attacks, FATF held an extraordinary plenary session to discuss countermeasures against terrorism. The agreement of the session was reflected on "8 Special Recommendations" and made public. Since FATF added a new recommendation on "cash couriers" to this in October 2004, it is now called "9 Special Recommendations on Terrorist Financing."

Main components of the 9 Special Recommendations are as follows:

- Criminalization of terrorist financing
- Requiring suspicious transaction reporting related to terrorist financing
- Requiring financial institutions to store and make available to authorities accurate and meaningful originator information (name, address and account number) of wire transfers

(3) Mutual Evaluations

FATF employs a peer review approach to encourage its members to implement recommendations. Countries are evaluated by other members on how compliant and effective their AML/CFT system and its enforcement are.

Mutual evaluation on Japan was conducted twice in the past, in 1994 and 1998. The third round started in March 2008, based on the 40 Recommendations as re-revised in June 2003 and the 9 Special Recommendations.

Unlike the past two mutual evaluations, the results of the third mutual evaluation will be published and posted at the FATF website.

3 | Participation of JAFIC in FATF

As one of the founding members of FATF, Japan has been a very active contributor to its work. Japan chaired the plenary between July 1998 and June 1999 and its delegations have participated in tri-annual plenary meetings and working groups on money laundering typologies.

In 2007, JAFIC sent Councilor for Prevention of Money Laundering of NPA and several staff members to the plenary meetings of June and October, both held in France. They participated in the discussion for new AML/CFT measures and the debates on the third round mutual evaluations on the UK, Greece, Finland and others.

In view of participating in mutual evaluation assessment team, JAFIC sent one of its staff members in November 2007 to the Training Workshop for Mutual Evaluations Assessors held in Berlin.



FATF Meeting (France)
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Paragraph2 APG

1 | APG

APG (Asia/Pacific Group on Money Laundering) is an international cooperative body estab-



lished in February 1997 at the FATF 4th Asia/Pacific Money-Laundering Symposium held in Thailand to promote anti-money laundering measures in non-FATF member jurisdictions in the Asia/Pacific region.

As of October 2007, the APG consists of 36 jurisdictions, including Japan.

2 | Activities of APG

The main activities of APG are as follows.

1. Promotion of compliance with FATF Recommendations in the Asia/Pacific region
2. Promotion of legislation on AML/CFT in the APG member jurisdictions
3. Mutual evaluations on APG member jurisdictions
4. Information exchange and analysis on the trend of money-laundering in the Asia/Pacific region

3 | Participation of JAFIC in APG

Japan is one of the founding members of APG and has been actively contributing to APG, much like it has to FATF. For example, the first and second typologies meetings in March 1998 and March 1999 were held in Tokyo, and Japan took the role of co-chair with Australia between July 2004 and June 2006.



APG Annual Meeting (Australia)

JAFIC sent its staff members and Councilor for Prevention of Money Laundering of NPA to the annual meeting held in Australia in July 2007. The delegates participated in the debates on the mutual evaluations on Malaysia, Mongolia, Macao and other jurisdictions. Some staff members were also sent to the typologies meeting held in Thailand in November 2007 to partici-

participate in the study on the best practice of information analysis at FIUs and on the newest modus operandi and trend of money laundering.

JAFIC plans to send personnel as assessment team members for APG mutual evaluations in the future in order to contribute more enthusiastically to the activities of APG, and sent personnel to Training Workshop for Mutual Evaluations Assessors held in Singapore in July.

Paragraph 3 Egmont Group

1 | Egmont Group

The Egmont Group is an international forum established mainly by FIUs of several European nations and the United States in April 1995 with the goal of promoting cooperation, such as information exchange and training, between FIUs around the world engaging in AML measures. The group is named after the Egmont castle where the first plenary session was held.

Although the Egmont Group was established as an informal forum at beginning, it has become an internationally-recognized official body at present, through the adoption of the Egmont Group Charter at the May 2007 annual plenary in Bermuda and the establishment of its permanent Secretariat in Toronto, Canada.

The Egmont Group, consisting of FIUs of 105 countries/regions as of October 2007, organizes

annual plenary meetings and tri-annual working group meetings.

2 | The Main Plenaries of the Egmont Group

In addition to the annual plenaries, the Egmont Group has the following working groups, which hold meetings about three times a year respectively.

1. The Legal Working Group (LWG) which reviews the candidacy of potential members and handles all legal aspects and matters of principle within Egmont Group, including cooperation between FIUs
2. The Training Working Group (TWG) which identifies training needs and opportunities for FIU personnel, and conducts training seminars for Egmont members as well as for non-Egmont jurisdictions
3. The Outreach Working Group (OWG) which works to create a global network of FIUs by identifying candidates for membership and working with those countries to ensure that they meet international standards
4. The Operational Working Group (OpWG) which seeks to bring FIUs together on typologies development and long-term strategic analytical projects
5. The IT Working Group (ITWG) which provides advice and technical assistance to new and existing FIUs to develop, enhance, or redesign their IT systems, and examines new software applications that might facilitate analytical work



Egmont Group Annual Meeting
(Bermuda)

3 | Participation of JAFIC in the Egmont Group

Upon establishing JAFIO within the Financial Services Agency as a Japanese version of FIU, Japan applied for membership in the Egmont Group, and was granted it in May 2000 at the 8th annual plenary held in Panama.

JAFIO actively participated in the activities of the Egmont Group. It sent personnel to working group meetings, as well as to the annual plenaries, and took part in the drawing-up processes of the Egmont Group Charter. JAFIC also undertook the role of sponsor FIU (in co-sponsorship with the Thailand FIU) in the application procedures for Myanmar FIU, which is currently not yet an Egmont Group member.

JAFIC took over the function of Japan's FIU from JAFIO by the partial enactment of the Act on Prevention of the Transfer of Criminal Proceeds in April 2007, and was granted the Egmont Group membership as the new Japan's FIU at the 15th Annual Plenary Meeting held in Bermuda in May 2007.

During the first year as an Egmont member, JAFIC sent personnel to the working group meetings held in October in Ukraine, as well as working group meetings held with the above-mentioned annual plenary meeting. They also participated in the discussion of the adoption of the Egmont Group Charter, the assessment of membership for applying FIUs, the revisions of the principles related to the exchange of information between FIUs, etc.



Section 3 Information Exchange with Foreign FIUs

Paragraph 1 Establishment of the Framework for Exchange of Information

Tracing criminal proceeds or terrorist financing across borders will not be successful without timely information exchange with FIUs of other countries.

According to the 2nd paragraph of Article 12 of the Act on Prevention of the Transfer of Criminal Proceeds, JAFIC may disseminate STRs to foreign FIUs on condition that there is a framework governing how the foreign FIUs should use the disseminated information.

JAFIC has been promoting the negotiations for setting the framework for information exchange with numerous foreign FIUs since its establishment of April 2007 in order to constructively exchange necessary information with them.

JAFIC has agreed on such a framework, or an MOU (Memorandum of Understanding), with FIUs of 12 countries and regions with close geographical and economical relations (Hong Kong, Thailand, Malaysia, Belgium, Australia, the US, Singapore, Canada, Indonesia, the UK, Brazil and the Philippines) by the end of 2007.



MOU agreement with United States FIU



MOU agreement with Belgian FIU

Paragraph2 Status of Information Exchange with Foreign FIUs

Table 5-1 Exchange of STRs with Foreign FIUs

Number of requests for information from foreign countries	33
Number of suspicious transaction reports provided	3
Number of reports provided, not related to suspicious transactions	7
Number of reports not provided(※)	23
Number of reports provided from foreign FIUs	26
Number of reports provided, based on requests of information of JAFIC	16
Voluntary provision of information from foreign FIUs	10

※Cases in which JAFIC did not possess related information, and cases in which providing information was not possible because an MOU was not entered.

In 2007, JAFIC expanded its international affairs section, which handles exchange of information with foreign FIUs, for active and quick exchange.

The status of the information exchange with foreign FIUs from the establishment of JAFIC to the end of 2007 is shown in Table 5-1.

The number of cases where requests for information to foreign FIUs are necessary has been increasing in particular, accompanying with the improvement of the STR analysis as stated in Chapter 3. In 2007, JAFIC requested foreign FIUs for information of the flow of suspicious funds remitted out of Japan, the source of

suspicious remittance from abroad etc., for further analysis. JAFIC always successfully and rapidly obtained needed information that had been requested as well as such useful information as foreign entities' involvement etc. from the requested FIUs.

Besides engaging in the activities of international institutions including FATF as stated in Section 2, JAFIC actively collaborated with FIUs and investigative authorities of other countries and participated in various training sessions organized by such institutions, as follows, with the aim of acquiring information analysis and application techniques and constructing close relationships with them.

- May Participation in the FBI and the National Police Agency joint workshop (in the US)
- June Participation in the training session hosted by the Australian FIU etc. (in the Philippines)
- June Information exchange with the Philippines FIU (AMLC) (in the Philippines)
- July Participation in workshops hosted by APEC and the Australia FIU (AUSTRAC) (in Australia)
- August Information exchange with the Thailand FIU (AMLO) (at National Police Agency)
- September Information exchange with the US FIU (FinCEN) and FBI (in the US)
- October Information exchange with the UK FIU (SOCA) (in the UK)
- November Information exchange with the UAE FIU (at National Police Agency)



Information exchange with Thailand FIU



Information exchange with the United Arab Emirates FIU



In order to take effective AML measures, it is necessary to understand the scale and modus operandi of actual money laundering activities. JAFIC keeps statistics on cases related to money laundering and STRs for this reason. This Chapter deals with cases where money launderers and other criminals were arrested and, as a result of that, deprived of criminal proceeds.

As explained in Chapter 2, the Organized Crimes Punishment Law criminalizes control of enterprises by illicit proceeds (Article 9), concealment of criminal proceeds (Article 10) and receipt of criminal proceeds (Article 11), whereas the Anti-Drug Special Law criminalizes concealment of drug related criminal proceeds (Article 6) and receipt of drug related criminal proceeds (Article 7). Typical money laundering conducts such as remitting criminal proceeds to a place where lax regulations hamper tracing efforts and depositing them into a fictitious account are captured by these provisions. As to confiscation of criminal proceeds, your attention is drawn to a provision of the Organized Crimes Punishment Law, pursuant to which, a police official may, prior to indictment, seek a court order to secure confiscation.

Section 1 Cases Cleared for Money Laundering Offences

Paragraph 1 Cases Cleared for Money Laundering Offences under the Organized Crimes Punishment Law

1 | The Number of Cases Cleared

The total number of cases cleared for money laundering offences under the Organized Crimes Punishment Law in 2007 was 177 (43 more than the previous year) made up of 137 cases for concealment of criminal proceeds (46 less than the previous year) and 40 cases of receipt of criminal proceeds (2 less than the previous year). As a result, the total number of cases cleared for money laundering offences since the law came into force is 582.

Figure 6-1 Number of cases cleared for Money Laundering Offences under the Organized Crimes Punishment Law

	2000	2001	2002	2003	2004	2005	2006	2007	Total
Management Control by Criminal Proceeds (Article 9)	0	0	0	0	0	0	1	0	1
Concealment of Criminal Proceeds (Article 10)	3 (1)	10 (5)	19 (9)	45 (25)	50 (29)	65 (21)	91 (18)	137 (35)	420 (143)
Receipt of Criminal Proceeds (Article 11)	0	2 (2)	9 (7)	11 (10)	15 (11)	42 (27)	42 (35)	40 (25)	161 (117)
Total	3 (1)	12 (7)	28 (16)	56 (35)	65 (40)	107 (48)	134 (53)	177 (60)	582 (260)

* The numbers in brackets represent the number of cases in which Boryokudan members were involved. (known to the National Police Agency)

Following is the breakdown of these cases by predicate offenses: so-called "black-market finance" offences, i.e. violations of the Capital Subscription Law and the Money Lending Business Law are the most common with 49 cases. Cases relating to fraud, such as "furikome fraud", are 38 and violations of the Anti-Prostitution Law account for 16 cases. Distribution offences of obscene objects follow with 15 cases. Just as in 2006, "black-market finance" offences, frauds, and Anti-Prostitution Law violations are the major types of predicate offences of money laundering; this means that "black-market finance" offenses, frauds, and prostitution management crimes are still major sources of criminal proceeds in Japan. (See Paragraph 2 of this section for information on the number of cases for money laundering offences under the Anti-Drug Special Law)

2 | Modus Operandi of Money Laundering Inferred from Cleared Cases

(1) Examples of Concealment of Criminal Proceeds

In 2007, there were various types of concealment cases, as follows.

- a case in which the settlement system for trade between Japanese and foreign businesses was abused (Case 7)
- a case where suspects disguised criminal proceeds remitted from abroad as a payment for automobile parts sales (Case 8)
- a case where suspects sold properties obtained through theft or fraud under other persons' names
- a case where suspects registered an apartment that they purchased with a housing loan using an illegally obtained another person's resident register card, under that person's name (Case 3)
- cases where suspects concealed cash, which they obtained through criminal acts, in a garage rented under a fictitious name, in a deposit box rented under an assumed name, or in a relative's house
- a case where suspects of fraud deceived victims into sending money to fictitious corporations by using mail receiving service providers (Case 2)
- a case where suspects transferred criminal proceeds from a bank account in the name of another person to another
- a case where a suspect deposited criminal proceeds into his mother's account to purchase stocks

Accounts under others' names are being used for the transfer of funds in various crimes such as "furikome" fraud, internet auction fraud, non-face-to-face illegal drug dealing, "black-market finance" offences, and are still main infrastructure for money laundering.

(2) Abuse of Accounts Opened at Domestic Financial Institutions in International Money Laundering Cases

In 2007, there was a money laundering case (Case 8) where Nigerians residing in Japan and Japanese citizens were arrested for fraudulently opening a large number of accounts and depositing money therein, knowing that that money is proceeds of fraudulent acts committed in foreign countries. After taking their commission, they were to send the money by wire remittance to other countries. Money obtained from crimes committed abroad by an international criminal syndicate, which significantly threatens world-wide security, was being laun-



dered in Japan. Through assistance from foreign investigative authorities, Japanese police has successfully proved that the proceeds derived from a predicate offence in another country and the suspects had that knowledge. This incident highlights the importance of international cooperation in apprehending money launderers. The National Police Agency of Japan, assuming the function of both the National Central Bureau of Interpol and the Financial Intelligence Unit, finds it ever more urgent to reach agreement on MOUs with foreign FIUs, as well as to improve its intelligence capability at home and abroad.

3 | Money Laundering Offences Committed by Boryokudan Members

Among cases cleared for money laundering offences under the Organized Crimes Punishment Law in 2007, those committed by Boryokudan members account for 33.9% of the total 60 cases (7 cases more than the previous year) made up of 35 cases for the concealment of criminal proceeds (17 cases more than the previous year) and 25 cases for the receipt of criminal proceeds (10 cases less than the previous year).

Classification by predicate offenses shows that Boryokudan members commit money laundering in furtherance of various crimes, such as "black-market finances" with 14 cases, Anti-Prostitution Law violations with 13 cases, and fraud with 11 cases, as well as gambling, extortion, theft, distribution of obscene objects, violations of the Trademark Law, violations of the Copyright Law.

(1) "Black-Market Finance"

Although the punishment for the conduct of the receipt of remarkably high interest as a business was newly provided by the revised Capital Subscription Law enforced in January 2007, Boryokudan members are still widely committing concealment of criminal proceeds from "black-market finance" offenses. Making victims deposit illegal interests into accounts under others' names is typical as a modus operandi of concealment. There was a case in which suspects acquired an account under the name of a construction company and made victims use another company's name and put illegal interests into the said account, in order to avoid police investigation.

[Case 1] (Concealment of criminal proceeds obtained from "black market finance")

Boryokudan members affiliated with the Yamaguchi-gumi ran store-less black-market finance, so-called 090 finance, and loaned money to approximately 200 people with interest rates 7 to 100 times higher than legally allowed without registering their businesses. They were arrested under the Organized Crimes Punishment Law (concealment of criminal proceeds) for making customers deposit illegal interests into an account in their possession under another person's name. (November, Kyoto Pref. Police)

(2) Fraud

a. "Furikome" Fraud Case

Among the 11 cases cleared for laundering criminal proceeds from fraud committed by Boryokudan members, 5 were related to "Furikome" fraud. The Metropolitan Police Department discovered, in a case it handled in March, that victims were deceived into sending cash by a registered mail to mail receiving service providers under the name of

fictitious corporations. It is inferred from such cases that criminals are searching for money laundering methods in which criminal proceeds are more difficult to be traced, avoiding rigid customer identification measure taken by financial institutions.

[Case 2] (Concealment of criminal proceeds obtained from "furikome" fraud (fictitious billing fraud))

Associate members of Boryokudan affiliated with the Yamaguchi-gumi were arrested under the Organized Crimes Punishment Law (concealment of criminal proceeds) for making large number of victims send money, around 160 times, of approximately ¥180,000,000 in total, as false membership charges, to the address of mail receiving service providers in the names of multiple fictitious corporations from May 2005 to May 2006, and making victims deposit approximately ¥50,000,000 in total from April to July 2006 into accounts that they had but had been opened under others' names .

(March, Metropolitan Police Department)

b. A case in which real estate purchased with swindled money was registered under the name on a forged basic resident registration card

Boryokudan members, arrested by the Metropolitan Police Department and the Saitama Prefectural Police in February, had obtained from a ward office a resident registration card with his own face on it, assuming the identity of a homeless person, and had registered an apartment under the latter's name. The apartment had also been purchased with a home loan he obtained fraudulently from a financial institution in the name of the assumed person.

[Case 3](The concealment of criminal proceeds, etc. related to a case of home loan financing fraud)

Boryokudan members affiliated with the Yamaguchi-gumi were arrested for the violation of the Organized Crimes Punishment Law (concealment of criminal proceeds, etc.) for performing a registration of transfer at the register of deeds using a false name in order to conceal the identity of the true owner of a second hand apartment. They had purchased the apartment with funds from a home loan fraudulently obtained from a financial institution through the misuse of an identification card which they had illegally obtained by using a homeless person's certificate of residence.

(February, Metropolitan Police Department and Saitama Pref. Police)

(3) Cases of receipt of criminal proceeds by Boryokudan members

When money laundering cases where Boryokudan members received criminal proceeds are classified in accordance with the main predicate offenses, violations of the Anti-Prostitution Law are overwhelmingly common with 13 cases followed by the crime of the distribution of obscene objects with 3 cases, gambling with 2 cases, and robbery, theft, fraud, false entry in officially authenticated instrument, violations of the Copyright Law, violations of the Immigration Control and Recognition of Refegee Status Law (promotion of illegal employment), and violations of the Waste Management and Public Cleansing Law with 1 case each. In a case in which Nagasaki Prefectural Police arrested members of Boryokudan affli-



ated with the Yamaguchi-gumi for receiving criminal proceeds in the form of Mikajimeryo (protection money) from an entity carrying out prostitution on an online-dating site, the total amount of Mikajimeryo (protection money) received over a three year period reached approximately ¥60,000,000. It can be seen that the collection of Mikajimeryo (protection money) from various industries including illegal businesses is still one of the typical sources of funding activities of Boryokudan .

[Case 4] (The receipt of criminal proceeds under the name of Mikajimeryo (protection money) related to Anti-Prostitution Law violations)

A principal member of Boryokudan affiliated with the Yamaguchi-gumi was arrested for violations of the Organized Crimes Punishment Law (receipt of criminal proceeds) for constantly receiving a portion of the criminal proceeds obtained through the arrangement of prostitution by a prostitute club which was run by a junior member of the same group. Payment was made under the name of Mikajimeryo (protection money) from June 2004 to May 2007. (August, Nagasaki Pref. Police)

[Case 5] (The receipt of criminal proceeds related to the Copyright Law for the sale of pirated DVD's)

Principal members of Boryokudan affiliated with the Yamaguchi-gumi were arrested under the Organized Crimes Punishment Law (receipt of criminal proceeds) for receiving a portion of criminal proceeds as bodyguard fees. Those proceeds had been obtained by others who were selling in street stalls DVD's of movies, etc. which had been reproduced without permission in violation of the Copyright Law. (June, Osaka Pref. Police)

Additionally, in many cases Boryokudan members are paid for giving assistance to criminals. In November, Osaka Prefectural Police and Hyogo Prefectural Police found Boryokudan members, colluding with a robbery group which had formed on the internet crime site, received approximately ¥6,000,000 in cash after the latter conducted a criminal act with the advice of the former.

[Case 6] (The receipt of criminal proceeds related to a robbery case)

A member of Boryokudan affiliated with the Yamaguchi-gumi was arrested for violations of the Organized Crimes Punishment Law (receipt of criminal proceeds, etc.). He gave advice through the internet crime site "yami-no-shokugyo-anteijo" or "black-market employment office," on the location of security cameras, the number of employees, and other matters related to a pachinko parlor to a criminal group planning to commit robbery in it. In return to the advice, he received approximately ¥6,000,000 in cash out of the ¥19,000,000 robbed from the pachinko parlor.

(November, Osaka Pref. Police and Hyogo Pref. Police)

4 | Money Laundering Committed by Foreign Visitors to Japan

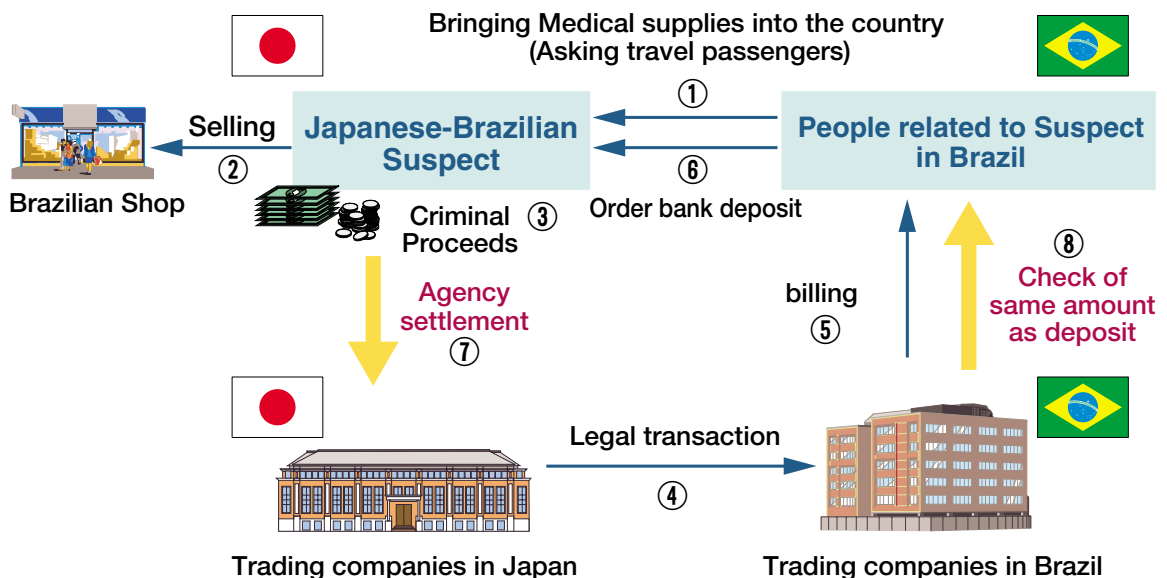
Among those cases cleared for the crime of money laundering under the Organized Crimes Punishment Law during 2007, foreign visitors accounted for 4.0% of the total with 7 cases (1 more than the previous year). All of them were for the crime of disguise or concealment of criminal proceeds, (1 more than the previous year) and none for the crime of receipt of criminal proceeds (same as the previous year). Predicate offences of these cases include theft, fraud, violations of the Pharmaceutical Affairs Law, and violations of the Trademark Law.

Ibaraki Prefectural Police and Toyama Prefectural Police arrested in January, a Brazilian of Japanese descent who had brought a large amount of Brazilian made medical supplies into Japan and sold them without authorization throughout Japan making approximately ¥300,000,000. A portion of those proceeds was skillfully concealed by offset settlement against the debts of a foreign company owed to Japanese companies. Proceeds were transferred abroad without any cross-border transactions by two separate domestic acts : the bank transfer of criminal proceeds by the criminal to domestic businesses and the delivery of checks issued by a Brazilian entity to a party in Brazil related to the criminal. The need for watching trade based money laundering is growing.

[Case 7] (Concealment of criminal proceeds related to Pharmaceutical Affairs Law violations by a Brazilian of Japanese descent)

In violation of the Pharmaceutical Affairs Law, a Brazilian of Japanese descent brought a large amount of Brazilian made medical supplies into Japan and, without authorization, sold them to his compatriots throughout Japan. He concealed a portion of the criminal proceeds amounting to approximately ¥50,000,000 by depositing it in the accounts of multiple Japanese trading companies. The suspect agreed to pay the debts that a trading company in Brazil owed to several Japanese companies. In return, a person residing in Brazil related to the suspect received checks in the same amount issued by the Brazilian company. Checks were cashed at a Brazilian bank and reinvested into the purchase of new medical supplies.

(January, Ibaraki Pref. Police and Toyama Pref. Police)





In the following case, a Nigerian residing in Japan was arrested for the crime of concealment in which bank accounts fraudulently obtained were used for laundering criminal proceeds obtained overseas.

[Case 8] (Concealment of money obtained through fraud carried out in a foreign country by a Nigerian)

In collusion with a Japanese, a Nigerian residing in Japan opened bank accounts in the names of other parties and received, from a person thought to be a member of an international criminal syndicate, money that he obtained as a result of so called Nigerian Fraud. They were arrested for violations of the Organized Crimes Punishment Law (concealment of criminal proceeds) for providing a false statement in response to a query by a teller at a financial institution concerning the purpose of receiving an approximately ¥21,000,000 of remittance.

After withdrawn from the accounts, the funds were sent to different locations abroad. And it was also revealed that the Nigerian and the Japanese, who were born in Nigeria (naturalized in 2006) and believed to be a member of the same criminal group as the Nigerian, conspired with a principal member of a Boryokudan affiliated with the Sumiyoshi-kai in illegally obtaining the accounts above.

(November, Saitama Pref. Police and Chiba Pref. Police)

Paragraph2 Outline of Cases Cleared for Money Laundering Offences under the Anti-Drug Special Law

There were 5 cases cleared for money laundering under the Anti-Drug Special Law in 2007. Five among them were related to disguise or concealment of drug related criminal proceeds, etc. (same as the previous year) and two were for receipt of drug related criminal proceeds, (3 less than the previous year), bringing the total number of cleared cases since 2000 to 42.

Figure 6-2 The number of cases cleared for the crime of money laundering under the Anti-Drug Special Law

	2000	2001	2002	2003	2004	2005	2006	2007	Total
Concealment of Narcotics related criminal proceeds (Article 6)	2 (1)	3 0	0 0	8 (2)	5 (3)	3 (2)	5 (3)	5 (4)	31 (15)
Receipt of Narcotics related criminal proceeds (Article 7)	0 0	0 0	0 0	2 (2)	0 0	2 (2)	5 (2)	2 (1)	11 (7)
Total	2 (1)	3 0	0 0	10 (4)	5 (3)	5 (4)	10 (5)	7 (5)	42 (22)

* The numbers in brackets show the number of cases in which Boryokudan members were involved. (known to the National Police Agency)

Section 2 Deprivation of Criminal Proceeds

It is important to eliminate criminal proceeds in order to prevent their use for the maintenance and expansion of criminal syndicates, and their investment in future criminal activities. The confiscation and collection of criminal proceeds are ordered by courts. In order to ensure that the criminal proceeds are not concealed or spent before the order is given, police are actively seeking pre-indictment confiscation security orders as provided in the Organized Crimes Punishment Law and the Anti-Drug Special Law.

Paragraph 1 Confiscation and Collection under the Organized Crimes Punishment Law

How provisions related to confiscation and collection under the Organized Crimes Punishment Law were applied in a trial court in 2007 is shown in the following figure, Figure 6-3.

Upward trend continues over the past five years, as the number of offenders rose every year, albeit the amount of deprivation dropped in 2003.

Figure 6-3 Outline of the application of confiscation and collection provisions under the Organized Crimes Punishment Law in normal first trials

Year	Confiscation		Collection		Total	
	People	Amount	People	Amount	People	Amount
2002	7	5,043	17	241,408	24	246,451
2003	8	4,278	20	144,397	28	148,675
2004	15	69,804	22	504,806	37	574,610
2005	18	70,138	54	816,175	72	886,313
2006	27	154,723	75	3,408,638	102	3,563,362

Note 1: Data is based on the White Paper on Crime.

Note 2: Amounts are in thousands of yen (with amounts fewer than one-thousand yen rounded down).

Note 3: When confiscations and collections were ordered in duplicate for accomplices, the number is a total of all amounts and offenders.



Paragraph 2 Confiscation and Collection under the Anti-Drug Special Law

Following shows how the confiscation and collection related provisions of the Anti-Drug Special Law were applied in a trial court, Figure 6-4.

The number of offenders in confiscations fluctuates from year to year while the number of offenders in collections hovers in the 300's. Additionally, there are large fluctuations in the amount of confiscations from year to year while the amount of collections stays centered around ¥2,000,000,000.

Figure 6-4 Outline of the application of confiscation and collection provisions of the Anti-Drug Special Law during normal first trials

Year	Confiscation		Collection		Total	
	People	Amount	People	Amount	People	Amount
2002	45	176,959	307	1,363,995	352	1,540,954
2003	47	36,539	304	1,541,756	351	1,578,295
2004	75	583,372	329	3,270,608	404	3,853,980
2005	39	64,332	316	3,513,785	355	3,578,117
2006	62	133,441	373	2,372,788	435	2,506,229

Note1: Data is based on the White Paper on Crime.

2: Amounts are in thousands of yen (with amounts fewer than one-thousand yen rounded down).

3: When confiscations and collections were ordered in duplicate for accomplices, the number is a total of all amounts and offenders.

4: Foreign currencies were converted to Japanese yen at the exchange rate current at the time of the ruling.

Paragraph 3 Pre-indictment Confiscation Security Order of Criminal Proceeds

1 Pre-indictment Confiscation Security Order issued under the Organized Crimes Punishment Law

Pre-indictment confiscation security orders were issued 21 times in 2007, in accordance with the provision of Article 23 of the Organized Crimes Punishment Law, in such cases as opening a gambling place for profit, so-called black-market finance offenses, fraud, violations of the Copyright Law, violations of the Anti-Prostitution Law, and distributions of obscene objects. The total number of cases since the law was enforced is 61. Pre-indictment security order is one of the methods given to judicial police officers for depriving Boryokudan of criminal proceeds and preventing them from further engaging in illegal activities.

A revision to the Organized Crimes Punishment Law, effective on 1 December 2006, created a new provision which is intended to permit criminal asset damage caused by Furikome fraud and black-market finance offenses to be confiscated. In 2007, Article 13 Paragraph 3 (criminal asset damage) of this law was applied for the first time when a pre-indictment confiscation security order was executed for interests illegally collected from victims. This is one of the measures by which police could contribute to the work of public prosecutors in the recovery of criminal asset damages which they perform in accordance with the "Law Concerning Support, etc. of Damage Recovery Payments for Criminal Asset Damages, etc."

Figure 6-5 The amounts and number of incidents of pre-indictment confiscation security order issued under the Organized Crimes Punishment Law

2000	2001	2002	2003	2004	2005	2006	2007	Total
3 (1)	1 (1)	5 (4)	7 (3)	7 (5)	8 (0)	9 (3)	21 (7)	61 (24)

* The numbers in brackets show the number of cases in which Boryokudan members were involved. (known to the National Police Agency)

Year	Total amount of money and credit	Other
2000	¥3,590,620	
2001	¥768,500	
2002	¥4,304,999	
2003	¥12,809,068	Land 6,600m
2004	¥12,079,511	
2005	¥564,953,561	
2006	¥52,680,512	
2007	¥268,801,546	
Total	¥919,988,317	Land 6,600m



2 Pre-indictment Confiscation Securance Order issued under the Anti-Drug Special Law

Pre-indictment confiscation securance orders were issued 4 times under the Anti-Drug Special Law in 2007. The total number of such cases are 41 since the law was enforced .

Figure 6-6 The amounts and number of pre-indictment confiscation securance orders issued under the Anti-Drug Special Law

2000	2001	2002	2003	2004	2005	2006	2007	Total
2 (0)	4 (1)	7 (3)	8 (2)	5 (2)	8 (5)	3 (2)	4 (3)	41 (18)

*The numbers in brackets show the number of cases in which Boryokudan members, were involved. (known to the National Police Agency)

Year	Total amount of money and credit	Other
2000	17,555,489円	
2001	7,856,074円	
2002	305,619,061円	
2003	47,839,109円	
2004	67,440,983円	
2005	92,619,024円	
2006	10,432,915円	
2007	45,032,829円	
Total	594,395,484円	

[Case 9] (Pre-indictment confiscation securance order against an account in the name of another person used by an intermediate drug smuggler)

The suspect, who was an intermediate smuggler in a drug smuggling syndicate, was arrested for violation of the Stimulant Drug Control Law (commercial possession) for buying up approximately 479 grams of stimulants for approximately ¥15,000,000 and illegally selling them for approximately ¥20,000,000 from Jan. 2006 to Jan. 2007. He had a postal savings account (balance: ¥1,400,000) in the name of another person, which he had been used to conceal the proceeds from the illegal sale of drugs. The police requested a pre-indictment confiscation securance order against the account, which the court authorized under the Anti-Drug Special Law, and froze the proceeds.

(February, Okayama Pref. Police)

Act on Prevention of Transfer of Criminal Proceeds

(Act No. 22 of 31 March, 2007)

Article 1 (Purpose)

In light of the fact that it is extremely important to prevent criminal proceeds from being transferred (hereinafter referred to as "prevention of the transfer of criminal proceeds") given the fact that criminal proceeds are likely to be used to encourage organized crime and, as a result of being transferred and used in business activities, to have serious adverse effects on sound economic activities, as well as the fact that the transfer of criminal proceeds is likely to make it difficult to divest the said criminal proceeds or to allot them to the recovery of damages resulting from crime through confiscation or collection of an equivalent value or by other procedures, the purpose of this Act is to prevent the transfer of criminal proceeds and to ensure the appropriate enforcement of international treaties, etc., concerning the prevention of terrorism financing, and, thereby, to ensure the safety and peace of national life and to contribute to the sound development of economic activities by way of devising such measures as the identification of customers, preservation of transaction records or the like, and reporting of suspicious transactions by specified business operator, coupled with other measures stipulated by the Act on the Punishment of Organized Crime, Control of Crime Proceeds and Matters (Act No. 136 of 1999; hereinafter referred to as the "Act on the Punishment of Organized Crime Organized Crime Punishment Act") and the Law Concerning Special Provisions for the Narcotics and Psychotropics Control Law, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances through International Cooperation (Act No. 94 of 1991; hereinafter referred to as the "Anti-Drug Special Provisions Law Act on Special Measures Concerning Narcotics, etc.").

Article 2 (Definitions)

- (1) The term "criminal proceeds" as used in this Act means criminal proceeds, etc. prescribed in Article 2, paragraph 4 of the Act on the Punishment of Organized Crime or drug-related criminal proceeds, etc. prescribed in Article 2, paragraph 5 of the Anti-Drug Special Provisions Law
- (2) The term "specified business operator" as used in this Act means any of the following:
 - (i) Bank
 - (ii) Shinkin bank
 - (iii) Federation of Shinkin banks
 - (iv) Labor bank
 - (v) Federation of labor banks
 - (vi) Credit cooperative
 - (vii) Federation of credit cooperatives
 - (viii) Agricultural cooperative
 - (ix) Federation of agricultural cooperatives
 - (x) Fishery cooperative
 - (xi) Federation of fishery cooperatives
 - (xii) Fishery processing cooperative
 - (xiii) Federation of fishery processing cooperatives
 - (xiv) Norinchukin Bank
 - (xv) Shokochukin Bank
 - (xiv) Insurance company
 - (xvii) Foreign insurance company, etc. prescribed in Article 2, paragraph 7 of the Insurance Business Act (Act No. 105 of 1995)
 - (xviii) Small-claims/short-term insurance business operator prescribed in Article 2, paragraph 18 of the Insurance Business Act
 - (xix) Federation of fishery cooperatives for mutual aid
 - (xx) Financial instruments business operator prescribed in Article 2, paragraph 9 of the Financial Instruments and Exchange Act (Act No. 25 of 1948)
 - (xxi) Securities finance company prescribed in Article 2, paragraph 30 of the Financial Instruments and Exchange Act
 - (xxii) Specially permitted business notifying person prescribed in Article 63, paragraph 3 of the Financial Instruments and Exchange Act
 - (xxiii) Trust company



- (xxiv) Person registered under Article 50-2, paragraph 1 of the Trust Business Act (Act No. 154 of 2004)
- (xxv) Real estate specified joint enterprise operator prescribed in Article 2, paragraph 5 of the Real Estate Specified Joint Enterprise Act (Act No. 77 of 1994) (including a trust company or a financial institution approved under Article 1, paragraph 1 of the Act on Additional Operation etc. of Trust Business by Financial Institutions (Act No. 43 of 1943), which engages in a real estate specified joint enterprise prescribed in Article 2, paragraph 4 of the Real Estate Specified Joint Enterprise Act)
- (xxvi) Mutual loan company
- (xxvii) Money lender prescribed in Article 2, paragraph 2 of the Money Lending Business Act (Act No. 32 of 1983)
- (xxviii) Person prescribed in Article 2, paragraph 1, item (v) of the Money Lending Business Act, who is specified by a Cabinet Order
- (xxix) Futures commission merchant prescribed in Article 2, paragraph 18 of the Commodity Exchange Act (Act No. 239 of 1950)
- (xxx) Book-entry transfer institution prescribed in Article 2, paragraph 2 of the Act on Book-Entry Transfer of Company Bonds, Shares, etc. (Act No. 75 of 2001) (including the Bank of Japan which shall be deemed to be a book-entry transfer institution pursuant to Article 48 of the same Act)
- (xxxi) Account management institution prescribed in Article 2, paragraph 4 of the Act on Book-Entry Transfer of Company Bonds, Shares, etc.
- (xxxii) Management Organization for Postal Savings and Postal Life Insurance
- (iii) Person who trades in currency exchange (which means commercial trading of foreign currencies (which means currencies other than Japanese currency) or traveler's checks)
- (xxxiv) Person who conducts a business purchasing machinery and any other articles as designated by customers and leasing such articles to the customer (limited to a lease specified by a Cabinet Order)
- (xxxv) Person who conducts a business wherein the person issues or gives a card or any other object or a number, mark or any other code (hereinafter referred to as a "credit card, etc.") to another person (hereinafter referred to as a "customer as a user") who intends to purchase goods or rights from a specific seller or receive services from a specific service provider (which means a person who engages in the business of providing services; hereinafter the same shall apply in this item) so as to enable the customer as a user to purchase goods or rights from a specific seller or receive services for value from a specific service provider by presenting or giving notice of the credit card, etc., and when the customer as a user has purchased goods or a right from the specific seller or has received services for value from the specific service provider by presenting or giving notice of the credit card etc., the person delivers money equivalent to the price of the goods or right or the consideration of the services to the seller or service provider directly or via a third party, and receives from the customer as a user money equivalent to the total amount of such prices or considerations within a predetermined period of time or receives from the customer as a user an amount of money calculated for each predetermined period of time by a predetermined method based on the said total amount
- (xxxvi) Building lots and buildings transaction business operator prescribed in Article 2, item (iii) of the Building Lots and Buildings Transaction Business Act (Act No. 176 of 1952) (including a trust company or a financial institution approved under Article 1, paragraph 1 of the Act on Additional Operation etc. of Trust Business by Financial Institutions, which engages in the building lots and buildings transaction business prescribed in Article 2, paragraph 2 of the Building Lots and Buildings Transaction Business Act) (simply referred to as "building lots and buildings transaction business" in Article 4, paragraph 1) (such trust company and financial institution shall be referred to as a "deemed building lots and buildings transaction business operator" in Article 20, paragraph 1, item 14))
- (xxxvii) Person who buys or sells, as a business, gold, platinum or other precious metals specified by a Cabinet Order or diamonds or other precious stones specified by a Cabinet Order or products made thereof (hereinafter referred to as "precious metals, etc.")
- (xxxviii) Person who conducts a business providing services wherein the person authorizes a customer to use the person's residence or office address as the place at which the customer receives postal items (including correspondence items prescribed in Article 2, paragraph 3 of the Act on Letter Service by Private Business Operators (Act No. 99 of 2002) as well as goods the size and weight of which are similar to those of postal items; the same shall apply hereinafter) or to use the person's telephone

number as the customer's contract telephone number, and receives postal items addressed to the customer at the person's residence or office and delivers them to the customer, or receives telephone calls (including telecommunications by facsimile devices; hereinafter the same shall apply in Article 20, paragraph 1, item 9) addressed to the customer at the person's telephone number and notifies the customer of the content of such telephone calls

(xxxix) Lawyer (including a foreign lawyer registered in Japan) or legal profession corporation

(xl) Judicial scrivener or judicial scrivener corporation

(xli) Administrative scrivener or administrative scrivener corporation

(xlii) Certified public accountant including a registered foreign certified public accountant prescribed in Article 16-2, paragraph 5 of the Certified Public Accountant Act (Act No. 103 of 1948) or audit firm

(xliii) Certified tax accountant or certified tax accountant corporation

Article 3 (Responsibility, etc. of the National Public Safety Commission)

- (1) The National Public Safety Commission shall, in order to ensure that such measures as the identification of customers, preservation of transaction records or the like, and reporting of suspicious transactions should be conducted appropriately by specified business operators, provide them with assistance including the provision of information on the modus operandi regarding the transfer of criminal proceeds, and shall endeavor to enhance public awareness on the importance of prevention of the transfer of criminal proceeds.
- (2) The National Public Safety Commission shall promptly and appropriately collect, arrange, and analyze information on criminal proceeds including information on suspicious transactions reported by specified business operators so that such information can be utilized effectively in the investigation into criminal cases, inquiry into irregularities and cooperation, including the international exchange of information, with regard to prevention of the transfer of criminal proceeds.
- (3) The National Public Safety Commission, other relevant administrative organs and local public entities' relevant organs shall cooperate with each other to prevent the transfer of criminal proceeds.

Article 4 (Obligation to Conduct Customer Identification, etc.)

- (1) A specified business operator (excluding a specified business operator listed in Article 2, paragraph 2, item (xxxix) (referred to as a "lawyer, etc." in Article 8); the same shall apply hereinafter) shall, upon conducting a transaction prescribed in the right-hand column of the following table (hereinafter referred to as a "specified transaction") in connection with the business affairs prescribed respectively in the middle column of the same table (hereinafter referred to as "specified business affairs") according to the classification of specified business operators listed in the left-hand column of the same table with a customer (which means a customer as a user in case of a specified business operator listed in Article 2, paragraph 2, item (xxxv); the same shall apply hereinafter) or a person specified as being equivalent thereto by a Cabinet Order (hereinafter referred to as a "customer, etc."), verify customer identification data (which means the name, domicile (matters specified by an ordinance of the competent ministries in case of a foreign national who does not have a domicile in Japan and who is specified by a Cabinet Order) and date of birth when the said customer, etc. is a natural person, and the name and location of the head office or main office when the said customer, etc. is a legal person; the same shall apply hereinafter) with regard to the said customer, etc. by having the said customer, etc. show his/her driver's license or by any other method specified by an ordinance of the competent ministries (hereinafter such procedures shall be referred to as "customer identification").



Specified business operators	Specified business affairs	Specified transactions
Persons listed in Article 2, paragraph 2, items (i) to (xxxiii)	Business affairs concerning finance and other business affairs specified by a Cabinet Order	Conclusion of deposit/savings contracts (which means contracts for the acceptance of deposits or savings; the same shall apply in Article 26, paragraph 1), exchange transactions, and other transactions specified by a Cabinet Order
Persons listed in Article 2, paragraph 2, item (xxxiv)	Business affairs prescribed in the same item	Conclusion of lease contracts of goods prescribed in the same item and other transactions specified by a Cabinet Order
Persons listed in Article 2, paragraph 2, item (xxxv)	Business affairs prescribed in the same item	Conclusion of contracts for the delivery or issuance of credit cards, etc. and other transactions specified by a Cabinet Order
Persons listed in Article 2, paragraph 2, item (xxxvi)	Business affairs which, among building lots and buildings transaction business affairs, pertain to the buying and selling of building lots (which means building lots prescribed in Article 2, item (i) of the Building Lots and Buildings Transaction Business Act; hereinafter the same shall apply in this table) or buildings (including parts of buildings; hereinafter the same shall apply in this table) or agent work or intermediation thereof	Conclusion of contracts for buying and selling building lots and buildings and other transactions specified by a Cabinet Order
Persons listed in Article 2, paragraph 2, item (xxxvii)	Business affairs which pertain to the buying and selling of precious metals, etc.	Conclusion of contracts for buying and selling precious metals, etc. and other transactions specified by a Cabinet Order
Persons listed in Article 2, paragraph 2, item (xxxviii)	Business affairs prescribed in the same item	Conclusion of contracts for providing services prescribed in the same item and other transactions specified by a Cabinet Order
Persons listed in Article 2, paragraph 2, item (xl)	Business affairs which, among those prescribed in Article 3 or Article 29 of the Judicial Scriveners Act (Act No. 197 of 1950) or those accompanying or relating thereto, pertain to agent or deputy work for the following acts or procedures (excluding those specified by a Cabinet Order) to be carried out on behalf of customers (hereinafter referred to as "agent work, etc. for specified mandated acts") (i) Acts or procedures concerning the buying and selling of building lots and buildings (ii) Acts or procedures concerning the establishment or merger of companies and other acts or procedures concerning the organization, operation or management of companies specified by a Cabinet Order (including acts or procedures specified by a Cabinet Order as being equivalent to the above-mentioned acts or procedures pertaining to legal persons, partnerships, or trusts other than companies which are specified by a Cabinet Order) (iii) Management or disposition (excluding what falls under the preceding two items) of cash, deposits, securities, and other property	Conclusion of contracts for carrying out agent work, etc. for specified mandated acts and other transactions specified by a Cabinet Order
Persons listed in Article 2, paragraph 2, item (xli)	Business affairs which, among those prescribed in Article 1-2, Article 1-3, or Article 13-6 of the Administrative Scriveners Act (Act No. 4 of 1951) or those accompanying or relating thereto, pertain to agent work, etc. for specified mandated acts	Conclusion of contracts for carrying out agent work, etc. for specified mandated acts and other transactions specified by a Cabinet Order
Persons listed in Article 2, paragraph 2, item (xlii)	Business affairs which, among those prescribed in Article 2, paragraph 2 or Article 34-5, item (i) of the Certified Public Accountant Act or those accompanying or relating thereto, pertain to agent work, etc. for specified mandated acts	Conclusion of contracts for carrying out agent work, etc. for specified mandated acts and other transactions specified by a Cabinet Order
Persons listed in Article 2, paragraph 2, item (xliii)	Business affairs which, among those prescribed in Article 2 or Article 48-5 of the Certified Public Tax Accountant Act (Act No. 237 of 1951) or those accompanying or relating thereto, pertain to agent work, etc. for specified mandated acts	Conclusion of contracts for carrying out agent work, etc. for specified mandated acts and other transactions specified by a Cabinet Order

- (2) When a specified business operator conducts customer identification of a customer, etc. in cases where the natural person who is actually in charge of conducting the specified transaction with the said specified business operator is not the customer, etc. concerned (excluding the case prescribed in the following paragraph), such as a case where the representative person of a company carries out a specified transaction with the said specified business operator on behalf of the company, the specified business operator shall, in addition to conducting the customer identification of the customer, etc. concerned, conduct the customer identification of the natural person who is actually in charge of conducting the said specified transaction (hereinafter referred to as the "representative person, etc.").
- (3) When a customer, etc. is the State, a local public entity, an association or foundation without legal personality or any other person specified by a Cabinet Order, the provisions of paragraph 1 shall be applied by deeming the natural person who is actually in charge of conducting the specified transaction with the said specified business operator on behalf of the said customer, etc. to be the customer, etc.
- (4) When responding to customer identification conducted by the specified business operator, the customer, etc. (including the natural person who shall be deemed to be the customer, etc. pursuant to the preceding paragraph; the same shall apply hereinafter) and the representative person, etc. shall not give false information to the said specified business operator as customer identification data of the customer, etc. or of the representative person, etc.

Article 5 (Immunity of Specified Business Operators from Obligations)

A specified business operator may, when a customer, etc. or representative person, etc. does not comply with the request for customer identification upon conducting a specified transaction, refuse to perform its obligations pertaining to the said specified transaction until the customer, etc. or representative person, etc. complies with the request.

Article 6 (Obligation to Prepare Customer Identification Records, etc.)

- (1) A specified business operator shall, having conducted customer identification, prepare immediately, by a method specified by an ordinance of the competent ministries, records on customer identification data, on measures which have been undertaken for conducting customer identification, and on other matters specified by an ordinance of the competent ministries (hereinafter referred to as "customer identification records").
- (2) A specified business operator shall preserve customer identification records for seven years from the day on which the contract pertaining to a specified transaction terminated or from a date otherwise specified by an ordinance of the competent ministries.

Article 7 (Obligation to Prepare Transaction Records, etc.)

- (1) A specified business operator (excluding those prescribed in the following paragraph) shall, when having conducted a transaction pertaining to specified business affairs, except for small transactions and other transactions specified by a Cabinet Order, immediately prepare, by a method specified by an ordinance of the competent ministries, records on the matters necessary for searching customer identification records of the customer, etc., the date and content of the transaction concerned, and other matters specified by an ordinance of the competent ministries.
- (2) A specified business operator listed in Article 2, paragraph 2, items (xi) to (xliii) shall, when having carried out agent work, etc. for specified mandated acts, except for agent work for the disposition of a small amount of property or other agent work, etc. for specified mandated acts specified by a Cabinet Order, immediately prepare, by a method specified by an ordinance of the competent ministries, records on the matters necessary for searching customer identification records of the customer, etc., the date and content of the transaction concerned, and other matters specified by an ordinance of the competent ministries.
- (3) A specified business operator shall preserve the records prescribed in the preceding two paragraphs (hereinafter referred to as the "transaction records, etc.") for seven years from the day on which the transaction concerned or agent work, etc. for specified mandated acts was carried out.

Article 8 (Measures Undertaken by a Lawyer, etc. which are Equivalent to Customer Identification, etc.)

- (1) Measures undertaken by a lawyer, etc. which are equivalent to the customer identification of a customer, etc. or representative person, etc., preparation and preservation of customer identification records, and preparation and preservation of transaction



records, etc. shall be prescribed by the rules of the Japan Federation of Bar Associations, in line with cases of a specified business operator listed in Article 2, paragraph 2, items (xl) to (xliii).

- (2) The provisions of Article 5 shall apply mutatis mutandis to the measures equivalent to customer identification conducted by a lawyer, etc. pursuant to the provisions of the rules of the Japan Federation of Bar Associations prescribed under the preceding paragraph.
- (3) The government and the Japan Federation of Bar Associations shall cooperate with each other to prevent the transfer of criminal proceeds.

Article 9 (Reporting of Suspicious Transactions, etc.)

- (1) A specified business operator (excluding those listed in Article 2, paragraph 2, items (xl) to (xliii)) shall, when property accepted through specified business affairs is suspected to have been criminal proceeds or a customer, etc. is suspected to have been conducting acts constituting crimes set forth in Article 10 of the Act on the Punishment of Organized Crime or crimes set forth in Article 6 of the Anti-Drug Special Provisions Law with regard to specified business affairs, promptly report the matters specified by a Cabinet Order to a competent administrative agency, pursuant to the provisions of a Cabinet Order.
- (2) A specified business operator (including the officers and employees thereof) shall not divulge the fact that he/she is intending to make or has made a report under the preceding paragraph (hereinafter referred to as a "report of suspicious transactions") to the customer, etc. pertaining to the said report of suspicious transactions or persons related to the customer etc. .
- (3) A competent administrative agency (limited to prefectural governors or prefectural Public Safety Commissions) shall, when having received a report of suspicious transactions, promptly notify the matters pertaining to the said report of suspicious transactions to the competent minister(s).
- (4) A competent administrative agency (excluding prefectural governors and prefectural Public Safety Commissions) or the competent minister(s) set forth in the preceding paragraph (excluding the National Public Safety Commission) shall, when having received a report of suspicious transactions or notification set forth in the same paragraph, promptly notify the matters pertaining to the said report of suspicious transactions or notification to the National Public Safety Commission.

Article 10 (Obligation of Notification pertaining to Foreign Exchange Transactions)

- (1) In the case where a specified business operator (limited to those listed in Article 2, paragraph 2, items (i) to (xv); hereinafter the same shall apply in this Article) conducts exchange transactions (excluding those by way of writing checks or by other means specified by a Cabinet Order) pertaining to payment from Japan to foreign countries (which means countries and regions outside Japan and excludes countries and regions specified by a Cabinet Order; hereinafter the same shall apply in this Article) with a customer, and when the said specified business operator entrusts the said payment to another specified business operator or an exchange dealer residing in a foreign country (which means a person who resides in a foreign country and conducts exchange transactions as a business ; hereinafter the same shall apply in this Article), the said specified business operator shall notify about the customer identification data pertaining to the customer concerned and other matters specified by an ordinance of the competent ministries.
- (2) In the case where a specified business operator has received a notification from another specified business operator pursuant to the provisions of the preceding paragraph or this paragraph and has accepted the entrustment or re-entrustment of a payment from Japan to a foreign country, and when the said specified business operator intends to re-entrust the said payment to another specified business operator or an exchange dealer residing in a foreign country, the said specified business operator shall notify the matters pertaining to the notification concerned.
- (3) In the case where a specified business operator has received a notification from an exchange dealer residing in a foreign country pursuant to the provisions of foreign laws and regulations equivalent to those of this Article and has accepted an entrustment or re-entrustment of a payment from a foreign country to Japan or a payment from a foreign country to another foreign country, and when the said specified business operator intends to re-entrust the said payment to another specified business operator or an exchange dealer residing in a foreign country, the said specified business operator shall notify about the matters pertaining to the notification concerned (limited to the matters specified by an ordinance of the competent ministries).
- (4) In the case where a specified business operator has received a notification from another specified business operator pursuant

to the provisions of the preceding paragraph or this paragraph and has accepted the re-entrustment of a payment from a foreign country to Japan or a payment from a foreign country to another foreign country, and when the said specified business operator intends to re-entrust the said payment to another specified business operator or an exchange dealer residing in a foreign country, the said specified business operator shall notify about the matters pertaining to the notification concerned (limited to the matters specified by an ordinance of the competent ministries).

Article 11 (Dissemination of Information, etc. to Investigative Agencies, etc.)

- (1) When the National Public Safety Commission finds that the matters pertaining to a report of suspicious transactions, information disseminated by foreign agencies which conduct duties equivalent to duties of the National Public Safety Commission prescribed in Article 9, this Article and the following Article, and the collected and analyzed results thereof (hereinafter referred to as "information on suspicious transactions") will contribute to the investigation into criminal cases or inquiry into irregularities conducted by public prosecutors, assistant officers to prosecutors, or judicial police officials, or tax collectors, customs officers, local tax officials, or personnel of the Securities and Exchange Surveillance Commission (hereinafter referred to as "public prosecutors, etc." in this Article) with regard to crimes listed in Article 2, paragraph 2, item (i), (a) or (b) or Article 2, paragraph 2, item (ii) (d) of the Organized Crime Punishment Act, crimes set forth in Article 10, paragraph 3 or Article 11 of the Organized Crime Punishment Act, crimes listed in each item of Article 2, paragraph 2 of the Act on Special Measures Concerning Narcotics, etc., or crimes set forth in Article 6 or Article 7 of the Act on Special Measures Concerning Narcotics, etc., the Commission shall disseminate such information to public prosecutors, etc.
- (2) Public prosecutors, etc. may, when they find it necessary for the investigation into criminal cases or inquiry into irregularities pertaining to crimes prescribed in the preceding paragraph, request the National Public Safety Commission for the inspection or copying of the record of information on suspicious transactions or the delivery of copies thereof.

Article 12 (Dissemination of Information to Foreign Agencies)

- (1) The National Public Safety Commission may disseminate to foreign agencies prescribed in paragraph 1 of the preceding Article information on suspicious transactions which it finds will contribute to the performance of their duties (limited to those equivalent to the duties of the National Public Safety Commission prescribed in Article 9, the preceding Article and this Article; the same shall apply in the following paragraph).
- (2) When disseminating information on suspicious transactions pursuant to the provisions of the preceding paragraph, appropriate measures shall be taken so that the said information on suspicious transactions shall not be used for other purposes than for performing the duties of foreign agencies prescribed in paragraph 1 of the preceding Article and shall not be used for the investigation into criminal cases (limited to cases where the fact of a crime has already been specified) or inquiries (hereinafter referred to as "investigation, etc." in this Article) in foreign countries without the consent under the following paragraph.
- (3) The National Public Safety Commission may, having received a request from a foreign country, give consent for the information on suspicious transactions which it has provided pursuant to the provisions of paragraph 1 to be used for the investigation into criminal cases pertaining to the said request, except for cases falling under any of the following items:
 - (i) When a crime subject to the investigation into criminal cases pertaining to the said request is a political crime, or when it is found that the said request has been made for the purpose of conducting an investigation into a political crime
 - (ii) When the act, which constitute the crime subject to the investigation into criminal cases pertaining to the said request, does not constitute a crime under Japanese laws and regulations had it been conducted in Japan, except as otherwise specified in international agreements (which means international agreements concerning the provision of information on suspicious transactions under paragraph 1; the same shall apply in paragraph 5)
 - (iii) When the requesting country has not insured that it will accept a similar request from Japan
- (4) The National Public Safety Commission shall, before giving the consent set forth in the preceding paragraph, obtain confirmation from the Minister of Justice that the request does not fall under items (i) and (ii) of the same paragraph and confirmation from the Minister of Foreign Affairs that the request does not fall under item (iii) of the same paragraph.
- (5) When the dissemination of information on suspicious transactions under paragraph 1 has been conducted based on international agreements which specify the scope of the investigation into criminal cases in foreign countries for which information on sus-



picious transactions can be used (limited to the investigation into cases other than political crimes), the consent set forth in paragraph 3 shall be deemed to have been given for the use of the said information on suspicious transactions within the said scope of the investigation.

Article 13 (Reports)

A competent administrative agency may, to the extent necessary for the enforcement of this Act, request a specified business operator to submit reports or materials concerning its business affairs .

Article 14 (On-site Inspections)

- (1) A competent administrative agency may, to the extent necessary for the enforcement of this Act, have its officials enter a business office or other facility of a specified business operator, inspect the books, documents, and any other objects of the said facility, or ask questions of the persons concerned with regard to its business affairs .
- (2) The officials who conduct on-site inspections under the preceding paragraph shall carry a certificate of identification and show it to any person concerned upon request.
- (3) The authority for on-site inspections under paragraph 1 shall not be construed as being vested for criminal investigation.
- (4) The provisions of paragraph 1 shall not apply to the Bank of Japan as a specified business operator.

Article 15 (Guidance, etc.)

A competent administrative agency may, when it finds it necessary to ensure the appropriate and smooth implementation of measures by a specified business operator specified by this Act, provide the necessary guidance, advice, and make the necessary suggestions to the specified business operator.

Article 16 (Order for Rectification)

A competent administrative agency may, when it finds that a specified business operator has violated the provisions of Article 4, paragraphs 1 to 3, Article 6, Article 7, Article 9, paragraph 1 or paragraph 2, or Article 10 in the course of performing its business affairs , order the specified business operator to take any necessary measures to rectify the violation.

Article 17 (Statement of Opinion by the National Public Safety Commission)

- (1) The National Public Safety Commission may, when it finds that a specified business operator has violated the provisions prescribed in the preceding Article in the course of performing its business affairs , state its opinion to a competent administrative agency (excluding prefectural Public Safety Commissions; hereinafter the same shall apply in this Article) to the effect that an order under the preceding Article should be issued against the specified business operator. In the case where measures such as the suspension of operation may be taken on the ground of the said violation under other laws or regulations, the Commission may state its opinion to the competent administrative agency to the effect that the said measures should be taken against the specified business operator.
- (2) The National Public Safety Commission may, to the extent necessary for stating its opinion under the preceding paragraph, request the specified business operator to submit reports or materials concerning its operations or direct the prefectural police whichever it finds appropriate to conduct necessary inquiry.
- (3) The Superintendent General or the Chief of the Prefectural Police Headquarters who has received the direction set forth in the preceding paragraph may, when it is found especially necessary for conducting the inquiry under the same paragraph, obtain approval from the National Public Safety Commission in advance and have its officials enter a business office or other facility of the specified business operator, inspect the books, documents, and any other objects of the said facility, or ask questions of the persons concerned with regard to its operations. In this case, the provisions of Article 14, paragraphs 2 to 4 shall apply *mutatis mutandis*.
- (4) The National Public Safety Commission shall, before granting the approval set forth in the preceding paragraph, notify a competent administrative agency (when a competent administrative agency is a prefectural governor, the said prefectural governor through the competent minister) of the fact that the Commission will grant the approval.

(5) The competent administrative agency which has received a notification set forth in the preceding paragraph may request the National Public Safety Commission to provide the necessary consultation, pursuant to the provisions of a Cabinet Order, so as to coordinate the execution of the authorities under Article 14, paragraph 1 and the execution of the authorities of the prefectural police under paragraph 3. In this case, the National Public Safety Commission shall respond to the request.

Article 18 (Delegation to an Ordinance of the Competent Ministries)

In addition to what is provided for in this Act, any necessary matters for the enforcement of this Act shall be specified by an ordinance of the competent administrative ministries.

Article 19 (Transitional Measures)

When enacting, revising or repealing a Cabinet Order or an ordinance of the competent ministries pursuant to this Act, any necessary transitional measures (including transitional measures concerning penal provisions) may be specified by the Cabinet Order or ordinance of the competent ministries to the extent considered reasonably necessary for the enactment, revision or repeal.

Article 20 (Competent Administrative Agency, etc.)

(1) The competent administrative agency under this Act shall, according to the categories of specified business operators listed in the following items, be the one prescribed in the respective items with regard to the matters concerning the said specified business operators:

- (i) Specified business operators listed in Article 2, paragraph 2, items (i) to (iii), item (vi), item (vii), items (xvi) to (xviii), items (xx) to (xxiv), items (xxvi) to (xxviii), and item (xlii): the Prime Minister
- (ii) Specified business operators listed in Article 2, paragraph 2, items (iv) and (v): the Prime Minister and the Minister of Health, Labour and Welfare
- (iii) Specified business operators listed in Article 2, paragraph 2, items (viii) and (ix): the competent administrative agency prescribed in Article 98, paragraph 1 of the Agricultural Cooperative Act (Act No. 132 of 1947)
- (iv) Specified business operators listed in Article 2, paragraph 2, items (x) to (xiii), and item (xix): the competent administrative agency prescribed in Article 127, paragraph 1 of the Fishery Cooperative Act (Act No. 242 of 1948)
- (v) Specified business operators listed in Article 2, paragraph 2, item (xiv): the Minister of Agriculture, Forestry and Fisheries and the Prime Minister
- (vi) Specified business operators listed in Article 2, paragraph 2, item (xv): the Minister of Economy, Trade and Industry and the Minister of Finance
- (vii) Specified business operators listed in Article 2, paragraph 2, item (xxv): the competent minister(s) prescribed in Article 49, paragraph 1 of the Real Estate Joint Enterprise Act
- (viii) Specified business operators listed in Article 2, paragraph 2, item (xxix): the competent minister(s) prescribed in Article 354, paragraph 1 of the Commodity Exchange Act
- (ix) Specified business operators listed in Article 2, paragraph 2, items (xxx) and (xxxi) (excluding those listed in the following item): the Prime Minister and the Minister of Justice:
- (x) Specified business operators listed in Article 2, paragraph 2, items (xxx) and (xxxi) which deal with national government bonds: the Prime Minister, the Minister of Justice, and the Minister of Finance
- (xi) Specified business operators listed in Article 2, paragraph 2, item (xxxii) and specified business operators listed in item (xxxviii) of the same paragraph which provide services to receive telephone calls on behalf of a customer and notify the said customer of the content of such telephone calls: the Minister of Internal Affairs and Communications
- (xii) Specified business operators listed in Article 2, paragraph 2, item (xxxiii) and item (xliii): the Minister of Finance
- (xiii) Specified business operators listed in Article 2, paragraph 2, items (xxxiv), (xxxv) and (xxxvii) and specified business operators listed in item (xxxviii) of the same paragraph which provide services to receive postal items addressed to a customer and deliver them to the said customer: the Minister of Economy, Trade and Industry
- (xiv) Specified business operators listed in Article 2, paragraph 2, item (xxxvi): the Minister of Land, Infrastructure and Transport or a prefectural governor who has granted a license under Article 3, paragraph 1 of the Building Lots and Buildings



- Transaction Business Act (for specified business operators who are deemed- building lots and buildings transaction business operators, the Minister of Land, Infrastructure and Transport)
- (xv) Specified business operators listed in Article 2, paragraph 2, item (xl): the Minister of Justice
- (xvi) Specified business operators listed in Article 2, paragraph 2, item (xli): the prefectural governor
- (2) Notwithstanding the provisions of the preceding paragraph, the competent administrative agency concerning the matters prescribed in Article 10 with regard to specified business operators prescribed in Article 10, paragraph 1 (excluding those listed in Article 2, paragraph 2, item (xv)) shall be the competent administrative agency prescribed in the preceding paragraph and the Minister of Finance.
- (3) Notwithstanding the provisions of paragraph 1, when a specified business operator which has obtained registration under Article 33-2 of the Financial Instruments and Exchange Act conducts registered financial institution business (which means registered financial institution business prescribed in Article 33-5, paragraph 1, item (iii) of the same Act; the same shall apply in paragraph 6, item (ii)), the competent administrative agency in charge of the matters pertaining to the said registered financial institution business shall be the Prime Minister.
- (4) Notwithstanding the provisions of paragraph 1, when a specified business operator listed in Article 2, paragraph 2, item (xxxvii) which has obtained permission under Article 3, paragraph 1 of the Used Articles Business Act (Act No. 108 of 1949) conducts the buying and selling of precious metals, etc. which fall under used articles set forth in Article 2, paragraph 1 of the same Act, the competent administrative agency in charge of the matters pertaining to the said business affairs shall be the prefectural Public Safety Commission. In this case, affairs within the authority of the Hokkaido Public Safety Commission may be delegated to Area Public Safety Commissions pursuant to the provisions of a Cabinet Order.
- (5) The Prime Minister shall delegate his/her authority under this Act (limited to the authority under the jurisdiction of the Financial Services Agency and excluding the part specified by a Cabinet Order) to the Commissioner of the Financial Services Agency.
- (6) The Commissioner of the Financial Services Agency shall delegate the authority delegated thereto pursuant to the provisions of the preceding paragraph (excluding the part concerning Article 9, Article 15, and Article 16; such authority shall be referred to as the "authority of the Commissioner of the Financial Services Agency" in the following paragraph) to the Securities and Exchange Surveillance Commission with regard to the following acts; provided, however, that this shall not preclude the Commissioner of the Financial Services Agency from exercising him/herself the authority to order the submission of reports or materials:
- (i) Acts conducted by a specified business operator listed in Article 2, paragraph 2, item (xx) and item (xxii)
- (ii) Acts pertaining to registered financial institution business
- (7) The Commissioner of the Financial Services Agency may, pursuant to the provisions of a Cabinet Order, delegate the authority of the Commissioner of the Financial Services Agency to the Securities and Exchange Surveillance Commission with regard to the acts conducted by a specified business operator listed in Article 2, paragraph 2, item (xxi), item (xxx) and item (xxxi) (excluding acts listed in each item of the preceding paragraph).
- (8) In cases set forth in the preceding two paragraphs, an appeal under the Administrative Appeal Act (Act No. 160 of 1962) against an order for the submission of reports or materials issued by the Securities and Exchange Surveillance Commission may be filed only with the Securities and Exchange Surveillance Commission.
- (9) Part of the affairs within the authority of the competent administrative agency prescribed in this Act (excluding those falling within the authority of prefectural governors or prefectural Public Safety Commissions under this Act) may be administered by prefectural governors pursuant to the provisions of a Cabinet Order.
- (10) In addition to what is provided for in the preceding paragraphs, any necessary matters for the execution of the authority of competent administrative agencies under Article 9, and Articles 13 to 17 shall be specified by a Cabinet Order.

Article 21 (Competent Minister, etc.)

- (1) The competent minister under this Act shall be as follows:
- (i) The competent ministers prescribed in (a) to (e) below respectively, according to the categories of specified business operators listed in (a) to (e) below with regard to the matters concerning the said specified business operators (excluding the mat-

ters listed in the following item to item (iv)):

- (a) Specified business operators other than those listed in (b) to (e): the minister who is the competent administrative agency prescribed in paragraph 1 of the preceding Article
 - (b) Specified business operators listed in Article 2, paragraph 2, items (viii) and (ix): the competent minister prescribed in Article 98, paragraph 2 of the Agricultural Cooperative Act
 - (c) Specified business operators listed in Article 2, paragraph 2, items (x) to (xiii) and item (xix): the competent minister prescribed in Article 127, paragraph 2 of the Fishery Cooperative Act
 - (d) Specified business operators listed in Article 2, paragraph 2, item (xxxvi): the Minister of Land, Infrastructure and Transport
 - (e) Specified business operators listed in Article 2, paragraph 2, item (xli): the Minister of Internal Affairs and Communications
 - (ii) Matters prescribed in Article 20, paragraph 2 which pertain to specified business operators prescribed in the same paragraph: the minister prescribed in (a) to (c) of the preceding item and the Minister of Finance
 - (iii) Matters prescribed in Article 20, paragraph 3 which pertain to specified business operators prescribed in the same paragraph: the Prime Minister
 - (iv) Matters prescribed in Article 20, paragraph 4 which pertain to specified business operators prescribed in the same paragraph: the National Public Safety Commission
- (2) An ordinance of the competent ministries under this Act shall be an order to be issued jointly by the Prime Minister, the Minister of Internal Affairs and Communications, the Minister of Justice, the Minister of Finance, the Minister of Health, Labour and Welfare, the Minister of Agriculture, Forestry and Fisheries, the Minister of Economy, Trade and Industry, and the Minister of Land, Infrastructure and Transport.

Article 22 (Administrative Classification)

Affairs to be administered by prefectural governments under this Act with regard to the persons listed below shall be Item 1 statutory entrusted affairs prescribed in Article 2, paragraph 9, item (i) of the Local Autonomy Act (Act No. 67 of 1947):

- (i) Agricultural cooperative and federation of agricultural cooperatives engaged in the business set forth in Article 10, paragraph 1, item (iii) of the Agricultural Cooperative Act
- (ii) Fishery cooperative engaged in the business set forth in Article 11, paragraph 1, item (iv) of the Fishery Cooperative Act
- (iii) Federation of fishery cooperatives engaged in the business set forth in Article 87, paragraph 1, item (iv) of the Fishery Cooperative Act
- (iv) Fishery processing cooperative engaged in the business set forth in Article 93, paragraph 1, item (ii) of the Fishery Cooperative Act
- (v) Federation of fishery processing cooperatives engaged in the business set forth in Article 97, paragraph 1, item (ii) of the Fishery Cooperative Act

Article 23 (Penal Provisions)

A person who has violated an order issued under Article 16 shall be punished by imprisonment with work for not more than two years or a fine of not more than three million yen, or both.

Article 24

A person who falls under any of the following items shall be punished by imprisonment with work for not more than one year or a fine of not more than three million yen, or both:

- (i) A person who has failed to submit reports or materials, or submitted false reports or materials under Article 13 or Article 17, paragraph 2.
- (ii) A person who has given no answer or false answers to the questions asked by the officials, or refused, obstructed or avoided inspections conducted under Article 14, paragraph 1 or Article 17, paragraph 3.



Article 25

A person who has violated Article 4, paragraph 4 for the purpose of concealing customer identification data shall be punished by a fine of not more than 500,000 yen.

Article 26

- (1) A person who has, in the guise of another person, with the intention of receiving the services pertaining to a deposit/savings contract with a specified business operator (limited to those listed in Article 2, paragraph 2, items (i) to (xv) and item (xxxiii); hereinafter the same shall apply in this Article) or having a third party receive such services, received the assignment, delivery or provision of the deposit/savings passbook, the deposit/savings withdrawal card, the information necessary for deposit/savings withdrawal or transfer or other items specified by a Cabinet Order as necessary for receiving the services pertaining to a deposit/savings contract with a specified business operator (hereinafter referred to as a "deposit/savings passbook, etc.") shall be punished by a fine of not more than 500,000 yen. The same shall apply to a person who has received the assignment, delivery or provision of a deposit/savings passbook, etc. for value without justifiable reasons such that the assignment, delivery or provision accompanies an ordinary commercial transaction or financial transaction.
- (2) The preceding paragraph shall also apply to a person who has assigned, delivered or provided a deposit/savings passbook, etc. to another person for value while knowing that such other person has the intention prescribed in the first sentence of the same paragraph. The same shall apply to a person who has assigned, delivered or provided a deposit/savings passbook, etc. for value without justifiable reasons such that the assignment, delivery or provision accompanies an ordinary commercial transaction or financial transaction.
- (3) A person who has committed, as a business, the crime prescribed in any of the preceding two paragraphs shall be punished by imprisonment with work for not more than two years or a fine of not more than three million yen, or both.
- (4) Paragraph 1 shall also apply to a person who has solicited people or induced people by advertising or other similar methods to commit the crime prescribed in paragraph 1 or paragraph 2.

Article 27

Where the representative person of a legal person or an agent, employee or other worker of a legal person or an individual has, with regard to the business of the legal person or individual, committed the violations prescribed in the following items, not only shall the offender be punished but also the legal person shall be punished by the fine prescribed in the respective items or the individual shall be punished by the fine prescribed in the respective Articles:

- (i) Article 23: fine of not more than 300 million yen
- (ii) Article 24: fine of not more than 200 million yen
- (iii) Article 25: fine prescribed in the same Article

Article 28 (Application Mutatis Mutandis of the Financial Instruments and Exchange Act)

The provisions of Chapter 9 of the Financial Instruments and Exchange Act shall apply mutatis mutandis to the cases concerning the crimes prescribed in Article 25 and item (iii) of the preceding Article with regard to the acts listed in the items of Article 20, paragraph 6.

Supplementary Provisions

Article 1 (Effective Date)

This Act shall come into effect as from April 1, 2007; provided, however, that the provisions listed in the following items shall come into force as from the dates prescribed in the respective items:

- (i) The provisions of Article 2, paragraph 2 (excluding item (xxii) and item (xxiv)), Articles 4 to 10 and Articles 13 to 28; the provisions of the following Article, Articles 5 to 7 of the Supplementary Provisions, Articles 9 to 12 of the Supplementary Provisions, and Articles 14 to 18 of the Supplementary Provisions; the provisions of Article 19 of the Supplementary Provisions revising Article 189 and Article 190 of the Act Concerning Preparation of Relevant Acts Accompanying Effectuation of the Act for Partial Revision of the Securities and Exchange Act, etc. (Act No. 66 of 2006); the provisions of Article 19 of the

Supplementary Provisions revising Article 196 of the same Act (limited to the part deleting the provisions revising Article 127 of the Supplementary Provisions of the Act for Partial Revision of the Act on Transfer of Corporate Bonds, etc. for Streamlining Settlement Concerning Stock Trading, etc. (Act No. 88 of 2004)); the provisions of Article 20 of the Supplementary Provisions; the provisions of Article 23 of the Supplementary Provisions revising Article 8 of the Act for Establishment of the Financial Services Agency (Act No. 130 of 1998); the provisions of Article 23 of the Supplementary Provisions revising Article 20, paragraph 1 of the same Act; and the provisions of Article 27 of the Supplementary Provisions: the date specified by a Cabinet Order within a period not exceeding one year from the date of promulgation

- (ii) The provisions of Article 2, paragraph 2, item (xxii): the date prescribed in the preceding item (hereinafter referred to as the "date of partial enforcement") or the date of enforcement of the Act for Partial Revision of the Securities and Exchange Act, etc. (Act No. 65 of 2006), whichever comes later
- (iii) The provisions of Article 2, paragraph 2, item (xxiv): the date of partial enforcement or the date of enforcement of the Act Concerning Preparation of Relevant Acts Accompanying Effectuation of the Trust Act (Act No. 109 of 2006), whichever comes later
- (iv) The provisions of Article 8 of the Supplementary Provisions: the date of partial enforcement or the date of enforcement of the Act Concerning Preparation of Relevant Acts Accompanying Effectuation of the Act for Partial Revision of the Securities and Exchange Act, etc., whichever comes later
- (v) The provisions of Article 21 of the Supplementary Provisions: the date of enforcement of this Act (referred to as the "date of enforcement" in Article 3 of the Supplementary Provisions) or the date of enforcement of the Act for Partial Revision of the Penal Code, etc. in Response to Globalizing and Systematized Crimes and Advanced Information Processing (Act No. [] of 2007), whichever comes later

Article 2 through 27 Skip

Cabinet Order for Enforcement of a part of the Act on Prevention of Transfer of Criminal Proceeds

(Cabinet Order No. 19 of 1 February, 2008)

The provision prescribed in Item 1 of Article 1 of the Supplementary Provisions of Act on Prevention of Transfer of Criminal Proceeds shall come into force on 1 March 2008.

Cabinet Order for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds

(Cabinet Order No. 20 of 1 February, 2008)

Article 1

(Definitions)

The terms "criminal proceeds," "specified business operator," "customer, etc.," "customer identification data," "customer identification," "agent work, etc. for specified mandated acts," "representative person, etc.," "customer identification records," or "reporting of suspicious transactions" as used in this Order for Enforcement mean criminal proceeds, specified business operator, customer, etc., customer identification data, customer identification, agent work, etc. for specified mandated acts, representative person, etc., customer identification records, or reporting of suspicious transactions prescribed in Article 2, paragraph 1 or paragraph 2, Article 4, paragraph 1 or paragraph 2, Article 6, paragraph 1, or Article 9, paragraph 2 of the Act on Prevention of Transfer of Criminal Proceeds (hereinafter referred to as the "Act").

Article 2

(Persons Specified by a Cabinet Order as Prescribed in Article 2, Paragraph 2, Item (xxviii) of the Act)

The persons specified by a Cabinet Order as prescribed in Article 2, paragraph 2, item (xxviii) of the Act shall be persons listed in Article 1-2, item (iii) of the Order for Enforcement of the Money Lending Business Act (Cabinet Order No. 181 of 1983).

Article 3

(Leasing Specified by a Cabinet Order as Prescribed in Article 2, Paragraph 2, Item (xxxiv) of the Act)

Leasing specified by a Cabinet Order as prescribed in Article 2, paragraph 2, item (xxxiv) of the Act shall be leasing that meets the following requirements:

- (i) The contract pertaining to the leasing may not be cancelled during the leasing term or is specified as equivalent thereto by an ordinance of the competent administrative ministries
- (ii) The person who receives the leasing service may enjoy substantial financial benefits brought about by the use of machinery and any other articles pertaining to the said leasing service and is expected to bear substantial expenses resulting from the use of the said articles.

Article 4

(Precious Metals, etc.)

- (1) Precious metals specified by a Cabinet Order as prescribed in Article 2, paragraph 2, item (xxxvii) of the Act shall be gold, platinum, silver, and alloys thereof.
- (2) Precious stones specified by a Cabinet Order as prescribed in Article 2, paragraph 2, item (xxxvii) of the Act shall be diamonds and other precious stones, gemstones, and pearls.

Article 5

(Persons Equivalent to Customers)

A person specified by a Cabinet Order as being equivalent to a customer, etc. prescribed in Article 4, paragraph 1 of the Act shall be the beneficiary of trusts (excluding persons under contracts for workers' property accumulation savings prescribed in Article 6, paragraph 1 of the Act on Promotion of Workers' Property Accumulation (Act No. 92 of 1971), contracts for workers' property accumulation pension savings prescribed in paragraph 2 of the same Article, and contracts for workers' property accumulation savings for housing prescribed in paragraph 4 of the same Article (hereinafter referred to as "contracts for workers' property accumulation savings, etc."), contracts for workers' property accumulation benefits prescribed in Article 6-2, paragraph 1 of the Act on Promotion of Workers' Property Accumulation (hereinafter simply referred to as "contracts for workers' property accumulation benefits"), contracts for workers' property accumulation funds prescribed in Article 6-3, paragraph 1 of the same Act (hereinafter simply referred to as "contracts for workers' property accumulation funds"), contracts for asset management and investment prescribed in Article 65, paragraph 3 of the Defined-Benefit Corporate Pension Act (Act No. 50 of 2001), contracts listed in the items of Article 65, paragraph 1 of the same Act to be concluded by corporate pension funds pursuant to Article 66, paragraph 1 of the same Act, and contracts for trusts prescribed in Article 66, paragraph 2 of the same Act (hereinafter referred to as "contracts for asset management and investment, etc."), contracts for participant protection trusts to be concluded pursuant to Article 51, paragraph 1 of

Act on Book-Entry Transfer of Company Bonds, Shares, etc. (Act No. 75 of 2001), contracts for asset management prescribed in Article 8, paragraph 2 of the Defined Contribution Pension Act (Act No. 88 of 2001) (hereinafter simply referred to as "contracts for asset management") and other contracts specified by an ordinance of the competent ministries).

Article 6

(Foreign Nationals Specified by a Cabinet Order as Prescribed in Article 2, Paragraph 2, Item (xxviii) of the Act)

A foreign national who does not have a residence in Japan and who is specified by a Cabinet Order shall be a foreign national who resides in Japan and whose domicile in the country the said foreign national belongs to cannot be verified by his/her passport (which means a passport listed in Article 2, item (v) of the Immigration Control and Refugee Recognition Act (Act No. 319 of 1951)) or the crew member's pocket-ledger (which means a crew member's pocket-ledger listed in Article 2, item (vi) of the Immigration Control and Refugee Recognition Act) held by the said foreign national.

Article 7

(Specified Business Affairs of Financial Institutions, etc.)

The business affairs specified by a Cabinet Order as prescribed in the row of persons listed in Article 2, paragraph 2, items (i) to (xxxiii) in the table of Article 4, paragraph 1 of the Act shall, according to the categories of specified business operators listed in the following items, be the business affairs prescribed in the respective items:

- (i) Specified business operators listed in Article 2, paragraph 2, items (i) to (vii), items (xiv) to (xix), specified business operators listed in item (xx) of the same paragraph (excluding those listed in item (vii)), and specified business operators listed in items (xxi), (xxiii), (xxvi), and (xxx) of the Act: business affairs carried out by the said specified business operators
- (ii) Specified business operators listed in Article 2, paragraph 2, items (viii) and (xix) of the Act: business affairs pertaining to the business listed in Article 10, paragraph 1, item (ii) of the Agricultural Cooperatives Act (Act No. 132 of 1947) (limited to the cases where the said specified business operator is also engaged in the business listed in item (iii) of the same paragraph), the business listed in item (iii) of the same paragraph (including the businesses incidental to such business) or the business listed in item (x) of the same paragraph (including the businesses incidental to such business), or the business prescribed in paragraphs 6 to 9 of the same Article
- (iii) Specified business operators listed in Article 2, paragraph 2, item (x) of the Act: business affairs pertaining to the business listed in Article 11, paragraph 1, item (iii) of the Fishery Cooperative Act (Act No. 242 of 1948) (limited to the cases where the said specified business operator is also engaged in the business listed in item (iv) of the same paragraph), the business listed in item (iv) of the same paragraph (including the businesses incidental to such business) or the business listed in item (xi) of the same paragraph (including the businesses incidental to the said business), or the business prescribed in paragraphs 3 to 5 of the same Article
- (iv) Specified business operators listed in Article 2, paragraph 2, item (xi) of the Act: business affairs pertaining to the business listed in Article 87, paragraph 1, item (iii) of the Fishery Cooperative Act (limited to the cases where the said specified business operator is also engaged in the business listed in item (iv) of the same paragraph) or the business listed in item (iv) of the same paragraph (including the businesses incidental to such business), or the business prescribed in paragraphs 4 to 6 of the same Article
- (v) Specified business operators listed in Article 2, paragraph 2, item (xii) of the Act: business affairs pertaining to the business listed in Article 93, paragraph 1, item (i) of the Fishery Cooperative Act (limited to the cases where the said specified business operator is also engaged in the business listed in item (ii) of the same paragraph), the business listed in item (ii) of the same paragraph (including the businesses incidental to such business) or the business listed in item (vi)-2 of the same paragraph (including the businesses incidental to the said business), or the business prescribed in paragraphs 2 to 4 of the same Article
- (vi) Specified business operators listed in Article 2, paragraph 2, item (xiii) of the Act: business affairs pertaining to the business listed in Article 97, paragraph 1, item (i) of the Fishery Cooperative Act (limited to the cases where the said specified business operator is also engaged in the business listed in item (ii) of the same paragraph) or the business listed in item (ii) of the same paragraph (including the businesses incidental to such business), or the business prescribed in paragraphs 3 to 5 of the same Article



- (vii) Specified business operators listed in Article 2, paragraph 2, item (xx) of the Act (excluding those engaged in a Type I financial instruments business prescribed in Article 28, paragraph 1 of the Financial Instruments and Exchange Act (Act No. 25 of 1948) or an invest management business prescribed in paragraph 4 of the same Article): a Type II financial instruments business prescribed in Article 28, paragraph 2 of the Financial Instruments and Exchange Act or an investment advisory and agency business prescribed in paragraph 3 of the same Article
- (viii) Specified business operators listed in Article 2, paragraph 2, item (xxii) of the Act: specially permitted businesses for qualified institutional investors, etc. prescribed in Article 63, paragraph 2 of the Financial Instruments and Exchange Act
- (ix) Specified business operators listed in Article 2, paragraph 2, item (xxiv) of the Act: business affairs concerning trust business carried out by way of the means listed in Article 3, item (iii) of the Trust Act (Act No. 108 of 2006)
- (x) Specified business operators listed in Article 2, paragraph 2, item (xxv) of the Act: real estate specified joint enterprise prescribed in Article 2, paragraph 4 of the Real Estate Specified Joint Enterprise Act (Act No. 77 of 1994)
- (xii) Specified business operators listed in Article 2, paragraph 2, item (xxvii) of the Act: money lending business prescribed in Article 2, paragraph 1 of the Money Lending Business Act (Act No. 32 of 1983)
- (xii) Specified business operators listed in Article 2, paragraph 2, item (xxviii) of the Act: business affairs for making loans prescribed in the main clause of Article 2, paragraph 1 of the Money Lending Business Act
- (xiv) Specified business operators listed in Article 2, paragraph 2, item (xxix) of the Act: business for accepting the consignment of commodity transactions prescribed in Article 2, paragraph 17 of the Commodity Exchange Act (Act No. 239 of 1950)
- (xiv) Specified business operators listed in Article 2, paragraph 2, item (xxxi) of the Act: transfer business prescribed in Article 45, paragraph 1 of the Act on Book-Entry Transfer of Company Bonds, Shares, etc.
- (xv) Specified business operators listed in Article 2, paragraph 2, item (xxxii) of the Act: business affairs listed in the items of Article 13, paragraph 1 of the Act on the Management Organization for Postal Savings and Postal Life Insurance (Act No. 101 of 2005) or business affairs listed in the items of Article 2, paragraph 1 of the Supplementary Provisions of the same Act
- (xvi) Specified business operators listed in Article 2, paragraph 2, item (xxxiii) of the Act: currency exchange business prescribed in the same item

Article 8

(Specified Transactions by Financial Institutions, etc.)

- (1) The following transactions specified by a Cabinet Order as prescribed in the provisions of the Act shall be transactions prescribed in the relevant items (in the case of transactions listed in item (i), (a) to (v), item (ii), (a), item (iii), (a), item (iv), (a), item (v), (a), and item (vi), (a), excluding transactions specified by an ordinance of the competent ministries as those unlikely to be used for the transfer of criminal proceeds and transactions with a customer, etc. whose identification has already been verified):
- (i) The row of persons listed in Article 2, paragraph 2, items (i) to (xxxiii) in the table of Article 4, paragraph 1 of the Act: transactions falling under any of the following:
 - (a) Conclusion of a contract for the acceptance of deposits or savings
 - (b) Conclusion of a contract for the acceptance of installment savings, etc. (which means installment savings, etc. prescribed in Article 2, paragraph 4 of the Banking Act (Act No. 59 of 1981))
 - (c) Conclusion of a contract for a trust (excluding a trust that construes the right by which the beneficial right is indicated on securities prescribed in Article 2, paragraph 1 of the Financial Instruments and Exchange Act (excluding the right to be indicated on beneficiary securities listed in items (xii) to (xiv) of the same paragraph) or the right deemed to be securities under paragraph 2 of the same Article (excluding those listed in items (i) and (ii) of the same paragraph) and a trust pertaining to trust contracts prescribed in Article 2, paragraph 1 of the Secured Debenture Trust Act (Act No. 52 of 1905); hereinafter the same shall apply in this Article)
 - (d) Conclusion of judicial relationship through acts, including act of trust, act of designation etc. of a beneficiary, act of transferring a right to be a beneficiary (excluding those pertaining to the acts prescribed in the following (i))
 - (e) Conclusion of an insurance contract in which a person engaged in insurance business prescribed in Article 2, paragraph 1 of the Insurance Business Act (Act No. 105 of 1995) is the insurer

- (f) Conclusion of a contract for mutual aid prescribed in Article 10, paragraph 1, item (x) of the Agricultural Cooperative Act, Article 11, paragraph 1, item (xi) of the Fishery Cooperative Act, Article 93, paragraph 1, item (vi)-2 of the Fishery Cooperative Act or Article 100-2, paragraph 1, item (i) of the Fishery Cooperative Act (hereinafter referred to as a "contract for mutual aid")
- (g) Payment of pensions (limited to those to be paid on the condition of an individual's existence; the same shall apply hereinafter), maturity insurance money, maturity repayment, cash surrender value or maturity mutual aid money under an insurance contract where a person engaged in an insurance business prescribed in Article 2, paragraph 1 of the Insurance Business Act is an insurer, a postal life insurance contract prescribed in Article 3 of the Postal Life Insurance Act (Act No. 68 of 1949) prior to repeal under Article 2 of the Act Concerning Preparation of Relevant Acts Accompanying Effectuation of the Postal Services Privatization Act, etc. (Act No. 102 of 2005) (referred to as an "insurance contract" in (h) below), or a contract for mutual aid (excluding those under contracts for workers' property accumulation savings, etc., contracts for workers' property accumulation benefits, contracts for workers' property accumulation funds, contracts for asset management and investment, etc. and contracts for asset management)
- (h) Change of the contractors of an insurance contract or a contract for mutual aid
- (i) Conclusion of a contract for conducting any of the acts listed in Article 2, paragraph 8, items (i) to (vi) of the Financial Instruments and Exchange Act or acts listed in items (vii) to (ix) of the same paragraph, thereby having a customer, etc. acquire securities (which means securities prescribed in paragraph 1 of the same Article or rights to be deemed to be securities under paragraph 2 of the same Article; the same shall apply hereinafter)
- (j) Conclusion of a contract for conducting any of the acts listed in the items of Article 28, paragraph 3 or the items of paragraph 4 of the Financial Instruments and Exchange Act (excluding the cases where money is not deposited under the said contract)
- (k) Conclusion of a contract for leasing securities or acting as an intermediary or agent therefor
- (l) Conclusion of a contract for mutual loans prescribed in Article 1 of the Mutual Loan Act (Act No. 42 of 1931)
- (m) Conclusion of a contract for a real estate specified joint enterprise prescribed in Article 2, paragraph 3 of the Real Estate Specified Joint Enterprise Act or acting as an intermediary or agent therefor
- (n) Conclusion of a contract for acting as an intermediary for lending money or loaning money (including acting as an intermediary for providing money through a discount of negotiable instruments, mortgage by sale or other similar methods or for receiving money through such methods)
- (o) Conclusion of a contract for accepting an entrustment of a transaction on a commodity market, etc. prescribed in Article 2, paragraph 16 of the Commodity Exchange Act (excluding commodity clearing transactions prescribed in paragraph 15 of the same Article)
- (p) Transaction for receiving and paying cash, a check to bearer (which means a check written as a check to bearer listed in Article 5, paragraph 1, item (iii) of the Checks Act (Act No. 57 of 1933) or a check deemed to be a check to bearer pursuant to paragraph 2 or paragraph 3 of the same Article and which is limited to those without crossing as prescribed in Article 37, paragraph 1 of the same Act), a cashier's check (which means a check written to the cashier under Article 6, paragraph 3 of the same Act and which is limited to those without crossing as prescribed in Article 37, paragraph 1 of the same Act), or a certificate or coupon of a public or corporate bearer bond (which means a public or corporate bond listed in Article 2, paragraph 1, item (ix) of the Income Tax Act (Act No. 33 of 1965), which amounts to more than two million yen (100,000 yen in the case of a transaction for receiving and paying cash which accompanies exchange transactions or the writing of a cashier's check)
- (q) Refund of deposits or savings without cash payments for exchange transactions carried out by another specified business operator (limited to those listed in Article 2, paragraph 2, items (i) to (xv) of the Act) (such exchange transactions shall exclude transactions carried out by the said other specified business operator based on a contract prescribed in (r) below), which amounts to more than 100,000 yen
- (r) Conclusion of a contract for carrying out exchange transactions or the writing of a cashier's check (which means a check written to the cashier him/herself under Article 6, paragraph 3 of the Checks Act) continually or repeatedly without carrying out the transactions listed in (a)



- (s) Conclusion of a contract for leasing a safe-deposit box
 - (t) Conclusion of a contract for opening accounts for transferring company bonds, etc. under Article 12, paragraph 1 or Article 44, paragraph 1 of the Act on Book-Entry Transfer of Company Bonds, Shares, etc.
 - (u) Conclusion of a contract for conducting safe custody
 - (v) Exchange of Japanese currency and foreign currencies, which amounts to more than two million yen, or sale or purchase of traveler's checks, which amounts to more than two million yen
 - (w) Transactions based on a contract prescribed in (a) to (c), (h) to (o) or (r) to (u) which fall under transactions for which a disguise of identity, etc. is suspected
 - (ii) The row of persons listed in Article 2, paragraph 2, item (xxxiv) in the table of Article 4, paragraph 1 of the Act: transactions falling under any of the following:
 - (a) Conclusion of a lease contract prescribed in the row of persons listed in Article 2, paragraph 2, item (xxxiv) in the table of Article 4, paragraph 1 of the Act
 - (b) Transactions based on a contract prescribed in (a) which fall under transactions for which a disguise of identity, etc. is suspected
 - (iii) The row of persons listed in Article 2, paragraph 2, item (xxxv) in the table of Article 4, paragraph 1 of the Act: transactions falling under any of the following:
 - (a) Conclusion of a contract prescribed in the row of persons listed in Article 2, paragraph 2, item (xxxv) in the table of Article 4, paragraph 1 of the Act
 - (b) Transactions based on a contract prescribed in (a) which fall under transactions for which a disguise of identity, etc. is suspected
 - (iv) The row of persons listed in Article 2, paragraph 2, item (xxxvi) in the table of Article 4, paragraph 1 of the Act: transactions falling under any of the following:
 - (a) Conclusion of a contract for the buying and selling or agent work or the intermediation thereof prescribed in the row of persons listed in Article 2, paragraph 2, item (xxxvi) in the table of Article 4, paragraph 1 of the Act
 - (b) Transactions based on a contract prescribed in (a) which fall under transactions for which a disguise of identity, etc. is suspected
 - (v) The row of persons listed in Article 2, paragraph 2, item (xxxvii) in the table of Article 4, paragraph 1 of the Act: transactions falling under any of the following:
 - (a) Conclusion of a contract for the buying and selling of precious metals, etc. (which means precious metals, etc. prescribed in Article 2, paragraph 2, item (xxxvii) of the Act; the same shall apply hereinafter) whose prices are more than two million yen
 - (b) Transactions based on a contract prescribed in (a) which fall under transactions for which a disguise of identity, etc. is suspected
 - (vi) The row of persons listed in Article 2, paragraph 2, item (xxxviii) in the table of Article 4, paragraph 1 of the Act: transactions falling under any of the following:
 - (a) Conclusion of a contract prescribed in the row of persons listed in Article 2, paragraph 2, item (xxxviii) in the table of Article 4, paragraph 1 of the Act
 - (b) Transactions based on a contract prescribed in (a) which fall under transactions for which a disguise of identity, etc. is suspected
- (2) Where a specified business operator carries out any of the transactions listed in paragraph 1, item (i), (c) or (d), if the beneficiary of the trust has not been identified or does not exist, the beneficiary of the trust has not manifested an intention to receive a benefit, or a condition precedent or due date has been set for the right of the beneficiary of the trust to receive a benefit from the trust, the provisions of (d) of the same item shall be applied by deeming that the designation of the beneficiary of the trust listed in (d) of the same item has been made with regard to the said beneficiary at the time when the specified business operator has become aware of the identity or existence of the beneficiary, the beneficiary's manifestation of his/her intention to receive the benefit, the satisfaction of the condition precedent or the arrival of the due date.

Article 9 (Specified Business Affairs of Judicial Scriveners, etc.)

- (1) The specified business affairs specified by a Cabinet Order as prescribed in the part other than the descriptions in the middle column of the row of persons listed in Article 2, paragraph 2, item (xl) in the table of Article 4, paragraph 1 of the Act shall be the following:
 - (i) Payment of tax
 - (ii) Payment of money pertaining to fines, petty fines, or the subsequent collection or deposit pertaining to bail
 - (iii) Payment of non-penal fines
 - (iv) Management or disposition of the property of a person or legal person carried out as a duty by a guardian of an adult, insurance administrator elected under Article 242, paragraph 2 or paragraph 4 of the Insurance Business Act, or any other person elected by the court or the competent government agency as a person to manage or dispose of the property of the said person or legal person on behalf of such person as prescribed by law.
- (2) The acts or procedures concerning the organization, operation or management of companies as specified by a Cabinet Order as prescribed in item (ii) of the middle column of the row of persons listed in Article 2, paragraph 2, item (xl) in the table of Article 4, paragraph 1 of the Act shall be the acts or procedures concerning the matters prescribed in the following items:
 - (i) Stock companies: any of the following matters:
 - (a) Establishment
 - (b) Entity conversion, merger, company split, share exchange or share transfer
 - (c) Amendment of articles of incorporation
 - (d) Election of a director or executive officer, or appointment of a representative director or representative executive officer
 - (ii) Membership companies: any of the following matters:
 - (a) Establishment
 - (b) Entity conversion, merger, or in the case of a limited liability company, company split
 - (c) Amendment of articles of incorporation
 - (d) Election of a member who executes business or a member who represents the limited liability company
- (3) The legal persons, partnerships, or trusts other than the companies prescribed in item (ii) of the middle column of the row of persons listed in Article 2, paragraph 2, item (xl) in the table of Article 4, paragraph 1 of the Act which are specified by a Cabinet Order shall be the following:
 - (i) Investment corporations prescribed in Article 2, paragraph 12 of the Act on Investment Trust and Investment Corporation (Act No. 198 of 1951)
 - (ii) Specified non-profit legal persons prescribed in Article 2, paragraph 2 of the Act to Promote Specified Nonprofit Activities (Act No. 7 of 1998)
 - (iii) Companies with specified purposes prescribed in Article 2, paragraph 3 of the Act on the Liquidation of Assets (Act No. 105 of 1998)
 - (iv) Partnerships established by a partnership contract prescribed in Article 667 of the Civil Code (Act No. 89 of 1896)
 - (v) Silent partnerships established by a silent partnership contract prescribed in Article 535 of the Commercial Code (Act No. 48 of 1899)
 - (vi) Limited investment partnerships prescribed in Article 2, paragraph 2 of the Limited Partnership Act for Investment (Act No. 90 of 1998)
 - (vii) Limited liability partnerships prescribed in Article 2 of the Limited Liability Partnership Act (Act No. 40 of 2005)
 - (viii) Limited liability trust prescribed in Article 2, paragraph 12 of the Trust Act
- (4) The acts or procedures specified by a Cabinet Order as prescribed in item (ii) of the middle column of the row of persons listed in Article 2, paragraph 2, item (xl) in the table of Article 4, paragraph 1 of the Act shall be the following:
 - (i) Legal persons listed in item (i) of the preceding paragraph: any of the following matters:
 - (a) Establishment
 - (b) Merger
 - (c) Amendment of rules
 - (d) Election of an executive officer



- (ii) Legal persons listed in item (ii) of the preceding paragraph: any of the following matters:
 - (a) Establishment
 - (b) Merger
 - (c) Amendment of articles of incorporation
 - (d) Election of a board member
- (iii) Legal persons listed in item (iii) of the preceding paragraph: any of the following matters:
 - (a) Establishment
 - (b) Amendment of articles of incorporation
 - (c) Election of a director or appointment of a representative director
- (iv) Partnerships listed in items (iv) to (vii) of the preceding paragraph: conclusion or modification of a partnership contract
- (v) Trust listed in item (viii) of the preceding paragraph: any of the following matters:
 - (a) Trust deeds
 - (b) Modification, consolidation, or split of trust
 - (c) Changes of trustees

Article 10 (Specified Transactions by Judicial Scriveners, etc.)

The transactions specified by a Cabinet Order as prescribed in the row of persons listed in Article 2, paragraph 2, item (xl) to the row of persons listed in Article 2, paragraph 2, item (xliii) in the table of Article 4, paragraph 1 of the Act shall be transactions falling under any of the following items:

- (i) Conclusion of a contract for conducting agent work, etc. for specified mandated acts (in the case of agent work, etc. for specified mandated acts pertaining to the management or disposition of property listed in item (iii) of the middle column of the row of persons listed in Article 2, paragraph 2, item (xl) in the table of Article 4, paragraph 1 of the Act, excluding cases where the value of the said property is two million yen or less) (excluding transactions specified by an ordinance of the competent ministries as those unlikely to be used for the transfer of criminal proceeds and transactions with a customer, etc. whose identification has already been verified)
- (ii) Transactions based on a contract for conducting agent work, etc. for specified mandated acts continually or repeatedly which fall under transactions for which a disguise of identity, etc. is suspected

Article 11

(Transactions, etc. with a Customer, etc. Whose Identification Has Already Been Verified)

- (1) The "transactions with a customer, etc. whose identification has already been verified" prescribed in Article 8 and the preceding Article, item (i) shall be transactions with a customer, etc. (including a natural person deemed to be a customer, etc. under Article 4, paragraph 3 of the Act; hereinafter the same shall apply in this paragraph (excluding items (ii), (iv), and (vi)) and the following paragraph) in the following cases, in which the said specified business operator (in the cases listed in items (iii) and (iv), another specified business operator prescribed in these items) has verified that the said customer, etc. is the one whose identification has already been verified by a method specified by an ordinance of the competent ministries:
- (i) Where the said specified business operator has previously conducted identification, etc. with regard to the customer, etc. and preserves identification records with regard to said customer identification
 - (ii) Where the said specified business operator has previously carried out a transaction with any of the persons listed in the items of the following Article (excluding item (iii); hereinafter the same shall apply in this paragraph), and on that occasion, conducted identification with regard to the natural person who shall be deemed to be the customer, etc. pursuant to Article 4, paragraph 3 of the Act, and preserves identification records with regard to said customer identification
 - (iii) Where the said specified business operator carries out any of the transactions prescribed in Article 8, paragraph 1, item (i) (excluding transactions listed in (w) of the same item; the same shall apply in the following item) through entrustment to another specified business operator, and the said other specified business operator has previously conducted identification with regard to the customer, etc. and preserves identification records with regard to said customer identification
 - (iv) Where the said specified business operator carries out any of the transactions prescribed in Article 8, paragraph 1, item (i)

through entrustment to another specified business operator, and the said other specified business operator has previously carried out a transaction with any of the persons listed in the items of the following Article, and on that occasion, conducted identification with regard to the natural person who shall be deemed to be the customer, etc. under Article 4, paragraph 3 of the Act and preserves identification records with regard to said customer identification

(v) Where the said specified business operator takes over the business of another specified business operator through a merger, business transfer or other event equivalent thereto, and the said other specified business operator has previously conducted identification with regard to the customer, etc., and has transferred identification records that it had prepared with regard to the said customer identification to the said specified business operator, which then preserves the said identification records.

(vi) Where the said specified business operator takes over the business of another specified business operator through a merger, business transfer or other event equivalent thereto, and said other specified business operator has previously carried out a transaction with any of the persons listed in the items of the following Article, and on that occasion, conducted identification with regard to the natural person who shall be deemed to be the customer, etc. under Article 4, paragraph 3 of the Act, and has transferred identification records that it had prepared with regard to said customer identification to the said specified business operator, which then preserves the said identification records.

(2) The "transactions for which a disguise of identity, etc. is suspected" prescribed in Article 8, paragraph 1 or Article 10, item (ii) shall be the following:

(i) transactions in which a transaction partner is suspected of disguising himself/herself as the customer, etc. or representative person, etc. pertaining to the customer identification upon conclusion of a contract prescribed in Article 8, paragraph 8, item (i), (w), item (ii), (b), item (iii), (b), item (iv), (b), item (v), (b), item (vi), (b) and Article 10, item (ii) (in the case where the said conclusion of a contract falls under transactions with a customer, etc. whose identification has already been verified set forth in the preceding paragraph, customer identification set forth in the same paragraph); hereinafter the same shall apply in the next paragraph)

(ii) transactions with a customer, etc. or representative person, etc. who is suspected to have presented false identification data on the occasion of customer identification upon the conclusion of a contract.

(State, Local Public Entities, Associations or Foundations without Legal Personality and Other Persons Specified by Cabinet Order)

The persons specified by a Cabinet Order as prescribed in Article 4, paragraph 3 of the Act shall be the following:

(i) State

(ii) Local public entity

(iii) Association or foundation without legal personality

(iv) Incorporated administrative agency prescribed in Article 2, paragraph 1 of the Act on General Rules for Incorporated Administrative Agencies (Act No. 103 of 1999)

(v) Corporations of which not less than a half of the stated capital, funds or those equivalent thereto is contributed by the State or a local public entity (excluding those listed in the preceding item, the following item and item (viii))

(vi) Foreign government, foreign governmental organization, foreign local public entity, foreign central bank or international organization of which Japan is a member state

(vii) Worker who concludes a contract for workers' property accumulation savings, etc.

(viii) Issuer of securities listed in the items of Article 27-2 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965) (excluding those falling under the line of securities prescribed in Article 67-18, item (iv) of the Financial Instruments and Exchange Act)

(ix) Person specified by an ordinance of the competent ministries as being equivalent to any of the persons listed in the preceding items

Article 13 (Small Transactions, etc.)

(1) The transactions specified by a Cabinet Order as prescribed in Article 7, paragraph 1 of the Act shall be the following:

(i) Transactions without transfer of property

(ii) Transactions for transfer of property, which amounts to not more than 10,000 yen



- (iii) In addition to what are listed in the preceding item, transactions prescribed in (a) or (b) below, according to the categories of specified business operators listed in (a) or (b) below:
 - (a) Specified business operators listed in Article 2, paragraph 2, items (i) to (xxxiii) of the Act: exchange among Japanese currency which amounts to not more than two million yen, exchange of Japanese currency and foreign currencies which amount not more than two million yen, or sale or purchase of traveler's checks which amount to not more than two million yen
 - (b) Specified business operators listed in Article 2, paragraph 2, item (xxxvii) of the Act: buying and selling of precious metals, etc. which amount to not more than two million yen
- (iv) In addition to what are listed in the preceding three items, transactions specified by an ordinance of the competent ministries for which records prescribed in Article 7, paragraph 1 of the Act need not be prepared for recognizing the transfer of property
- (2) The agent work, etc. for specified mandated acts specified by a Cabinet Order as prescribed in Article 7, paragraph 2 of the Act shall be the following.
 - (i) Agent work, etc. for specified mandated acts pertaining to the management or disposition of property listed in item (iii) of the middle column of the row of persons listed in Article 2, paragraph 2, item (xl) in the table of Article 4, paragraph 1 of the Act, which amounts to not more than two million yen
 - (ii) In addition to what are listed in the preceding item, agent work, etc. for specified mandated acts specified by an ordinance of the competent ministries for which records prescribed in Article 7, paragraph 2 of the Act need not be prepared for recognizing the transfer of property

Article 14 (Methods, etc. for Reports of Suspicious Transactions, etc.)

- (1) A specified business operator who intends to make a report of suspicious transactions shall do so in accordance with the form specified by an ordinance of the competent ministries in writing or by other means specified by an ordinance of the competent ministries.
- (2) The matters specified by a Cabinet Order as prescribed in Article 9, paragraph 1 of the Act shall be the following.
 - (i) The name and location of the specified business operator who makes a report of suspicious transactions
 - (ii) The date and the place that the transaction subject to the obligation to make a report of suspicious transactions (hereinafter referred to as a "subject transaction" in this Article) took place
 - (iii) The contents of the business affairs in which the subject transaction took place
 - (iv) The contents of the property pertaining to the subject transaction
 - (v) The name and address or location of the customer, etc. or representative person, etc. pertaining to the subject transaction
 - (vi) The reasons for making a report of suspicious transactions
 - (vii) Other matters specified by an ordinance of the competent ministries

Article 15 (Methods for Foreign Exchange Transactions Not Subject to the Obligation of Notification)

The methods specified by a Cabinet Order as prescribed in Article 10, paragraph 1 of the Act shall be the writing of checks or negotiable instruments or other methods specified by an ordinance of the competent ministries as being equivalent thereto.

Article 16 (Methods for Requesting Consultation)

A request for consultation under Article 17, paragraph 5 of the Act shall be made in writing or by way of telecommunications using facsimile.

Article 17 (Delegation of Authority to Area Public Safety Commissions)

The affairs within the authority of the Hokkaido Public Safety Commission under the provisions of the Act shall be carried out by the relevant Area Public Safety Commissions in the areas other than those including the location of the Hokkaido Police Headquarters. In this case, the notification to the National Public Safety Commission under Article 9, paragraph 3 of the Act shall be made via the Hokkaido Public Safety Commission.

Article 18 (Delegation of Authority to Conduct Inspection, etc. to Securities and Exchange Surveillance Commission)

- (1) Part of the authority delegated to the Commissioner of the Financial Services Agency pursuant to Article 20, paragraph 5 of the Act (excluding the part delegated to the Securities and Exchange Surveillance Commission pursuant to paragraph 6 of the same Article), which is prescribed in Article 13, and Article 14, paragraph 1 of the Act and which is to be exercised with regard to any of the specified business operators listed in Article 2, paragraph 2, items (xxi), (xxx), and (xxxi) of the Act, shall be delegated to the Securities and Exchange Surveillance Commission; provided, however, that this shall not preclude the Commissioner of the Financial Services Agency from exercising him/herself the authority to order the submission of reports or materials.
- (2) The Securities and Exchange Surveillance Commission shall, when having exercised the authority delegated under the preceding paragraph, report the result thereof to the Commissioner of the Financial Services Agency.

Article 19 (Delegation, etc. of Authority of Administrative Agency for Transactions Involving Banks, etc.)

- (1) Part of the authority delegated to the Commissioner of the Financial Services Agency pursuant to Article 20, paragraph 5 of the Act (hereinafter referred to as the "authority of the Commissioner of the Financial Services Agency"), which is prescribed in Article 13, Article 14, paragraph 1, Article 15 and Article 16 of the Act (excluding the part concerning the matters pertaining to registered financial institution business (which means registered financial institution business prescribed in Article 20, paragraph 3 of the Act; the same shall apply in the following paragraph); hereinafter referred to as the "authority of the Commissioner of the Financial Services Agency to conduct an inspection or order rectification, etc.") and which is to be exercised with regard to any of the specified business operators listed in Article 2, paragraph 2, items (i), (ii), (vi), (xxiii) and (xxiv) (hereinafter referred to as a "bank, etc." in this Article), shall be delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the location of its head office (including the principal branch office of a foreign bank prescribed in Article 47, paragraph 1 of the Banking Act and the principal branch office prescribed in Article 53, paragraph 1 of the Trust Business Act (Act No. 154 of 2004)) or its principal office or business office (hereinafter referred to as the "head office, etc." in this Article) (in the case where the said location exists within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this shall not preclude the Commissioner of the Financial Services Agency from exercising the authority him/herself.
- (2) Part of the authority of the Commissioner of the Financial Services Agency, which is prescribed in Article 13 and Article 14, paragraph 1 of the Act (excluding the part concerning the matters pertaining to registered financial institution business; hereinafter referred to as the "authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc.") and which is to be exercised with regard to an office or a business office or facility other than the head office, etc. (hereinafter referred to as a "branch office, etc.") of a bank, etc., may be exercised not only by the Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph but also by the Director-General of the Local Finance Bureau who has jurisdiction over the location of the branch office, etc. (in the case where the said location exists within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau).
- (3) The Director-General of the Local Finance Bureau or the Director-General of the Fukuoka Local Finance Branch Bureau who has requested a branch office, etc. of a bank, etc. to submit reports or materials or asked questions or conducted an on-site inspection thereof (hereinafter referred to as an "inspection, etc." in this paragraph) may, when he/she finds it necessary to conduct an inspection, etc. with regard to the head office, etc. of the bank, etc. or its branch office, etc. other than the said branch office, etc., conduct an inspection, etc. with regard to the said head office, etc. or another branch office, etc.

Article 20 (Delegation, etc. of Authority of Administrative Agency for Transactions Involving Labor Banks, etc.)

- (1) The Commissioner of the Financial Services Agency and the Minister of Health, Labour and Welfare shall not, upon exercising their authority prescribed in Article 13 and Article 14, paragraph 1 of the Act (in the case of the Commissioner of the Financial Services Agency, the authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc.) with regard to any of the specified business operators listed in Article 2, paragraph 2, items (iv) and (v) of the Act, be precluded from exercising their authority independently.



- (2) The Commissioner of the Financial Services Agency shall, when having exercised his/her authority independently pursuant to the preceding paragraph, promptly notify the Minister of Health, Labour and Welfare of the result thereof.
- (3) The Minister of Health, Labour and Welfare shall, when having exercised his/her authority independently pursuant to paragraph 1, promptly notify the Commissioner of the Financial Services Agency of the result thereof.
- (4) The authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc. which is to be exercised with regard to a specified business operator listed in Article 2, paragraph 2, item (iv) of the Act shall be delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the location of its principal office (in the case where the said location exists within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this shall not preclude the Commissioner of the Financial Services Agency from exercising the authority him/herself.
- (5) The affairs within the authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc. or the authority of the Minister of Health, Labour and Welfare prescribed in Article 13 and Article 14, paragraph 1 of the Act, which is to be exercised with regard to a specified business operator listed in Article 2, paragraph 2, item (iv) of the Act, shall be administered by the prefectural governor, if they are related to a specified business operator listed in Article 2, paragraph 2, item (iv) of the Act whose service area is within the boundary of a single prefecture (hereinafter referred to as a "prefectural labor bank" in this Article); provided however, that this shall not preclude the Commissioner of the Financial Services Agency or the Minister of Health, Labour and Welfare from exercising the authority themselves.
- (6) Where a prefectural governor has, based on the main clause of the preceding paragraph, collected reports from a prefectural labor bank or requested it to submit materials pursuant to Article 13 of the Act, or inspected a prefectural labor bank pursuant to Article 14, paragraph 1 of the Act, he/she shall report the result thereof to the Commissioner of the Financial Services Agency and the Minister of Health, Labour and Welfare.
- (7) The business of receiving a report of suspicious transactions by a specified business operator listed in Article 2, paragraph 2, item (iv) of the Act shall be carried out by the prefectural governor if it is related to a prefectural labor bank.

Article 21 (Delegation, etc. of Authority of Administrative Agency for Transactions Involving Agricultural Cooperatives, etc.)

- (1) The Commissioner of the Financial Services Agency and the Minister of Agriculture, Forestry and Fisheries shall not, upon exercising their authority prescribed in Article 13 and Article 14, paragraph 1 of the Act (in the case of the Commissioner of the Financial Services Agency, the authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc.) with regard to any of the specified business operators listed in Article 2, paragraph 2, items (viii) and (ix) of the Act (hereinafter referred to as an "agricultural cooperative, etc." in this Article) or the specified business operators listed in items (x) to (xiii) of the same paragraph (hereinafter referred to as a "fishery cooperative, etc." in this Article), be precluded from exercising their authority independently. In this case, the provisions of paragraph 2 and paragraph 3 of the preceding Article shall apply mutatis mutandis.
- (2) The authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc. with regard to an agricultural cooperative, etc. and a fishery cooperative, etc. shall be delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the location of its principal office (in the case where the said location exists within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this shall not preclude the Commissioner of the Financial Services Agency from exercising the authority him/herself.
- (3) The authority of the Minister of Agriculture, Forestry and Fisheries prescribed in Article 13 and Article 14, paragraph 1 of the Act, which is to be exercised with regard to an agricultural cooperative, etc. (limited to the part to be exercised with regard to an agricultural cooperative, etc. whose service area is within the jurisdictional district of a Regional Agricultural Administration Office (hereinafter referred to as a "regional agricultural cooperative" in this paragraph)), shall be delegated to the Director-General of the Regional Agricultural Administration Office who has jurisdiction over the location of the principal office of the regional agricultural cooperative; provided however, that this shall not preclude the Minister of Agriculture, Forestry and Fisheries from exercising the authority him/herself.
- (4) The affairs within the authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc. or the

authority of the Minister of Agriculture, Forestry and Fisheries prescribed in Article 13 and Article 14, paragraph 1 of the Act, which is to be exercised with regard to an agricultural cooperative, etc. and fishery cooperative, etc., shall be administered by the prefectural governor, if they are related to any of the specified business operators listed in Article 2, paragraph 2, item (ix), item (xi), or item (xiii) whose service area is within the prefectural boundary (hereinafter referred to as a "prefectural federation" in this Article); provided however, that this shall not preclude the Commissioner of the Financial Services Agency or the Minister of Agriculture, Forestry and Fisheries from exercising the authority themselves.

- (5) Where a prefectural governor has, based on the main clause of the preceding paragraph, collected reports from a prefectural federation or requested it to submit materials pursuant to Article 13 of the Act, or inspected a prefectural federation pursuant to Article 14, paragraph 1 of the Act, he/she shall report the result thereof to the Commissioner of the Financial Services Agency and the Minister of Agriculture, Forestry and Fisheries.
- (6) The Commissioner of the Financial Services Agency and the Minister of Agriculture, Forestry and Fisheries shall, when having collected reports from a prefectural federation or requested it to submit materials pursuant to Article 13 of the Act, or having inspected a prefectural federation pursuant to Article 14, paragraph 1 of the Act, notify the relevant prefectural governor of the result thereof.

Article 22 (Exercise of Authority by Administrative Agency for Transactions Involving Norinchukin Bank)

The Commissioner of the Financial Services Agency and the Minister of Agriculture, Forestry and Fisheries shall not, upon exercising their authority prescribed in Article 13 and Article 14, paragraph 1 of the Act (in the case of the Commissioner of the Financial Services Agency, the authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc.) with regard to a specified business operator listed in Article 2, paragraph 2, item (xiv) of the Act, be precluded from exercising their authority independently. In this case, the provisions of Article 20, paragraph 2 and paragraph 3 shall apply mutatis mutandis.

Article 23 (Delegation, etc. of Authority of Administrative Agency for Transactions Involving Insurance Companies, etc.)

- (1) The authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc. with regard to any of the specified business operators listed in Article 2, paragraph 2, items (xvi) and (xvii) of the Act and the authority of the Commissioner of the Financial Services Agency to conduct an inspection or order rectification, etc. with regard to a specified business operator listed in item (xviii) of the same paragraph shall be delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the location of its head office or principal office or its principal branch in Japan prescribed in Article 187, paragraph 1, item (iv) of the Insurance Business Act (hereinafter referred to as the "head office, etc." in this Article) (in the case where the said location exists within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this shall not preclude the Commissioner of the Financial Services Agency from exercising the authority him/herself.
- (2) The provisions of Article 19, paragraph 2 and paragraph 3 shall apply mutatis mutandis to the authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc., which is to be exercised with regard to an office or a business office or facility other than the head office, etc. of any of the specified business operators listed in Article 2, paragraph 2, items (xvi) to (xviii) of the Act.

Article 24 (Delegation, etc. of Authority of Administrative Agency for Transactions Involving Financial Instruments Business Operators, etc.)

- (1) Part of the authority of the Commissioner of the Financial Services Agency, which is prescribed in Article 13, Article 15 and Article 16 of the Act and which is to be exercised with regard to any of the specified business operators listed in Article 2, paragraph 2, items (i) to (xvii), and items (xxvi) and (xxviii) of the Act (limited to those who have obtained the registration prescribed in Article 33-2 of the Financial Instruments and Exchange Act) and the specified business operators listed in items (xx) to (xxii) of the same paragraph (hereinafter referred to as a "financial instruments business operator, etc." in this Article), shall be delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the location of its head office or principal office (in the case of a foreign legal person or an individual who has his/her address in a foreign country, its principal business office or office in Japan; hereinafter referred to as the "head office, etc." in this Article) (in the case where the said location



exists within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this shall not preclude the Commissioner of the Financial Services Agency from exercising the authority him/herself.

- (2) The provisions of Article 19, paragraph 2 and paragraph 3 shall apply mutatis mutandis to the part of the authority of the Commissioner of the Financial Services Agency which is prescribed in Article 13 of the Act and is to be exercised with regard to a business office or an office or facility other than the head office, etc. (hereinafter referred to as a "branch office, etc." in this Article) of a financial instruments business operator, etc.
- (3) Part of the authority of the Commissioner of the Financial Services Agency delegated to the Securities and Exchange Surveillance Commission pursuant to Article 20, paragraph 6 of the Act and the authority delegated to the Securities and Exchange Surveillance Commission pursuant to Article 18, paragraph 1 (limited to the authority to be exercised with regard to a specified business operator listed in Article 2, paragraph 2, item (xxi) of the Act) shall be delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the location of the head office, etc. of a financial instruments business operator, etc. (in the case where the said location exists within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this shall not preclude the Securities and Exchange Surveillance Commission from exercising the authority itself.
- (4) Part of the authority of the Securities and Exchange Surveillance Commission, which is prescribed in the preceding paragraph and is to be exercised with regard to a branch office, etc. of a financial instruments business operator, etc., may be exercised not only by the Director-General of the Local Finance Bureau or Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the preceding paragraph but also by the Director-General of the Local Finance Bureau who has jurisdiction over the location of the said branch office, etc. (in the case where the said location exists within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau).
- (5) The Director-General of the Local Finance Bureau or Director-General of the Fukuoka Local Finance Branch Bureau who has requested the branch office, etc. of a financial instruments business operator, etc. to submit reports or materials or has asked questions or conducted an on-site inspection thereof (hereinafter referred to as an "inspection, etc." in this paragraph) pursuant to the preceding paragraph may, when he/she finds it necessary to conduct an inspection, etc. of the head office, etc. of the said financial instruments business operator, etc. or its branch office, etc. other than the said branch office, etc., conduct an inspection, etc. of the said head office, etc. or other branch office, etc.
- (6) The provisions of paragraph 3 shall not apply to the authority of the Securities and Exchange Surveillance Commission prescribed in the same paragraph with regard to a financial instruments business operator, etc. designated by the Securities and Exchange Surveillance Commission. In this case, with regard to the application of the provisions of paragraph 4, the term "Director-General of the Local Finance Bureau and Director-General of the Fukuoka Local Finance Branch Bureau prescribed in the same paragraph" shall be deemed to be replaced with "Securities and Exchange Surveillance Commission."
- (7) The Securities and Exchange Surveillance Commission shall, when having made a designation under the preceding paragraph, give notice to that effect. The same shall apply where the Securities and Exchange Surveillance Commission has rescinded it.

Article 25 (Delegation, etc. of Authority of Administrative Agency for Transactions Involving Real Estate Specified Joint Enterprise Operators)

- (1) The authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc., which is to be exercised with regard to a specified business operator listed in Article 2, paragraph 2, item (xxv) of the Act (hereinafter referred to as a "real estate specified joint enterprise operator" in this Article), shall be delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the location of its principal office (in the case where the said location exists within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this shall not preclude the Commissioner of the Financial Services Agency from exercising the authority him/herself.
- (2) The provisions of Article 19, paragraph 2 and paragraph 3 shall apply mutatis mutandis to the part of the authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc., which is to be exercised with regard to an office other than the principal office of a real estate specified joint enterprise operator.

- (3) The affairs within the authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc. and the authority of the Minister of Land, Infrastructure and Transport prescribed in Article 13 and Article 14, paragraph 1 of the Act, which is to be exercised with regard to a real estate specified joint enterprise operator, shall be administered by the relevant prefectural governor, if they are to be administered within the boundary of a prefecture; provided however, that this shall not preclude the Commissioner of the Financial Services Agency and the Minister of Land, Infrastructure and Transport from exercising the authority themselves.
- (4) Where a prefectural governor has, based on the main clause of the preceding paragraph, collected reports from a real estate specified joint enterprise operator or requested it to submit materials pursuant to Article 13 of the Act, or inspected a real estate specified joint enterprise operator pursuant to Article 14, paragraph 1 of the Act, he/she shall report the result thereof to the Commissioner of the Financial Services Agency and the Minister of Land, Infrastructure and Transport.
- (5) The business of receiving a report of suspicious transactions by a real estate specified joint enterprise operator shall be administered by a prefectural governor if it is related to a person who has obtained a license from the prefectural governor prescribed in Article 3, paragraph 1 of the Real Estate Specified Joint Enterprise Act.

Article 26 (Delegation, etc. of Authority of Administrative Agency for Transactions Involving Money Lenders)

- (1) The authority of the Commissioner of the Financial Services Agency to conduct an inspection or order rectification, etc., which is to be exercised with regard to a specified business operator listed in Article 2, paragraph 2, item (xxvii) of the Act (hereinafter referred to as a "money lender" in this Article), shall be delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the location of its principal business office or office (hereinafter referred to as the "principal business office, etc." in this Article) (in the case where the said location exists within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this shall not preclude the Commissioner of the Financial Services Agency from exercising the authority him/herself.
- (2) The provisions of Article 19, paragraph 2 and paragraph 3 shall apply mutatis mutandis to the part of the authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc., which is to be exercised with regard to a business office or office other than the principal business office, etc. of a money lender.
- (3) The affairs within the authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc. shall be administered by a prefectural governor if they are related to a person who has obtained registration from the prefectural governor under Article 3, paragraph 1 of the Money Lending Business Act (hereinafter referred to as a "prefectural money lender" in this Article); provided, however, that this shall not preclude the Commissioner of the Financial Services Agency from exercising the authority him/herself.
- (4) Where a prefectural governor has, based on the main clause of the preceding paragraph, collected reports from a prefectural money lender or requested it to submit materials pursuant to Article 13 of the Act, or inspected a prefectural money lender pursuant to Article 14, paragraph 1 of the Act, he/she shall report the result thereof to the Commissioner of the Financial Services Agency.
- (5) The business of receiving a report of suspicious transactions by a money lender shall be administered by a prefectural governor if it is related to a prefectural money lender.

Article 27 (Delegation, etc. of Authority of Administrative Agency for Transactions Involving Futures Commission Merchants)

- (1) The authority of the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry prescribed in Article 13, Article 14, paragraph 1, Article 15 and Article 16 of the Act, which is to be exercised with regard to a specified business operator listed in Article 2, paragraph 2, item (xxix) of the Act (hereinafter referred to as a "futures commission merchant" in this Article), shall be delegated to the Director-General of the Regional Agricultural Administration Office and the Director-General of the Regional Bureau of Economy, Trade and Industry who have jurisdiction over the location of its head office (in the case of a corporation established in accordance with laws and regulations of a foreign state, its principal business office in Japan; hereinafter the same shall apply in this Article); provided, however, that this shall not preclude the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry from exercising the authority themselves.
- (2) Part of the authority of the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry



prescribed in Article 13 and Article 14, paragraph 1 of the Act, which is to be exercised with regard to a branch office or other business office of a futures commission merchant other than its head office (in the case of a corporation established in accordance with laws and regulations of a foreign state, its secondary business office in Japan; hereinafter referred to as a "branch office, etc." in this Article), may be exercised not only by the Director-General of the Regional Agricultural Administration Office and the Director-General of the Regional Bureau of Economy, Trade and Industry prescribed in the preceding paragraph but also by the Director-General of the Regional Agricultural Administration Office and the Director-General of the Regional Bureau of Economy, Trade and Industry who have jurisdiction over the location of the said branch office, etc.

- (3) The Director-General of the Regional Agricultural Administration Office and the Director-General of the Regional Bureau of Economy, Trade and Industry who have requested a branch office, etc. of a futures commission merchant to submit reports or materials or asked questions or have conducted an on-site inspection thereof (hereinafter referred to as an "inspection, etc." in this paragraph) pursuant to the preceding paragraph may, when they find it necessary to conduct an inspection, etc. with regard to the head office or a branch office, etc. other than the said branch office, etc. of the futures commission merchant, conduct an inspection, etc. with regard to the said head office or other branch office, etc.

Article 28 (Delegation, etc. of Authority of Administrative Agency for Transactions Involving Currency Exchangers)

- (1) The authority of the Minister of Finance prescribed in Article 14, paragraph 1 of the Act, which is to be exercised with regard to a specified business operator listed in Article 2, paragraph 2, item (xxxiii) of the Act (hereinafter referred to as a "currency exchanger" in this Article), shall be delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the location of its head office or principal office (in the case where the said location exists within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this shall not preclude the Minister of Finance from exercising the authority him/herself.
- (2) Part of the authority of the Minister of Finance prescribed in the preceding paragraph, which is to be exercised with regard to a business office or the office of a currency exchanger other than its head office or principal office (hereinafter referred to as a "branch office, etc." in this Article), may be exercised not only by the Director-General of the Local Finance Bureau prescribed in the same paragraph but also by the Director-General of the Local Finance Bureau who has jurisdiction over the location of the said branch office, etc. (in the case where the said location exists within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau).
- (3) The Director-General of the Local Finance Bureau or Director-General of the Fukuoka Local Finance Branch Bureau who has asked questions or conducted an on-site inspection with regard to the branch office, etc. of a currency exchanger pursuant to the preceding paragraph may, when he/she finds it necessary to ask questions or conduct an on-site inspection with regard to the head office or principal office or a branch office, etc. other than the said branch office, etc. of the currency exchanger, ask questions or conduct an on-site inspection with regard to the said head office or principal office or the said other branch office, etc.
- (4) The authority of the Minister of Finance prescribed in Article 13 of the Act which is to be exercised with regard to a currency exchanger may, to the extent necessary for the exercise of the authority delegated to the Director-General of the Local Finance Bureau and Director-General of the Fukuoka Local Finance Branch Bureau to ask questions or conduct an on-site inspection with regard to the currency exchanger pursuant to the preceding three paragraphs, also be exercised by the said Director-General of the Local Finance Bureau and Director-General of the Fukuoka Local Finance Branch Bureau.
- (5) The provisions of the preceding paragraphs shall not apply to the part of the authority of the Minister of Finance prescribed in paragraph 1, paragraph 2 and the preceding paragraph, which is to be exercised with regard to a money exchanger designated by the Minister of Finance.
- (6) The Minister of Finance shall, when having made a designation under the preceding paragraph, give notice to that effect. The same shall apply where the Minister has rescinded such designation.

Article 29 (Delegation, etc. of Authority of Administrative Agency for Transactions Involving Building Lots and Buildings Transaction Business Operators)

- (1) The authority of the Minister of Land, Infrastructure and Transport prescribed in Article 13, Article 14, paragraph 1, Article 15, and Article 16 of the Act, which is to be exercised with regard to a specified business operator listed in Article 2, paragraph 2,

item (xxxvi) of the Act (hereinafter referred to as a "building lots and buildings transaction business operator" in this Article), shall be delegated to the Director-General of the Regional Development Bureau and Director-General of the Hokkaido Development Bureau who have jurisdiction over the location of its head office or principal office; provided, however, that this shall not preclude the Minister of Land, Infrastructure and Transport from exercising the authority him/herself.

- (2) Part of the authority of the Minister of Land, Infrastructure and Transport prescribed in the preceding paragraph, which is to be exercised with regard to a branch office, secondary office or office listed in Article 1-2, item (ii) of the Order for Enforcement of the Building Lots and Buildings Transaction Business Act (Cabinet Order No. 383 of 1964) of a building lots and buildings transaction business operator (hereinafter referred to as a "branch office, etc." in this Article), may be exercised not only by the Director-General of the Regional Development Bureau and Director-General of the Hokkaido Development Bureau prescribed in the same paragraph but also by the Director-General of the Regional Development Bureau and Director-General of the Hokkaido Development Bureau who have jurisdiction over the location of the said branch office, etc.
- (3) The business of receiving a report of suspicious transactions by a building lots and buildings transaction business operator shall be administered by the Director-General of the Regional Development Bureau and Director-General of the Hokkaido Development Bureau prescribed in paragraph 1, if it is related to a person who has obtained a license from the Minister of Land, Infrastructure and Transport prescribed in Article 3, paragraph 1 of the Building Lots and Buildings Transaction Business Act (Act No. 176 of 1952).

Article 30 (Delegation, etc. of Authority of Administrative Agency for Transactions Involving Judicial Scriveners, etc.)

- (1) The authority of the Minister of Justice prescribed in Article 13, Article 14, paragraph 1, and Article 15 of the Act, which is to be exercised with regard to a specified business operator listed in Article 2, paragraph 2, item (xl) of the Act, shall be delegated to the Director-General of the Legal Affairs Bureau and Director-General of the District Legal Affairs Bureau who have jurisdiction over the location of its office (in the case of a judicial scrivener corporation, its principal office); provided, however, that this shall not preclude the Minister of Justice from exercising the authority him/herself.
- (2) Part of the authority of the Minister of Justice prescribed in the preceding paragraph, which is to be exercised with regard to an office of a specified business operator listed in Article 2, paragraph 2, item (xl) of the Act (limited to judicial scrivener corporations; the same shall apply in the following paragraph) other than its principal office (hereinafter referred to as a "secondary office" in this Article), may be exercised not only by the Director-General of the Legal Affairs Bureau and Director-General of the District Legal Affairs Bureau prescribed in the preceding paragraph but also by the Director-General of the Legal Affairs Bureau and Director-General of the District Legal Affairs Bureau who have jurisdiction over the location of the said secondary office.
- (3) The Director-General of the Legal Affairs Bureau or Director-General of the District Legal Affairs Bureau who has requested a secondary office of a specified business operator listed in Article 2, paragraph 2, item (xl) of the Act to submit reports or materials, asked questions or conducted an on-site inspection thereof, or provided guidance or advice or made suggestions (hereinafter referred to as to "conduct an inspection and provide guidance, etc." in this Article and the following Article) pursuant to the preceding paragraph may, when he/she finds it necessary to conduct an inspection and provide guidance, etc. with regard to its principal office or a secondary office other than the said secondary office, conduct an inspection and provide guidance, etc. with regard to the said principal office or other secondary office.

Article 31 (Delegation, etc. of Authority of Administrative Agency for Transactions Involving Certified Tax Accountants, etc.)

- (1) The authority of the Minister of Finance prescribed in Article 13, Article 14, paragraph 1, and Article 15 of the Act, which is to be exercised with regard to a specified business operator listed in Article 2, paragraph 2, item (xliii) of the Act, shall be delegated to the Commissioner of the National Tax Agency; provided, however, that this shall not preclude the Minister of Finance from exercising the authority him/herself.
- (2) The authority delegated to the Commissioner of the National Tax Agency pursuant to the preceding paragraph shall be delegated to the director of the Regional Taxation Bureau and the chief of the tax office who have jurisdiction over the location of an office of the said specified business operator (in the case of a certified tax accountant corporation, its principal office); provided, however, that this shall not preclude the Commissioner of the National Tax Agency from exercising the authority him/herself.
- (3) Part of the authority of the Minister of Finance prescribed in paragraph 1, which is to be exercised with regard to an office of a



specified business operator listed in Article 2, paragraph 2, item (xlili) of the Act (limited to certified tax accountant corporations; the same shall apply in the following paragraph) other than its principal office (hereinafter referred to as a "secondary office" in this Article), may be exercised not only by the director of the Regional Taxation Bureau and the chief of the tax office prescribed in the preceding paragraph but also by the director of the Regional Taxation Bureau and the chief of the tax office who have jurisdiction over the location of the said secondary office.

- (4) The director of the Regional Taxation Bureau and the chief of the tax office who have conducted an inspection and provided guidance, etc. with regard to the secondary office of a specified business operator listed in Article 2, paragraph 2, item (xlili) of the Act pursuant to the preceding paragraph may, when he/she finds it necessary to conduct an inspection and provide guidance, etc. with regard to a principal office or secondary office other than the said secondary office of the specified business operator, conduct an inspection and provide guidance with regard to the said principal office or other secondary office.

Article 32 (Delegation, etc. of Authority of Administrative Agency for Obligation of Notification pertaining to Foreign Exchange Transactions)

- (1) The administrative agency for the matters prescribed in Article 10 of the Act with regard to a specified business operator prescribed in Article 10, paragraph 1 of the Act (hereinafter referred to as a "foreign exchange dealer" in this Article) shall not, upon exercising its authority prescribed in Article 13 and Article 14, paragraph 1 of the Act (in the case of the Commissioner of the Financial Services Agency, the authority of the Commissioner of the Financial Services Agency to conduct an inspection, etc.) with regard to the said foreign exchange dealer, be precluded from exercising its authority independently.
- (2) The administrative agency prescribed in the preceding paragraph shall, when having exercised its authority independently pursuant to the same paragraph, promptly notify the result thereof to any other administrative agency which has the authority with regard to the said foreign exchange dealer.
- (3) Part of the authority of the Minister of Finance as the administrative agency prescribed in paragraph 1 which is prescribed in Article 14, paragraph 1 of the Act shall be delegated to the Director-General of the Local Finance Bureau who has jurisdiction over the location of the head office or principal office of a foreign exchange dealer (in the case where the said location exists within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau); provided, however, that this shall not preclude the Minister of Finance from exercising the authority him/herself.
- (4) Part of the authority of the Minister of Finance prescribed in the preceding paragraph, which is to be exercised with regard to a business office or the office of a foreign exchange dealer other than its head office or principal office (hereinafter referred to as a "branch office, etc." in this Article), may be exercised not only by the Director-General of the Local Finance Bureau prescribed in the same paragraph but also by the Director-General of the Local Finance Bureau who has jurisdiction over the location of the said branch office, etc. (in the case where the said location exists within the jurisdictional district of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau).
- (5) The Director-General of the Local Finance Bureau or Director-General of the Fukuoka Local Finance Branch Bureau who has asked questions or conducted an on-site inspection with regard to a branch office, etc. of a foreign exchange dealer pursuant to the preceding paragraph may, when he/she finds it necessary to ask questions or conduct an on-site inspection with regard to the head office or principal office or a branch office, etc. other than the said branch office, etc., ask questions or conduct an on-site inspection with regard to the said head office or principal office or the said other branch office, etc.
- (6) Part of the authority of the Minister of Finance as the administrative agency prescribed in paragraph 1 which is prescribed in Article 13 of the Act may, to the extent necessary for the exercise of the authority delegated to the Director-General of the Local Finance Bureau and Director-General of the Fukuoka Local Finance Branch Bureau to ask questions or conduct an on-site inspection with regard to a foreign exchange dealer pursuant to the preceding three paragraphs, also be exercised by the said Director-General of the Local Finance Bureau and Director-General of the Fukuoka Local Finance Branch Bureau.
- (7) The provisions of paragraph 3 to the preceding paragraph shall not apply to the authority of the Minister of Finance prescribed in paragraph 3, paragraph 4 and the preceding paragraph with regard to a foreign exchange dealer designated by the Minister of Finance.
- (8) The provisions of Article 28, paragraph 6 shall apply mutatis mutandis to the designation under the preceding paragraph.

Article 33 (Statutory Entrusted Affairs, etc.)

- (1) The affairs to be administered by prefectural governments pursuant to Article 20, paragraphs 5 to 7, Article 21, paragraphs 4 and 5, Article 25, paragraphs 3 to 5, and Article 26, paragraphs 3 to 5 shall be item 1 statutory entrusted affairs prescribed in Article 2, paragraph 9, item (i) of the Local Autonomy Act (Act No. 67 of 1947).
- (2) Where a prefectural governor is to administer the affairs prescribed in the preceding paragraph, the provisions of the Act concerning an administrative agency with regard to the affairs prescribed in the same paragraph shall be applied to prefectural governors as the provisions applicable to prefectural governors.

Supplementary provisions skip

Ordinance for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds

(Ordinance for Enforcement No. 1 1 February, 2008)

Article 1 (Matters Specified by a Cabinet Order as Prescribed in Article 3, item (i) of the Order)

- (1) Matters specified by a Cabinet Order for Enforcement of the Act on Prevention of Transfer of Criminal Proceeds (hereinafter referred to as the "Order") as prescribed in Article 3, item (i) is a leasing contract in which there is no clause stating that the contract cannot be cancelled, and in which a lessee is to pay almost all of the payment for the unpaid leasing term in case of breach or cancellation of the contract.
- (2) The leasing of machinery and any other articles where the total of the expenses paid by a person who receives the leasing service during the leasing term (limited to the term during which the contract pertaining to the leasing of the said machinery and articles may not be cancelled) exceeds the amount almost equivalent to 90% of the value usually needed for obtaining such machinery or- article shall fall under the scope of the leasing contract in which the person is expected to bear substantial expenses resulting from the use of the articles set forth in Article 3, item (ii) of the Order.

Article 2 (Contracts pertaining to Persons Excluded from the Scope of Beneficiaries of Trust)

The contracts specified by an ordinance of the competent ministries as prescribed in Article 5 of the Order shall be the following:

- (i) Qualified retirement pension contract prescribed in Article 20, paragraph 3 of the Supplementary Provisions of the Corporation Tax Act (Act No. 34 of 1965) (hereinafter referred to as a "qualified retirement pension contract")
- (ii) Trust contract implemented as a measure prescribed in Article 3 or Article 5 of the Act on Securing of Payment of Salaries, etc. (Act No. 34 of 1976)
- (iii) Trust contract for the management and disposal of securities and money to appropriate them for the payment of a retirement allowance, etc. prescribed in Article 30, paragraph 1 of the Income Tax Act (Act No. 33 of 1965)
- (iv) Trust contract in which money deducted from salaries, etc. (which means salaries, etc. prescribed in Article 28, paragraph 1 of the Income Tax Act) of an employee (including an officer of a legal person; the same shall apply hereinafter) is treated as trust money
- (v) Trust contract pertaining to a public trust prescribed in Article 1 of the Act on Public Trust (Act No. 62 of 1922)
- (vi) Contract for a trust prescribed in Article 130-2, paragraph 1 and paragraph 2 of the Welfare Pension Insurance Act (Act No. 115 of 1954) (including the cases where it is applied mutatis mutandis pursuant to Article 136-3, paragraph 2 of the same Act) as well as in Article 136-3, paragraph 1, item (i) and item (v), (f) of the same Act, which is concluded by a welfare pension fund, contract for a trust prescribed in Article 159-2, paragraph 1 and paragraph 2 of the same Act, in Article 136-3, paragraph 1, item (i) and item (v), (f) of the same Act as applied mutatis mutandis pursuant to Article 164, paragraph 3 of the same Act, in Article 130-2, paragraph 2 of the same Act as applied mutatis mutandis pursuant to Article 136-3, paragraph 2 of the same Act as applied mutatis mutandis pursuant to Article 164, paragraph 3 of the same Act, as well as in Article 65, paragraph 1, item (i) of the Defined-Benefit Corporate Pension Act (Act No. 50 of 2001) under Article 66, paragraph 1 of the same Act as applied mutatis mutandis pursuant to Article 91-7 of the same Act, and in Article 66, paragraph 2 of the same Act as applied mutatis mutandis pursuant to Article 91-7 of the same Act, which is concluded by the Pension Fund Association, contract for a trust prescribed in Article 128, paragraph 3 of the National Pension Act (Act No. 141 of 1959) and in Article 30, paragraph 1, item (i) and item (v), (f) and paragraph 2 of the National Pension Fund Order (Cabinet Order No. 304 of 1990), which is concluded by a national pension fund, contract for a trust prescribed in Article 317-15, paragraph 4 of the National Pension Act and in Article 30, paragraph 1, item (i) and item (v), (f) and paragraph 2 of the National Pension Fund Order as applied mutatis mutandis pursuant to Article 51, paragraph 1 of the same Order, which is concluded by the National Pension Fund Association, and contract for a trust prescribed in Article 21, paragraph 1, item (iii) of the Government Pension Investment Fund Act (Act No. 105 of 2004), which is concluded by the Government Pension Investment Fund

Article 3 (Identification Methods)

- (1) The methods specified by an ordinance of the competent ministries as prescribed in Article 4, paragraph 1 of the Act on Prevention of Transfer of Criminal Proceeds (hereinafter referred to as "the Act") shall, according to the categories of customers, etc. listed in the following items (which means customers, etc. prescribed in the same paragraph, including natural persons who shall be deemed to be a customer, etc. pursuant to paragraph 3 of the same Article (hereinafter referred to as "deemed-customer(s), etc."); the same shall apply hereinafter) or representative persons, etc. (which means representative persons, etc. pre-

scribed in paragraph 2 of the same Article; the same shall apply hereinafter), be the methods specified in the respective items:

- (i) A customer, etc. (excluding those listed in the following item) or representative person, etc. who is a natural person: any of the following methods:
 - (a) Having the customer, etc. or representative person, etc. present his/her identification document (which means any of the documents prescribed in the following Article; the same shall apply hereinafter), which is specified in item (i) or item (iv) of the same Article (excluding those listed in item (i), (b) and (g) of the same Article) (excluding the case where the representative person, etc. presents the document of the said customer, etc. listed in item (i), (f) of the same Article (excluding those for which the issuance has taken place only once; the same shall apply in (b)))
 - (b) Having the customer, etc. or representative person, etc. present his/her identification document listed in item 1 (b), (f) or (g) of the following Article (in the case of the presentation of the document listed in (f) of the same item, limited to the case where the representative person, etc. presents the said document of the said customer, etc.), and then sending the deposit passbook and any other document pertaining to the transaction with the said customer, etc. or representative person, etc. (hereinafter referred to as the "documents pertaining to the transaction") to the residence of the customer, etc. or representative person, etc. indicated in the said identification document by registered mail or other mail for which the acceptance and delivery shall be recorded or other mail equivalent thereto (hereinafter referred to as "registered mail, etc.") as a postal item which shall not be forwarded or any other postal item equivalent thereto (hereinafter referred to as "postal item requiring no forwarding, etc.")
 - (c) Having the customer, etc. or representative person, etc. send his/her identification document or a copy thereof specified in item (i) or item (iv) of the following Article or a copy thereof, receiving the said identification document or a copy thereof (including a copy made by a specified business operator (which means a specified business operator prescribed in Article 2, paragraph 2 of the Act; the same shall apply hereinafter)) and attaching such document to an identification record (which means an identification record prescribed in Article 6, paragraph 1 of the Act; the same shall apply hereinafter) pursuant to Article 9, and then sending the documents pertaining to the transaction to the residence of the customer, etc. or representative person, etc. indicated in the said identification document by registered mail, etc. as a postal item requiring no forwarding, etc.
 - (d) Sending the documents pertaining to the transaction to the said customer, etc. or representative person, etc. by mail to be delivered only to the addressee him/herself or a person designated by the sender to receive them on behalf of the addressee, or other mail equivalent thereto (limited to the case where measures have been taken for verifying the residence of the said customer, etc. or representative person, etc., having the identification document presented on behalf of the specified business operator, and communicating the matters listed in Article 10, paragraph 1, items (i), (iii) (except for matters in parenthesis), and (ix) to the specified business operator)
 - (e) Having the customer, etc. or representative person, etc. transmit an electronic certificate which is issued by a person accredited under Article 4, paragraph 1 of the Act on Electronic Signature and Authentication Services (Act No. 102 of 2000; hereinafter referred to as the "Electronic Signature Act" in this paragraph) and which is used for that person's authentication services (limited to those indicating the name, residence, and date of birth of the said customer, etc. or representative person, etc.), as well as information on the specified transaction (which means a specified transaction prescribed in Article 4, paragraph 1 of the Act; the same shall apply hereinafter) for which an electronic signature prescribed in Article 2, paragraph 1 of the Electronic Signature Act has been made with authentication by the said electronic certificate, and receiving such certificate or information
 - (f) Having the customer, etc. or representative person, etc. transmit an electronic certificate issued by a prefectural governor pursuant to Article 3, paragraph 6 of the Act on Electronic Signature Authentication Services by Local Public Entities (Act No. 153 of 2002; hereinafter referred to as the "Public Authentication Act" in this item) (hereinafter this certificate shall be referred to as a "public electronic certificate" in this item) as well as information on the specified transaction for which an electronic signature prescribed in Article 2, paragraph 1 of the Public Authentication Act has been made with authentication by the said public electronic certificate, and also transmit information on the application for specific authentication services (which means specific authentication services prescribed in Article 2, paragraph 3 of the Electronic Signature Act; the same shall apply in this item) for which an electronic signature prescribed in Article 2, paragraph 1 of the Public Authentication



Act has been made with authentication by the said public electronic certificate, and receiving such certificate or information simultaneously (limited to the case where a specified business operator is the signature verifier prescribed in Article 17, paragraph 4 of the Public Authentication Act; in this case, if the said specified business operator is an administrative organ, etc. prescribed in Article 17, paragraph 1 of the Public Authentication Act, it shall not be required to receive the information on the said application)

- (g) Having the customer, etc. or representative person, etc. transmit an electronic certificate, which is issued by a person who is accredited by the Minister of Internal Affairs and Communications as prescribed in Article 17, paragraph 1 of the Public Authentication Act and who is the signature verifier prescribed in paragraph 4 of the same Article, and which is used for specific authentication services performed by the said accredited person (limited to those indicating the name, residence and date of birth of the customer, etc. or representative person, etc., and also limited to those issued after the user identification set forth in Article 3, paragraph 3 of the same Act pertaining to the said customer, etc. or representative person, etc. has been conducted by receiving from him/her a public electronic certificate and information on application prescribed in (f) or by any other method prescribed in the items of Article 5, paragraph 1 of the Ordinance for Enforcement of the Act on Electronic Signature and Authentication Services (Ordinance of the Ministry of Internal Affairs and Communications, Ministry of Justice, and Ministry of Economy, Trade and Industry No. 2 of 2001)) as well as information on the specified transaction for which an electronic signature prescribed in Article 2, paragraph 1 of the Electronic Signature Act has been made with authentication by the said electronic certificate, and receiving such certificate or information
- (h) As for a transaction specified in Article 8, paragraph 1, item (i), (c) to (o) of the Order and items (ii) and (iii) of the same paragraph for which settlement is made by an account transfer via a specific deposit or savings account, verifying that another specified business operator pertaining to the said account has conducted customer identification (which means identification prescribed in Article 4, paragraph 1 of the Act; the same shall apply hereinafter) of the said customer, etc. or representative person, etc. on carrying out a transaction listed in Article 8, paragraph 1, item (i), (a) of the Order concerning the said deposit or savings account, and has preserved the customer identification records with regard to said identification (limited to the case where the specified business operator who intends to use this method has agreed with the said other specified business operator in advance to use this method)
- (ii) A customer, etc. who is a foreign national prescribed in Article 4, paragraph 1 of the Act (limited to a person pertaining to specified transactions listed in Article 5, paragraph 1, item (i)): having the said customer, etc. present his/her passport, etc. (which means a passport listed in Article 2, item (v) of the Immigration Control and Refugee Recognition Act (Act No. 319 of 1951) or a crew member's pocket-ledger listed in item (vi) of the same Article, limited to a passport, etc. indicating the name and the date of birth of the said natural person; the same shall apply hereinafter) which indicates the matters specified in Article 5, paragraph 1, item (i)
- (iii) A customer, etc. who is a legal person: any of the following methods:
 - (a) Having the representative person, etc. of the said legal person present his/her identification document specified in item (ii) or item (iv) of the following Article
 - (b) Having the representative person, etc. of the said legal person send his/her identification document or a copy thereof specified in item (ii) or item (iv) of the following Article, receiving the said identification document or a copy thereof (including a copy made by a specified business operator) and attaching such document to an identification record pursuant to Article 9, and then sending the documents pertaining to the transaction to the head office, principal office, branch office (including those that shall be deemed to be branch offices pursuant to Article 933, paragraph 3 of the Companies Act (Act No. 86 of 2005)) of the customer, etc. or the residence of the representative person in Japan of a foreign company that has no business office in Japan indicated in the said identification document, by registered mail, etc. as a postal item requiring no forwarding, etc.
 - (c) Having the representative person, etc. of the said legal person transmit an electronic certificate prepared by a registrar pursuant to Article 12-2, paragraph 1 and paragraph 3 of the Commercial Registration Act (Act No. 125 of 1963) as well as information on the specified transaction for which an electronic signature prescribed in Article 2, paragraph 1 of the Electronic Signature Act has been made with authentication by the said electronic certificate, and receiving such certificate or information

(d) Method listed in (h) of the preceding item

- (2) Where a specified business operator conducts identification with regard to a customer, etc. or representative person, etc. by any of the methods listed in item (i), (a) to (c) or item (iii), (a) or (b) of the preceding paragraph, if the residence or the location of the head office or principal office indicated in the identification document or a copy thereof presented or sent by the said customer, etc. or representative person, etc. is not the current one, or if the passport, etc. or the copy thereof presented or sent by the said customer, etc. or representative person, etc. does not indicate the residence of the said customer, etc. or representative person, etc., the specified business operator may verify the current residence or current location of the head office or principal office by having the customer, etc. or representative person, etc. present any of the following documents (limited to those on which the date of receipt is sealed or the date of issue is indicated, with such date being not more than six months before the day on which they are presented to or received by the specified business operator) or receiving the said documents or copies thereof (including copies made by the specified business operator) and attaching them to the identification record pursuant to Article 9:
- (i) An identification document
 - (ii) A receipt or tax payment certificate for national tax or local tax (excluding that listed in the preceding item)
 - (iii) A receipt for social insurance premiums prescribed in Article 74, paragraph 2 of the Income Tax Act (excluding that listed in item (i))
 - (iv) A receipt for public utility rates (which means rates for electricity, gas and tap water or other public utilities equivalent thereto supplied in Japan) (excluding that listed in item (i))
 - (v) In the case where the customer, etc. or representative person, etc. is a natural person, in addition to what is listed in the preceding items, a document issued by a public agency or another document similar thereto, which indicates the name and residence of the said customer, etc. or representative person, etc.
 - (vi) In addition to what is listed in item (i), a document issued by a foreign government recognized by the Japanese government or issued by an authorized international organization or another document similar thereto, which is equivalent to what is listed in the same item (in the case where the said customer, etc. or representative person, etc. is a natural person, limited to a document indicating his/her name and residence, and in the case of a legal person, limited to a document indicating its name and the location of its head office or principal office)
- (3) A specified business operator shall, when conducting identification with regard to a customer, etc. who is a legal person by a method listed in paragraph 1, item (iii), (b), have any of the documents listed in the items of the preceding paragraph (limited to those on which the date of receipt is sealed or the date of issue is indicated, with such date being not more than six months before the day on which they are presented to or received by the specified business operator) presented, or shall receive the said documents or copies thereof and attach the sent documents or copies thereof (including copies made by the specified business operator) to an identification record pursuant to Article 9, and he/she may send the documents pertaining to the transaction to the place that is deemed to be a business office of the said customer, etc. based on the said documents, instead of sending them to the place prescribed in paragraph 1, item (iii), (b) which is indicated in the said identification document.
- (4) A specified business operator shall, when conducting identification with regard to a deemed-customer, etc. by any of the methods listed in paragraph 1, item (i), (b) to (d), have any of the documents listed in the items of paragraph 2 (limited to those on which the date of receipt is sealed or the date of issue is indicated, with such date being not more than six months before the day on which they are presented to or received by the specified business operator) presented, or shall receive the said documents or copies thereof and attach the sent documents or copies thereof (including copies made by the specified business operator) to an identification record pursuant to Article 9, and he/she may send the documents pertaining to the transaction to the location pertaining to a person specified by a Cabinet Order as prescribed in Article 4, paragraph 3 of the Act (hereinafter referred to as the "State, etc.") (excluding those listed in Article 12, item (iii) or item (iv), or Article 8, items (vi) to (x) of the Order), to the place prescribed in paragraph 1, item (iii), (b), or to the place that is deemed to be a business office of the said State, etc. based on the said documents, instead of sending them to the residence of the said deemed-customer, etc.
- (5) A specified business operator may, when conducting the identification of a customer, etc. or representative person, etc. by any of the methods listed in paragraph 1, item (i), (b) or (c), or item (iii), (b), have its officer visit the residence of the customer, etc. or representative person, etc. indicated in the identification document or a copy thereof or the place prescribed in (b) of the same item, paragraph 3 or the preceding paragraph and deliver the documents pertaining to the transaction to the customer, etc.



or representative person, etc., instead of sending the documents pertaining to the transaction by registered mail, etc. as a postal item requiring no forwarding, etc.

- (6) Notwithstanding the provisions of the preceding paragraphs, with regard to transactions with the customer, etc. in the case where the term "identification" in the provisions of the items of Article 11, paragraph 1 of the Order is replaced with "identification equivalent to customer identification which was previously conducted on carrying out a transaction other than specified transactions (including those pertaining to business affairs other than specified business affairs prescribed in Article 4, paragraph 1 of the Act)" and the term "customer identification records" is replaced with "records equivalent to customer identification records," a specified business operator may verify that the identification equivalent to customer identification has already been conducted by a method prescribed in Article 7, paragraph 1 and may conduct the identification by way of preserving records equivalent to customer identification records as the customer identification records; provided, however, that this shall not apply to transactions equivalent to those listed in the items of Article 11, paragraph 2 of the Order.

Article 4 (Identification Documents)

The documents to be presented or sent to a specified business operator by the method prescribed in paragraph 1 of the preceding Article shall, according to the categories listed in the following items, be the documents specified in the respective items; provided, however, that the identification documents listed in item (i), (c) to (e) as well as the identification documents specified in item (iii), identification documents listed in item (i), (f) and (g), item (ii), (b) for which a valid period or expiration date is set, and the identification documents specified in item (iv) shall be limited to those which are valid as of the day on which the documents are presented to or received by the specified business operator, and any other identification documents shall be limited to those prepared not more than six months before the day on which they are presented to or received by the specified business operator:

- (i) A natural person (excluding those listed in items (iii) and (iv)): any of the following documents:
 - (a) A seal registration certificate concerning the seal affixed by the customer, etc. to the document of application or consent for carrying out a specified transaction
 - (b) A seal registration certificate (excluding that listed in (a)), a copy of an alien registration book, a certificate of the matters recorded in an alien registration book (which means a document prepared by the head of a local public entity to prove the matters recorded in an alien registration card), a transcript of or extract from a family register (limited to those accompanied by a copy of an appended card to the family register), a copy of a resident registration book or a certificate of the matters recorded in a resident registration book (which means a document prepared by the head of a local public entity to prove the name, address and other matters of an individual recorded in the basic resident register)
 - (c) An insurance certificate of National Health Insurance or other health insurance, seamen's insurance or long-term care insurance, the page of a health handbook prescribed in Article 13 of the Health Service Act for the Elderly (Act No. 80 of 1982) that proves the qualification for receiving medical care, a special insurance certificate for a day worker under the Health Insurance Act, a membership certificate of a national public service personnel mutual aid association or local public service personnel mutual aid association or a membership certificate of the mutual aid system for private school personnel (limited to those indicating the name, residence, and date of birth of the said natural person)
 - (d) A national pension handbook prescribed in Article 13, paragraph 1 of the National Pension Act, a certificate of child-rearing allowance, a certificate of special child-rearing allowance, a maternal and child health handbook, a physically disabled person's handbook, a mentally disabled person's health and welfare handbook, a rehabilitation handbook or a war injury and sickness handbook (limited to those indicating the name, residence, and date of birth of the said natural person)
 - (e) A driver's license prescribed in Article 92, paragraph 1 of the Road Traffic Act (Act No. 105 of 1960), a certificate of alien registration prescribed in Article 5, paragraph 1 of the Alien Registration Act (Act No. 125 of 1952), a basic resident register card prescribed in Article 30-44, paragraph 1 of the Basic Resident Register Act (Act No. 81 of 1967) (limited to those indicating the name, residence, and date of birth of the said natural person) or a passport, etc.
 - (f) In addition to what is listed in (a) to (e), a document issued by a public agency or another document similar thereto, which indicates the name, residence, and date of birth of the said natural person, and to which the public agency has affixed a photograph of the said natural person
 - (g) In addition to what is listed in (a) to (f), a document issued by a public agency or another document similar thereto, which

- indicates the name, residence, and date of birth of the said natural person
- (ii) A legal person (excluding those listed in item (iv); the same shall apply in this item): any of the following documents:
 - (a) A certificate of the registered matters concerning the registration of the establishment of the legal person (in the case where the said legal person has not yet registered its establishment, a document prepared by the head of the administrative organ having jurisdiction over the legal person to prove the name of the legal person and the location of its head office or principal office) or a seal registration certificate (limited to those indicating the name of the said legal person and the location of its head office or principal office)
 - (b) In addition to what is listed in (a), a document issued by a public agency or any other document similar thereto, which indicates the name of the said legal person and the location of its head office or principal office
 - (iii) A person listed in paragraph 1, item (ii) of the preceding Article: a passport, etc.
 - (iv) A foreign national (which means a natural person who does not have Japanese nationality; excluding those staying in Japan (excluding those staying in Japan in accordance with Article 9, paragraph 1 of the Agreement under Article VI of the Treaty of Mutual Cooperation and Security Between Japan and the United States of America, Regarding Facilities and Areas and Status of the United States Armed Forces in Japan, or Article 3, paragraph 1 of the Agreement on the Status of the United Nations Forces in Japan)), and a legal person having its head office or principal office in a foreign state: in addition to what is specified in items (i) and (ii), a document issued by a foreign government recognized by the Japanese government or issued by an authorized international organization or another document similar thereto, which is equivalent to what is specified in items (i) and (ii) (in the case of a natural person, limited to those indicating his/her name, residence, and date of birth, and in the case of a legal person, limited to those indicating its name and the location of its head office or principal office)

Article 5 (Identification Data in Lieu of Residence of Foreign Nationals with No Residence in Japan)

- (1) The matters specified by an ordinance of the competent ministries as prescribed in Article 4, paragraph 1 of the Act shall, according to the categories of specified transactions listed in the following items, be the matters specified in the respective items:
 - (i) Transactions listed in Article 8, paragraph 1, item (i), (p) or (v) of the Order or transactions specified in item (v) of the same paragraph (limited to those pertaining to cash and spot transactions): nationality and the number of the passport, etc.
 - (ii) Transactions other than those listed in the preceding item: residence
- (2) When carrying out transactions listed in item (i) of the preceding paragraph, if it is deemed that the period of stay permitted under the Immigration Control and Refugee Recognition Act does not exceed 90 days based on the seal of verification for landing, a crew member's landing permit or any other certificate equivalent thereto which indicates the term of stay (hereinafter referred to as a "seal of verification for landing, etc."), the person shall be deemed to have no residence in Japan as prescribed in Article 4, paragraph 1 of the Act.

Article 6 (Transactions Not Subject to Customer Identification)

- (1) The transactions specified by an ordinance of the competent ministries as prescribed in Article 8, paragraph 1 of the Order shall be the following:
 - (i) Commencement of the transaction of a trust or designation of a beneficiary pursuant to Article 43-2, paragraph 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948) among transactions listed in Article 8, paragraph 1, item (i), (c) or (d)
 - (ii) Transactions listed in Article 8, paragraph 1, item (i), (e), (f) or (h) of the Order which pertain to an insurance contract (which means an insurance contract prescribed in Article 8, paragraph 1, item (i), (g) of the Order; the same shall apply hereinafter) or a contract for mutual aid (which means a contract for mutual aid prescribed in (f) of the same item; the same shall apply hereinafter) (limited to those listed as follows):
 - (a) Contracts without any conditions requiring the payment of pensions (limited to those to be paid on the condition of proof of an individual's existence; the same shall apply hereinafter), maturity insurance money, maturity repayment, or maturity mutual aid money (hereinafter referred to as "conditions requiring the payment of maturity insurance money, etc.") (excluding contracts without any term limitation in which the payment is made on the condition of an individual's death and insur-



- ance or mutual aid premiums shall be paid in a lump sum)
- (b) Among contracts with conditions requiring the payment of maturity insurance money, etc., those in which the amount of money equivalent to 80% of the total amount of insurance premiums (including liability reserve, refund or any other fund accumulated for the insured of an existing contract prescribed in Article 53, paragraph 1, item (iv) of the Ordinance for Enforcement of the Insurance Business Act (Ordinance of the Ministry of Finance No. 5 of 1996) (including the case where it is applied mutatis mutandis pursuant to Article 160 of the same Ordinance)) or mutual aid premiums (including liability reserve, refund or any other fund accumulated for the insured of an existing contract) to be paid under the said insurance contract or contract for mutual aid exceeds the total of pensions, maturity insurance money, maturity repayment, and maturity mutual aid money (excluding insurance contracts listed in Article 74, item (i), (a) and item (iii) of the same Ordinance (excluding those listed in Article 83, item (i), (b) and (d)), insurance contracts listed in Article 153, item (i), (a) and item (iii) of the same Ordinance, contracts for mutual aid in which the amount of mutual aid money and any other benefits fluctuate based on the value of the property accounted for as that within separate accounts and any other contracts for mutual aid equivalent thereto)
- (iii) Transactions listed in Article 8, paragraph 1, item (i), (g) of the Order which pertain to the following:
- (a) Contracts listed in (a) or (b) of the preceding item
- (b) Qualified retirement pension contracts, group insurance contracts (which means insurance contracts in which money deducted from salaries, etc. of employees shall be treated as premiums; the same shall apply hereinafter), insurance contracts listed in Article 83, item (i), (a) to (e), or (i) to (l) of the same item, or contracts for mutual aid equivalent thereto
- (iv) Transactions listed in (i) of Article 8, paragraph 1, item (i) of the Order which are carried out on an exchange financial instruments market prescribed in Article 2, paragraph 17 of the Financial Instruments and Exchange Act, over-the-counter traded securities market prescribed in Article 67, paragraph 2 of the same Act, or any other market equivalent thereto in foreign countries (limited to countries or regions designated by the Commissioner of the Financial Services Agency) where the buying and selling of securities or foreign market transactions of derivatives prescribed in Article 2, paragraph 23 of the same Act are carried out, by way of participating in transactions on the said market based on the qualification to participate in transactions on the said market
- (v) Transactions listed in (i) or (k) of Article 8, paragraph 1, item (i) of the Order which are carried out between a specified business operator and the Bank of Japan and for which settlement is made by an account transfer at the Bank of Japan
- (vi) Transactions listed in (n) of Article 8, paragraph 1, item (i) of the Order which are listed as follows:
- (a) Transactions which are carried out between a specified business operator and the Bank of Japan and for which settlement is made by an account transfer at the Bank of Japan
- (b) Transactions based on those listed in item (ii), (a) or (b), or item (iii), (b)
- (c) Transactions pertaining to transactions in which a user delivers the amount equivalent to the price of goods or rights or the charges for services, without the user using credit cards prescribed in Article 2, paragraph 2, item (xxxv) of the Act, to a specified dealer or a person engaged in a business providing services on conditions of the purchase of the goods or rights or the provision of the services from such person and in which the said amount of money is received from the said user
- (vii) Transactions listed in Article 8, paragraph 1, item (i), (p) of the Order which are listed as follows:
- (a) Transactions in which a certificate or coupon of a public or corporate bearer bond prescribed in Article 8, paragraph 1, item (i), (p) of the Order is provided as a mortgage
- (b) Transactions pertaining to the payment or delivery of money and goods to the State or a local public entity
- (c) Transactions for receiving and paying cash which accompany an exchange transaction or the writing of a cashier's check prescribed in Article 9, paragraph 1, item (i), (p) of the Order and which are carried out for accepting or refunding deposits or savings of a customer, etc. (excluding deemed-customers, etc.; the same shall apply in items (ix) and (xiv)) (excluding transactions which amount to more than two million yen)
- (viii) Opening of accounts on an application prescribed in the main clause of Article 69-2, paragraph 3 of the Act on Book-Entry Transfer of Company Bonds, Shares, etc. (Act No. 75 of 2001) among transactions listed in Article 8, paragraph 1, item (i), (t) of the Order
- (ix) Transactions listed in (a), (i), (k), (n), (t), or (u) of Article 8, paragraph 1, item (i) of the Order which are carried out with

regard to a specified business operator and the Bank of Japan as well as a person equivalent thereto who has his/her head office or principal office in a foreign country (hereinafter referred to as a "foreign specified business operator" in this item) that use a specified communications method (which means an international communications method used between a specified business operator, the Bank of Japan, and a foreign specified business operator, for which necessary measures are taken to identify the specified business operator, the Bank of Japan, and the foreign specified business operator who communicate with each other through the said communications methods) as a customer, etc. and for which verification is made or settlement is directed through the said specified communications method (excluding transactions with a foreign specified business operator who has his/her head office or principal office in a country or region designated by the Commissioner of the Financial Services Agency)

(x) Transactions specified in Article 8, paragraph 1, item (ii) of the Order in which the rental fee received at one time by a lessor from a person who receives leasing services is 100,000 yen or less

(xi) Transactions specified in Article 8, paragraph 1, item (v) of the Order in which the payment is made through methods other than by cash

(xii) Transactions specified in Article 8, paragraph 1, item (vi) of the Order which are listed as follows:

(a) Conclusion of a contract including any of the following clauses according to the characteristics of the services to be provided:

1. A clause providing that postal items (which means postal items prescribed in Article 2, paragraph 2, item (xxxviii) of the Act; the same shall apply in 2.) without an address containing a trademark or wording that is easily distinguishable as a specified business operator listed in the same item shall not be received or that the said trademark or wording shall be clarified when receiving telephone calls

2. A clause providing that postal items containing cash or postal items sent from a specified business operator prescribed in Article 26, paragraph 1 of the Act (excluding those that clearly contain no deposit/savings passbooks or deposit/savings withdrawal cards, judging from the description on their face or by their appearances) shall not be received

(b) Conclusion of a contract pertaining to businesses conducted by taking telephone calls (including telecommunications by facsimile devices) for receiving applications for contracts to provide explanations about or consultation on goods, rights, or services or to provide the goods, rights or services or for concluding such contracts

(xiii) Transactions specified in the items of Article 8, paragraph 1 of the Order which are listed as follows:

(a) Transactions with the State or a local public entity as a customer, etc. which are carried out by the officials of the said State or local public entity in charge of the said transaction, based on the authority of the law and in accordance with procedures under the law, and a document by which the said State or local public entity proves that the said officials have the said authority or any other document similar thereto is presented or sent

(b) Transactions carried out by a trustee in bankruptcy or any other person equivalent thereto based on the authority of the law, and a document by which the court proves the appointment of the person or any other document similar thereto is presented or sent

(2) The transactions specified by an ordinance of the competent ministries as prescribed in Article 10 of the Order shall be the following transactions:

(i) Conclusion of a voluntary guardianship contract prescribed in Article 2, item (i) of the Act on Voluntary Guardianship Contract (Act No. 150 of 1999), which falls under the conclusion of a contract for carrying out agent work, etc. for specified mandated acts prescribed in Article 10 of the Order

(ii) Transactions listed in item (xiii), (a) or (b) of the preceding paragraph, which falls under the conclusion of a contract prescribed in the preceding item

Article 7 (Methods for Verifying Previous Identification of Customer, etc.)

(1) The methods specified by an ordinance of the competent ministries as prescribed in Article 11, paragraph 1 of the Order shall be the methods listed in any of the following items for verifying that the customer, etc. (in the case where the customer, etc. is the State, etc., a deemed-customer, etc. or the said State, etc. (excluding those listed in Article 12, item (iii) of the Order); hereinafter the same shall apply in this Article) is identical to the customer, etc. recorded in the customer identification records (lim-



ited to records indicating the residence or the location of the head office or principal office of the customer, etc. or others equivalent thereto; hereinafter the same shall apply in this Article); provided, however, that this shall not apply to the case where the specified business operator (including another specified business operator prescribed in items (iii) to (vi) of the same paragraph) has a previous acquaintance with the customer, etc. or representative person, etc. or in any other case where it is obvious that the customer, etc. is identical to the customer, etc. recorded in the customer identification records, etc.:

- (i) Having the customer, etc. present or send his/her deposit/savings passbook or another document or object that shows that the customer, etc. is identical to the customer, etc. recorded in the customer identification records
- (ii) Having the customer, etc. give information about any matters that cannot be known by any person other than the customer, etc. or any other matters that show that the customer, etc. is identical to the customer, etc. recorded in the customer identification records

Article 8 (Persons Equivalent to the State, etc.)

The person specified by an ordinance of the competent ministries as prescribed in article 12, item (ix) of the Order shall be the following:

- (i) Workers' property accumulation fund
- (ii) Welfare pension fund
- (iii) National pension fund
- (iv) National Pension Fund Association
- (v) Corporate pension fund
- (vi) Employees who conclude a contract prescribed in Article 8, paragraph 1, item (i), (a) or (b) of the Order in which money deducted from salaries, etc. of employees shall be treated as deposits or savings or installment savings, etc. prescribed in (b) of the same item
- (vii) Employees who conclude a trust contract listed in Article 2, item (iv)
- (viii) Employees who conclude a group insurance contract or a contract for mutual aid equivalent thereto
- (ix) Employees who conclude a contract prescribed in (i) of Article 8, paragraph 1, item (i) of the Order in which money deducted from the salaries, etc. of employees shall be treated as the value for the said act
- (x) Employees who conclude a contract prescribed in (n) of Article 8, paragraph 1, item (i) of the Order in which the repayment shall be made with money deducted from the salaries, etc. of employees
- (xi) Companies listed or registered on a market in a foreign countries (limited to the countries or regions designated by the National Public Safety Commission and the Commissioner of the Financial Services Agency) where the buying and selling of securities is carried out

Article 9 (Methods for Preparing Customer Identification Records)

The method specified by an ordinance of the competent ministries as prescribed in Article 6, paragraph 1 of the Act shall be the following:

- (i) Customer identification records and attached materials prescribed in the following item shall be prepared in the form of a written document, an electromagnetic record (which means a record made in an electronic form, a magnetic form, or any other form not recognizable to human perception, which is used in information processing by computers; the same shall apply hereinafter) or microfilm; provided, however, that those specified in (b) of the same item shall be prepared in the form of an electromagnetic record.
- (ii) What are specified in (a) to (c) below shall be attached materials of the customer identification records, according to categories listed in (a) to (c):
 - (a) In the case where the identification has been conducted by any of the methods listed in Article 3, paragraph 1, item (i), (c) or item (iii), (b): the said identification document or a copy thereof
 - (b) In the case where the identification has been conducted by any of the methods listed in Article 3, paragraph 1, item (i), (e) to (g) or item (iii), (c): an electromagnetic record that sufficiently proves that the identification has been conducted by the said method

- (c) In the case where the current residence of the customer, etc. or representative person, etc. or the current location of his/her head office or principal office has been verified by way of receiving the documents listed in the items of Article 3, paragraph 2 or a copy thereof or where the place prescribed in paragraph 3 or paragraph 4 of the same Article has been verified pursuant to either of the said paragraphs: documents used for the said verification or a copy thereof

Article 10 (Matters to be Recorded in Customer Identification Records)

The matters specified by an ordinance of the competent ministries as prescribed in Article 6, paragraph 1 of the Act shall be the following:

- (i) The name and other matters sufficient for identifying the person for whom the identification was conducted
 - (ii) The name and other matters sufficient for identifying the person who prepared the customer identification records
 - (iii) When having had the identification document presented for conducting the identification, the date and time on which it was presented
 - (iv) When having had the identification document or a copy thereof sent for conducting the identification, the date on which it was sent or received
 - (v) In the case where the identification has been conducted by any of the methods listed in Article 3, paragraph 1, item (i), (b) to (d) or item (iii), (b), the date on which the specified business operator sent the documents pertaining to the transaction
 - (vi) In the case where the identification has been conducted pursuant to Article 3, paragraph 5, the date on which the delivery prescribed in the same paragraph was made
 - (vii) The type of the transaction for which the identification has been conducted
 - (viii) The method by which the identification has been conducted
 - (ix) When having had the identification document presented for conducting the identification, the name of the said identification document, the mark or number attached thereto and any other matters sufficient for identifying the said identification document or a copy thereof
 - (x) In the case where the current residence of the customer, etc. or representative person, etc. or the current location of his/her head office or principal office has been verified pursuant to Article 3, paragraph 2, the name of the document presented for the said verification, the mark or number attached thereto and any other matters sufficient for identifying the said document
 - (xi) In the case where the identification has been conducted by sending the documents pertaining to the transaction to a place prescribed in Article 3, paragraph 3 or paragraph 4 pursuant to either of the same paragraphs, the name of the business office, its location or other matters sufficient for identifying the said place, the name of the documents presented for the said verification, the mark or number attached thereto and other matters sufficient for identifying the said documents or a copy thereof
 - (xii) Identification data of the customer, etc. (excluding deemed-customers, etc.)
 - (xiii) In the case of a transaction carried out by a representative person, etc., the identification data of the said representative person, etc., and the relationship between the said representative person, etc. and the customer, etc.
 - (xiv) In the case where the identification has been conducted with regard to the deemed-customer, etc., the identification data of the said deemed-customer, etc., the name of the State, etc. and other matters sufficient for identifying the said State, etc., as well as the relationship between the said deemed-customer, etc. and the State, etc.
 - (xv) In the case where the customer, etc. uses a name that is different from his/her name for the transaction, such different name as well as the reason why the customer, etc. uses the name that is different from his/her name
 - (xvi) The account number and other matters to be used for the purpose of searching transaction records, etc. (which means the transaction records, etc. prescribed in Article 7, paragraph 3 of the Act; the same shall apply hereinafter)
 - (xvii) In the case where the period of stay has been verified pursuant to Article 5, paragraph 2, the name, date, and number of the seal of verification for landing, etc. or other matters sufficient for identifying the said seal of verification for landing, etc.
- (3) When there are attached materials prescribed in item (ii) of the preceding Article or the documents presented or sent and received on the occasion of the identification (including a copy thereof and excluding those specified in (a) to (c) of the same item) are treated as attached materials of the customer identification records pursuant to the main clause of item (i) of the same Article, a specified business operator may not record the matters listed in the items of paragraph 1 which are indicated in the said attached materials in the customer identification records, notwithstanding the provisions of the same paragraph.



- (4) A specified business operator shall, when having become aware of a change or addition to any of the matters listed in paragraph 1, items (xii) to (xvi), attach a supplementary note of the content of the change or addition to the customer identification records, and shall not delete the content already recorded in the customer identification records (excluding the content of any previous change or addition). In this case, the specified business operator may, instead of attaching a supplementary note to the customer identification records, record the content of the change or addition separately and preserve such record together with the customer identification records.

Article 11 (Period for Preserving Customer Identification Records)

- (1) The date specified by an ordinance of the competent ministries as prescribed in Article 6, paragraph 2 of the Act shall be the date of the termination of a transaction or the date of the termination of a transaction pertaining to an identified transaction, whichever comes later.
- (2) The "date of the termination of a transaction" prescribed in the preceding paragraph shall, according to the following categories of the transactions for which customer identification records have been prepared, be the day specified in the respective items:
- (i) Transactions listed in Article 8, paragraph 1, item (i), (a) to (f), (h) to (j), (k) (excluding contracts for acting as an intermediary or agent), (m) (excluding intermediary or agent work), or (n) (excluding intermediary or agent work) or (r) to (u) of the Order, transactions specified in Article 8, paragraph 1, item (ii), item (iii), item (v) or item (vi) of the Order, or transactions specified in Article 10 of the Order (excluding transactions prescribed in Article 11, paragraph 2): the day on which a contract pertaining to the said transaction was terminated
 - (ii) Transactions listed in Article 8, paragraph 1, item (i), (g), (k) (limited to contracts for acting as an intermediary or agent), (l), (m) (limited to intermediary or agent work), (n) (limited to intermediary or agent work), (o) to (q), or (v) of the Order, transactions specified in Article 8, paragraph 1, item (iv) of the Order, or transactions prescribed in Article 11, paragraph 2: the day on which the said transaction was carried out
- (3) The "the date of the termination of a transaction pertaining to an identified transaction" prescribed in paragraph 1, with regard to a transaction specified in the items of Article 8, paragraph 1 of the Order that falls under the category of a transaction with an identified customer, etc., shall be the day specified in the preceding paragraph in the case where the provisions of the preceding paragraph are applied by replacing the term "transactions for which customer identification records have been prepared" in the same paragraph with "transactions with an identified customer, etc."

Article 12 (Transactions Excluded from the Scope of Transactions Subject to Obligation to Prepare and Preserve Transaction Records)

The transactions specified by an ordinance of the competent ministries as prescribed in Article 13, paragraph 1, item (iv) of the Order shall be the following:

- (i) Transactions carried out between a customer, etc. and another specified business operator via an automated teller machine or any other machine equivalent thereto (excluding the refund of deposits or savings without cash payments for exchange transactions carried out by the said other specified business operator)
- (ii) Transactions for receiving periodically a fixed amount of insurance premiums or mutual aid premiums under an insurance contract or a contract for mutual aid
- (iii) The selling of a lottery voucher prescribed in Article 2, paragraph 1 of the Lottery Voucher Act (Act No. 144 of 1948) or a sports promotion voting ticket prescribed in Article 2 of the Act on Implementation, etc. of the Sports Promotion Voting (Act No. 63 of 1998) and the provision of the prize money or goods for the lottery voucher or the refund for the sports promotion voting ticket which amounts to not more than two million yen
- (iv) The buying and selling of precious metals, etc. prescribed in Article 2, paragraph 2, item (xxxvii) of the Act which amounts to more than two million yen and for which the payment is made through methods other than by cash
- (v) Transactions pertaining to the business affairs prescribed in Article 2, paragraph 2, item (xxxvii) of the Act which pertain to those other than a business receiving and delivering postal items (limited to postal items containing cash or postal items sent from a specified business operator prescribed in Article 26, paragraph 1 of the Act (excluding those that clearly contain no

deposit/savings passbooks or deposit/savings withdrawal cards, judging from the description on their face or by their appearance))

- (2) What are specified by an ordinance of the competent ministries as prescribed in Article 13, paragraph 2, item (ii) of the Order shall be the agent work, etc. for specified mandated acts (which means the agent work, etc. for specified mandated acts prescribed in the table of Article 4, paragraph 1 of the Act; the same shall apply hereinafter) carried out as the affairs to be carried out by a voluntary guardian prescribed in Article 2, item (iv) of the Act on voluntary Guardianship Contract (excluding affairs pertaining to the buying and selling of building lots and buildings)

Article 13 (Method for Preparing Transaction Records, etc.)

The method specified by an ordinance of the competent ministries as prescribed in Article 7, paragraph 1 and paragraph 2 of the Act shall be to prepare records in the form of a written document, electromagnetic record or microfilm.

Article 14 (Matters to be Recorded in Transaction Records, etc.)

The matters specified by an ordinance of the competent ministries as prescribed in Article 7, paragraph 1 and paragraph 2 of the Act shall be the following:

- (i) The account number and other matters to be used for the purpose of searching customer identification records, etc. of the customer, etc. (in the case where there are no customer identification records, the name or other matters sufficient for identifying the customer, etc., the transaction, or the agent work, etc. for specified mandated acts)
- (ii) The date of the transaction or the agent work, etc. for specified mandated acts
- (iii) The type of the transaction or the agent work, etc. for specified mandated acts
- (iv) The value of the property pertaining to the transaction or the agent work, etc. for specified mandated acts
- (v) In the case of transactions or the agent work, etc. for specified mandated acts which accompany the transfer of property, the name of the said transactions or agent work, etc. for specified mandated acts, or the original possessor or the destination of the said property (in the case where the said specified business operator carries out only a part of the transaction, acts, or procedures pertaining to the transfer of the property, the first possessor or the last destination within the limits of his/her knowledge obtained through such procedures; the same shall apply hereinafter) or other matters sufficient for identifying the said original possessor or the destination
- (vi) In addition to what is listed in the preceding items, in the case where an exchange transaction (excluding those pertaining to the payment from Japan to a foreign country or the payment from a foreign country to Japan) carried out with a customer, etc. accompanies a funds settlement between the specified business operator engaged in the said transaction (limited to specified business operators listed in Article 2, paragraph 2, items (i) to (xv) of the Act; hereinafter the same shall apply in this item and the following item) and the specified business operator pertaining to the original possessor or the destination of the property (hereinafter referred to as "another specified business operator" in this item) and the information pertaining to the said transaction is exchanged between the specified business operator pertaining to the customer engaged in the said transaction and the said other specified business operator by using an electromagnetic method (which means the method using an electronic data processing system or other types of information processing technology), the matters sufficient for conducting any of the acts specified in (a) or (b) below according to the categories listed respectively in (a) or (b) below:
 - (a) In the case of transactions accompanying the payment of funds to another specified business operator: when another specified business operator requests the verification of a customer pertaining to the transaction based on the transaction records, etc. preserved by the said other specified business operator, the act of identifying the said transaction and searching the customer identification records of the said customer within three business days from the day of the said request (in the case where there are no customer identification records, the act of identifying the said transactions and identifying the name and other matters concerning the said customer within three business days from the day of the said request)
 - (b) In the case of transactions accompanying the receipt of funds from another specified business operator: the act of searching information pertaining to the transaction exchanged with another specified business operator
- (vii) In addition to what is listed in items (i) to (v), in the case listed in (a) to (c) below, the matters specified respectively in (a) to (c) below:



- (a) In the case where the specified business operator (limited to specified business operators listed in Article 2, paragraph 2, items (i) to (xv) of the Act; hereinafter the same shall apply in this item) makes a notification to another specified business operator or an exchange dealer residing in a foreign country (which means an exchange dealer residing in a foreign country prescribed in Article 10, paragraph 1 of the Act; the same shall apply hereinafter) pursuant to the same paragraph: the matters on which the specified business operator has made the said notification
- (b) In the case where the specified business operator has received a notification from an exchange dealer residing in a foreign country pursuant to the provisions of foreign laws and regulations equivalent to those of Article 10 of the Act, and has accepted the entrustment or re-entrustment of a payment from a foreign country to Japan and will not re-entrust the said payment to another specified business operator or an exchange dealer residing in a foreign country: the matters on which the specified business operator has received the said notification
- (c) In the case where the specified business operator has received a notification from another specified business operator pursuant to Article 10, paragraph 3 or paragraph 4 of the Act, and has accepted the entrustment or re-entrustment of a payment from a foreign country to Japan and will not re-entrust the said payment to another specified business operator or an exchange dealer residing in a foreign country: the matters on which the specified business operator has received the said notification

Article 15 (Forms, etc. for Reports)

- (1) A specified business operator who intends to make a report pursuant to Article 14, paragraph 1 of the Order shall submit written reports in appended forms 1 to 3 to the administrative agency.
- (2) The written reports set forth in the preceding paragraph may be submitted in the form of a flexible disk recording matters to be indicated in the said written reports along with a flexible disk submission card in appended form 4.

Article 16 (Methods for Foreign Exchange Transactions Not Subject to the Obligation of Notification)

The methods specified by an ordinance of the competent ministries as prescribed in Article 15 of the Order shall be through the use of ordinary postal money orders, calling postal money orders, and disbursed postal money orders prescribed in Article 2, paragraph 1 of the International Postal Money Order Rule (Ordinance of the Ministry of Internal Affairs and Communications No. 10 of 2003) prior to the repeal under Article 2, of the Supplementary Provisions of the Ordinance for Partial Revision of the Public Office Election Postal Rules (Ordinance of the Ministry of Internal Affairs and Communications No. 113 of 2007) which are deemed to remain effective under Article 5, paragraph 3 of the Supplementary Provisions of the same Ordinance.

Article 17 (Matters to be Notified by a Specified Business Operator)

- (1) The matters specified by an ordinance of the competent ministries as prescribed in Article 10, paragraph 1 of the Act shall, according to the categories listed in the following items, be the matters specified in the respective items; provided, however, that this shall not apply to a notification to another specified business operator or an exchange dealer residing in a foreign country (which means an exchange dealer residing in a foreign country prescribed in the same paragraph; the same shall apply hereinafter) who assists with funds settlement between the specified business operator and the principal exchange dealer residing in a foreign country:
 - (i) A natural person: the following matters:
 - (a) His/her name
 - (b) His/her address or the matters listed in Article 10, paragraph 1, item (ix) or his/her customer identification number (which means the mark or number which is managed by the specified business operator who carries out exchange transactions pertaining to the payment with the customer and which is sufficient for identifying the said customer; the same shall apply in (b) of the following item)
 - (c) The matters specified in 1. or 2. below, according to the categories listed in 1. or 2. below:
 - 1. When deposit/savings accounts are used: the number of the said account
 - 2. When deposit/savings accounts are not used: the transaction reference number (which means the mark or number which is sufficient for the specified business operator who carries out exchange transactions pertaining to the payment

with the customer to identify the said transaction)

- (ii) A legal person: the following matters:
 - (a) The name
 - (b) The location of the head office or principal office or the customer identification number
 - (c) The matters listed in (c) of the preceding item
- (2) The matters specified by an ordinance of the competent ministries as prescribed in Article 10, paragraphs 3 and 4 of the Act shall be the matters equivalent to those prescribed in the preceding paragraph.

Article 18 (Forms, etc. for Certificate of Identification)

- (1) The certificate of identification to be carried by an official who conducts an on-site inspection pursuant to Article 14, paragraph 1 or Article 17, paragraph 3 of the Act (hereinafter such certificate shall be referred to as a "certificate of identification") shall use appended form 5; provided, however, that this shall not apply to the following:
 - (i) A certificate to be carried by officials of the Financial Services Agency, Securities and Exchange Surveillance Commission, Local Finance Bureau, or Fukuoka Local Finance Branch Bureau on conducting an on-site inspection (excluding inspections under the authority of the Minister of Finance)
 - (ii) A certificate to be carried by officials of the Ministry of Agriculture, Forestry, and Fisheries on conducting an on-site inspection with regard to any of the specified business operators listed in Article 2, paragraph 2, items (viii) to (xiv) or item (xix) of the Act
- (2) The issuer of certificates of identification shall be the Minister of Internal Affairs and Communications, the Minister of Justice, the Minister of Finance, the Minister of Health, Labour and Welfare, the Minister of Agriculture, Forestry, and Fisheries, the Minister of Economy, Trade and Industry, or the Minister of Land, Infrastructure and Transport, or the Director-General of an internal subdivision which is charged with the affairs of the said on-site inspection, the Director-General of an external subdivision or the Director of a regional bureau to which the authority of the said on-site inspection has been delegated, the prefectural governor, or the Superintendent-General or the Commissioner of the Prefectural Police Headquarters (the issuer of certificates of identification to be carried by officials of the National Police Agency who are dispatched for an on-site inspection following a request for assistance pursuant to Article 60, paragraph 1 of the Police Act (Act No. 162 of 1954) shall be the Director-General of the National Police Agency, the Director of the Organized Crime Department of the Criminal Investigation Bureau of the National Police Agency, or the Director-General of a Regional Police Bureau).

Article 19 (Consultation Concerning On-site Inspections)

- (1) A request for consultation (which means a consultation prescribed in Article 17, paragraph 5 of the Act; hereinafter the same shall apply in this Article) shall be made within two weeks from the National Public Safety Commission issuing a notification set forth in Article 17, paragraph 4 of the Act.
- (2) In the case where the administrative agency is the prefectural governor, the matters pertaining to the request for consultation shall also be notified to the competent minister in writing or by way of telecommunications using a facsimile device.
- (3) The National Public Safety Commission and the administrative agency shall conduct the following matters on the occasion of the consultation:
 - (i) Information, materials or opinions shall be exchanged mutually
 - (ii) When exercising the authority for on-site inspections and when requested to conduct the inspection jointly by a partner of the consultation, the request shall be accepted and arrangements shall be made with regard to the date and methods of inspection
 - (iii) In addition to what is listed in the preceding two items, arrangements shall be made with regard to matters necessary for reducing the burdens of the specified business operator, collecting materials for verifying the fact on a timely basis, and implementing the on-site inspection in an efficient manner
- (4) The National Public Safety Commission and the administrative agency shall make arrangements within one month from the consultation being requested, except in unavoidable cases.



Article 20 (Conversion Rates for Transactions in Foreign Currency)

The conversion between Japanese currency and a foreign currency or between different foreign currencies under the Act, the Order and this Ordinance shall be made at the basic exchange rate or the arbitrated exchange rate prescribed in Article 7, paragraph 1 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949) as of the day on which the transaction or agent work, etc. for specified mandated acts requiring such conversion of the amount under the relevant provision is carried out, except for the following categories of transactions in which the respective rates shall apply.

- (i) Transactions pertaining to business affairs specified by a Cabinet Order as prescribed in the row of persons listed in Article 2, paragraph 2, items (i) to (xxxiii) in the table of Article 4, paragraph 1 of the Act which accompany trading between Japanese currency and a foreign currency: the real exchange rate applied to said trading between Japanese currency and the foreign currency
- (ii) Currency exchange for trading Japanese currency and a foreign currency: the real exchange rate applied to said trading between Japanese currency and the foreign currency

Supplementary provisions Skip

Appended Form Skip

ACT ON PUNISHMENT OF ORGANIZED CRIMES, CONTROL OF CRIME PROCEEDS AND OTHER MATTERS

(Act No. 136 of 18 August, 1999)

CHAPTER I GENERAL PROVISIONS

Article 1 (Purpose)

The purpose of this law shall be to provide for heavier punishment of organized homicide and other organized acts and for punishment of concealment and receipt of proceeds of crime as well as of acts performed for the purpose of control of management of enterprises of juristic persons and other entities through proceeds of crime, and to set forth provisions for special procedures for confiscation and collection of equivalent value with regard to proceeds of crime, for report of suspicious transactions and for other matters, considering that organized crimes are most detrimental to safe and healthy social life, that proceeds of crime encourage crimes of this kind, and that intervention in enterprises by means of proceeds of crime has significant harmful effect on healthy economic activities.

Article 2 (Definitions)

In this Law, a "group" means a body of persons with common purposes united with each other continuously, the whole or a part of the acts realizing whose purpose or will are done repeatedly by an organization (An "organization" means a body of persons united with each other, whose members act as one body in accordance with predetermined allotment of functions, based on command and order. The same shall apply hereinafter.).

2. In this Law, "crime proceeds" means

- (1) any property produced by, obtained through, or obtained in reward for a criminal act constituting offences enumerated in the schedule (including an act committed outside Japan which would be an act constituting these offences if committed in Japan and is criminal under the laws and regulations of the jurisdiction in which the act is committed) committed for the purpose of obtaining an illegal economic advantage, or,
 - (2) any money provided by a criminal act constituting one or more of the following offences (including any act committed outside Japan which would constitute one or more of the offences provided for in (A), (B) or (D) below if committed in Japan and is criminal under the laws and regulations of the jurisdiction in which the act is committed).
 - (A) an offence provided for in Article 41-10 (Provision of Funds or Others Required for Import and Other Activities concerning Stimulants Raw Material and Other Matters) of Stimulants Control Law (Law No. 252 of 1951)
 - (B) an offence provided for in Article 13 (Provision of Funds or Others) of Anti-Prostitution Law (Law No. 118 of 1956)
 - (C) an offence provided for in Article 31-13 (Provision of Funds or Others) of Law Controlling Possession, etc. of Fire-Arms and Sword (Law No. 6 of 1958)
 - (D) an offence provided for in Article 7 (Provision of Funds or Others) of Law concerning Prevention of Injury to Persons Caused by Sarin, etc. (Law No. 78 of 1995)
 - (3) any property given through a criminal act (including any act committed outside Japan which would constitute the offence below if committed in Japan and is criminal under the laws and regulations of the jurisdiction in which the act is committed) constituting an offence provided for in paragraph 1, Item 7 of Article 14 (Giving undue benefit to a foreign public official or the like and other matters) involving violation of Paragraph 1 of Article 11 of Unfair Competition Prevention Law (Law No. 47 of 1993)
 - (4) any funds related to an offence provided for in Article 2 (Provision of Funds) of Act on Punishment of Financing to Offences of Public Intimidation (Act No.67 of 2002)
3. In this Law, "property derived from crime proceeds" means any property obtained as the fruit of or in exchange for crime proceeds or any property obtained in exchange for such property so obtained, or any other property obtained through the possession or disposition of crime proceeds.
4. In this Law, "crime proceeds or the like" means crime proceeds, property derived from crime proceeds or any other property in which crime proceeds or property derived from crime proceeds is undistinguishably mixed with other kind of property.
5. In this Law, "drug crime proceeds" means drug crime proceeds provided for in Paragraph 3 of Article 2 of the Law concerning Special Provisions for the Narcotics and Psychotropics Control Law, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances through International Cooperation (Law No. 94 of 1991; hereinafter referred to as the "Anti-Drug Special Law").



6. In this Law, "property derived from drug crime proceeds" means any property derived from drug crime proceeds provided for in Paragraph 4 of Article 2 of the Anti-Drug Special Law.
7. In this Law, "drug crime proceeds or the like" means drug crime proceeds or the like provided for in Paragraph 5 of Article 2 of the Anti-Drug Special Law.

CHAPTER II PUNISHMENT OF ORGANIZED CRIMES, CONFISCATION OF CRIME PROCEEDS AND OTHER MATTERS

Article 3 (Organized homicide and other organized crimes)

When an act constituting one or more of the offences provided for in the following items is done as an activity of a group (An "activity of a group" means an act based on the will decided by the group, which effects or profits gained through such act accrue to the group. The same shall apply hereinafter.) by an organization to perform the act, a person who commits the offence shall be punished as provided in each corresponding item.

- (1) an offence provided for in Paragraph 1 of Article 186 (Habitual Gambling) of the Penal Code (Law No. 45 of 1907) imprisonment with labour for not more than five years
 - (2) an offence provided for in Paragraph 2 of Article 186 (Opening a Gambling Place) of the Penal Code imprisonment with labour for not less than three months nor more than seven years
 - (3) an offence provided for in Article 199 (Homicide) of the Penal Code death or imprisonment with labour for life or for not less than five years
 - (4) an offence provided for in Article 220 (Unlawful Arrest and False Imprisonment) of the Penal Code imprisonment with labour for not less than three months nor more than seven years
 - (5) an offence provided for in Paragraph 1 or 2 of Article 223 (Compulsion) of the Penal Code imprisonment with labour for not more than five years
 - (6) an offence provided for in Article 225-2 (Kidnapping or Abduction for Ransom) of the Penal Code imprisonment with labour for life or not less than five years
 - (7) an offence provided for in Article 233 (Damage to Credit; Obstruction of Business) of the Penal Code imprisonment with labour for not more than five years or a fine of not more than 500,000 yen
 - (8) an offence provided for in Article 234 (Forcible Obstruction of Business) of the Penal Code imprisonment with labour for not more than five years or a fine of not more than 500,000 yen
 - (9) an offence provided for in Article 246 (Fraud) of the Penal Code imprisonment with labour for a limited term of not less than one year
 - (10) an offence provided for in Article 249 (Extortion) of the Penal Code imprisonment with labour for a limited term of not less than one year
 - (11) an offence provided for in the former part of Article 260 (Damage or Destruction of Structure) of the Penal Code imprisonment with labour for not more than seven years
2. The same shall apply to a person who commits one or more of the offences provided for in the preceding paragraph (except for Items 1, 2 and 9), for the purpose of causing a group to obtain illegal interests ("Illegal interests" means dominance based on force of the group over a certain geographical or other area which is to expedite the group or its member to obtain profit continuously through crime or other illegal acts of members of the group. The same shall apply hereinafter in this paragraph.), or maintain or enlarge the illegal interests of the group.

Article 4 (Attempts)

Attempts of the offences provided for in the preceding article involving offences provided for in Items 3, 5, 6 (Such offence shall be limited to that involving Paragraph 1 of Article 225-2 of the Penal Code.), 9 and 10 of Paragraph 1 of the preceding article shall be punished.

Article 5 (Reduction of punishment in case of release of a kidnapped or abducted person in case of organized kidnapping or abduction for ransom)

In case a person who has committed the offence provided for in Article 3 involving offence provided for in Item 6 of Paragraph 1 of Article 3 releases the kidnapped or abducted person to a safe place before the institution of public action, punishment shall be reduced.

Article 6 (Preparation for organized homicide and other organized crimes)

A person who makes preparations for the purpose of committing one or more of the offences provided for in the following items, when an act constituting the offence is done as an activity of a group by an organization to perform the act, shall be punished as provided in each corresponding item; provided that in case he surrenders himself before he commences the commission of the offence, the punishment shall be reduced or remitted.

- (1) an offence provided for in Article 199 (Homicide) of the Penal Code imprisonment with labour for not more than five years
 - (2) an offence provided for in Article 225 (Kidnapping or Abduction for Profit) (Such offence shall be limited to that for the purpose of obtaining profit.) of the Penal Code imprisonment with labour for not more than two years
2. The same shall apply to a person who makes preparations for one or more of the offences provided for in the items in the preceding paragraph for the purpose provided for in Paragraph 2 of Article 3.

Article 7 (Harbouring a criminal and other matters involving organized crimes)

When an act constituting an offence punishable with imprisonment without labour or with graver punishment has been done as an activity of a group by an organization to perform the act, any one of the following persons shall be punished with imprisonment with labour not more than three years or a fine of not more than 200,000 yen.

- (1) any person who harbours another who has committed the offence mentioned above, or who enables him to escape by other acts of obstructing his finding or arrest
 - (2) any person who suppresses, forges or alters evidence in a criminal case against another concerning the offence mentioned above or who uses forged or altered evidence
 - (3) any person who, without due cause, in connection with his own or another's criminal case concerning the offence mentioned above, forcibly demands an interview with, or intimidates by words or gestures, any person deemed to have knowledge necessary for trial or investigation of such criminal case, or any relative of such a person
2. The same shall apply to any person provided for in the items in the preceding paragraph, when an offence punishable with imprisonment without labour or with graver punishment has been committed for the purpose provided for in Paragraph 2 of Article 3.

Article 8 (Confiscation of a thing which is a constituent element of a criminal act and others which belongs to a group)

When a member of a group commits an offence (Such offence shall be limited to an offence an act constituting which is done either as an activity of a group by an organization to perform the act or for the purpose provided for in Paragraph 2 of Article 3.) or commits an offence of preparation for the purpose of committing such offences (except for an offence of preparation an act constituting which is done either as an activity of a group by an organization to perform the act or for the purpose provided for in Paragraph 2 of Article 3), and when a thing which is a constituent element of the criminal act or which has been used or was intended to be used in the commission of the criminal act belongs to the group and managed by the member, the thing may be confiscated only if it does not belong to a person other than either the group or the criminal, notwithstanding the provisions of the main clause of Paragraph 2 of Article 19 of the Penal Code. This provision does not apply when the necessary measures has been taken in the group to prevent the thing to be a constituent element of the criminal act or to be used or to have been intended to be used in the commission of the criminal act.

Article 9 (Acts performed for the purpose of control of management of enterprises of juristic persons and other entities through illicit proceeds or the like)

When a person who acquires a position of a shareholder or the like (A "shareholder or the like" means a shareholder, a member, or a founder of a juristic person or the like including a promoter. The same shall apply hereinafter.) of a juristic person or the like



(A "juristic person or the like" means a juristic person, or an association or a foundation which is not a juristic person. The same shall apply hereinafter in this article.) or who makes another person to acquire the position by means of crime proceeds provided for in item 1 of Paragraph 2 of Article 2, drug crime proceeds (Such drug crime proceeds are limited to any property obtained through or obtained in reward for a criminal act constituting offences enumerated in items of Paragraph 2 of Article 2 of the Anti-Drug Special Law. The same shall apply in Item 3 of Paragraph 1 and Paragraph 4 of Article 13.), any property obtained through the possession or disposition of these proceeds or any property in which these property is undistinguishably mixed with other kind of property (Hereinafter referred to as "illicit proceeds or the like"), does one of the following acts, by exercising or by making another person to exercise the power of or influence based on the power of the shareholder or the like, for the purpose of control of management of enterprises of the juristic person or of its affiliated juristic person, imprisonment with labour for not more than five years or a fine of not more than 10,000,000 yen or both shall be imposed.

- (1) to appoint or to make other persons to appoint a director or the like (A "director or the like" means a director, an executive officer, an administrator or any person with whatever other title who is in a position to manage a juristic person or the like. The same shall apply hereinafter in this Article.) of the juristic person or the like or its affiliated juristic person, to remove or to make other persons to remove the director or the like, or to make the director or the like to resign
 - (2) to change the position of a director or the like who is to represent the juristic person or the like or its affiliated juristic person (except for the act provided for in the preceding item)
2. The same shall apply when a person who has acquired or who has made another person to acquire a claim on a juristic person or the like by means of illicit proceeds or the like does one of the following acts, regarding the acquisition or the exercise of the claim, for the purpose of control of management of enterprises of the juristic person or of its affiliated juristic person. The same shall apply when a person who intends to acquire or who intends to make another person to acquire a claim on a juristic person or the like by means of illicit proceeds or the like has done one of the following acts, regarding the acquisition or the exercise of the claim, for the purpose of control of management of enterprises of the juristic person or of its affiliated juristic person and when the person acquires or makes another person to acquire the claim.
- (1) to make other persons to appoint a director or the like of the juristic person or the like or its affiliated juristic person, to make other persons to remove the director or the like, or to make the director or the like to resign
 - (2) to change the position of a director or the like who is to represent the juristic person or the like or its affiliated juristic person (except for the act provided for in the preceding item)
3. Paragraph 1 shall be applied when a person who has acquired or who has made another person to acquire a claim on a shareholder or the like of a juristic person or the like by means of illicit proceeds or the like does one of the acts enumerated in the items in the preceding paragraph, by making the shareholder or the like to exercise his power or influence based on the power, regarding the acquisition or the exercise of the claim, for the purpose of control of management of enterprises of the juristic person or of its affiliated juristic person. The same shall apply when a person who intends to acquire or who intends to make another person to acquire a claim on a shareholder or the like of a juristic person or the like by means of illicit proceeds or the like has done one of the acts enumerated in these items, by making the shareholder or the like to exercise his power or influence based on the power, regarding the acquisition or the exercise of the claim, for the purpose of control of management of enterprises of the juristic person or of its affiliated juristic person and when the person acquires or makes another person to acquire the claim.
4. In this article, an "affiliated juristic person" means a juristic person which one juristic person or the like possesses the number of which is exceeding 50/100 of the total number of the votes of the shareholder or the like (except the votes of the Shares which are not entitled to exercise their votes at all the matters that are subject to the resolution of a shareholder's meeting, including the votes of the Shares which are deemed to be entitled to votes pursuant to the provision of paragraph 3 of Article 879 of Companies Act (Act No. 86 of 2005); the same shall apply hereinafter in this paragraph. A juristic person which one juristic person or the like and its affiliated person or persons, or an affiliated person or persons of one juristic person or the like possesses the votes the number of which is exceeding 50/100 of the total number of the votes of the shareholders or the like shall be deemed to be an affiliated juristic person of the juristic person or the like in this article.

Article 10 (Concealment of crime proceeds or the like)

A person who disguises facts with respect to acquisition or disposition of crime proceeds or the like (except the funds related to an

offence provided for in paragraph 2 of Article 2 of Act on Punishment of Financing to Offences of Public Intimidation; the same shall apply hereinafter in this paragraph and the following article) or who conceals crime proceeds or the like shall be imprisoned with labour not more than five years or fined not more than 3,000,000 yen, or both. The same shall apply to any person who disguises facts with respect to the source of crime proceeds or the like (except the funds related to an offence provided for in paragraph 2 of Article 2 of that act).

2. Attempt of an offence provided for in the preceding paragraph shall be punished.

3. A person who, with intent to commit an offence provided for in Paragraph 1 of this article, prepares for such offence shall be imprisoned with labour not more than two years or fined not more than 500,000 yen.

Article 11 (Receipt of crime proceeds or the like)

Any person who knowingly receives crime proceeds or the like shall be imprisoned with labour not more than three years or fined not more than 1,000,000 yen, or both; provided that this shall not apply to a person who receives any property offered for the performance of an obligation under a law or regulation or offered for the performance of an obligation under a contract (Such contract shall be limited to that under which a creditor is to offer substantial property interest.) at the time of the conclusion of which such person did not know that the obligation under such contract would be performed with crime proceeds or the like.

Article 12 (Offences outside Japan)

Any offence provided for in Paragraphs 1 through 3 of Article 9 and in the preceding two articles shall be subject to the provisions of Article 3 of the Penal Code.

Article 13 (Confiscation of crime proceeds or the like)

Any property enumerated in the following may be confiscated when it is immovable property, movable property or money claim ("Money claim" means claim for the payment of money. The same shall apply hereinafter.).

- (1) crime proceeds (except for property referred to in Item 6 of this paragraph)
 - (2) any property derived from crime proceeds (except for property obtained through the possession or disposition of crime proceeds which are the property referred to in Item 6 of this paragraph)
 - (3) share involving a position of a shareholder or the like involving an offence provided for in Paragraph 1 of Article 9, acquired by means of illicit proceeds or the like (except for drug crime proceeds, for property obtained through the possession or disposition of drug crime proceeds or for property in which drug crime proceeds or property obtained through the possession or disposition of drug crime proceeds is undistinguishably mixed with other kind of property (These properties shall be referred to as "drug crime proceeds or the like" in Paragraph 4 of this article.); The same shall apply hereinafter in this paragraph.)
 - (4) any claim involving an offence provided for in Paragraph 2 or 3 of Article 9 acquired by means of illicit proceeds or the like (illicit proceeds or the like when the claim is for the return of property which is the illicit proceeds or the like by means of which the claim has been acquired)
 - (5) crime proceeds or the like involving an offence provided for in Article 10 or 11
 - (6) any property produced by, obtained through, or obtained in reward for a criminal act provided for in Paragraphs 1 through 3 of Article 9 by means of illicit proceeds or the like or a criminal act provided for in Articles 10 and 11
 - (7) any property obtained as the fruit of or in exchange for any property provided for in Items 3 through 6 of this paragraph or property obtained in exchange for any such property so obtained, or any other property obtained through the possession or disposition of any property referred to in these items
2. The property referred to in items in the preceding paragraph cannot be confiscated when the property is crime victim property ("Crime victim property" means property obtained from the party injured by a criminal act constituting an offence against property, an offence provided for in Article 3 involving an offence provided for in Paragraph 2 of Article 225-2 of the Penal Code, an offence provided for in Paragraph 2 of Article 225-2 of the Penal Code, an offence provided for in the latter part of Paragraph 4 of Article 227 of the Penal Code or an offence provided for in Items 31, 33, 44, 55, 60, 66 or 68 of the Schedule or property obtained through the possession or disposition of such property. The same shall apply hereinafter.) The same shall apply with regard to a part of the property referred to in the items in the preceding paragraph when that part is crime victim property.



3. Notwithstanding the provision of the preceding paragraph, when any of the following applies, the property of a crime victim (including part of the property listed in each of the items of paragraph 1 when such part is the property of a crime victim; hereinafter the same shall apply in this paragraph) may be confiscated:
 - (1) When any of the crimes listed in the items of the preceding paragraph is committed either as an activity of a group or with the purpose prescribed in paragraph 2 of Article 3, or when it is otherwise found to be difficult, in light of the nature of the crime, to exercise a claim for damages or other claims against any of the parties to the crime with respect to the recovery of damage caused by any of the crimes listed in the items of the preceding paragraph,
 - (2) When any fact is disguised with respect to the acquisition, disposition or source of the property of a crime victim or an act in concealment of the property of a crime victim has been committed, or
 - (3) When an act of knowingly receiving the property of a crime victim has been committed.
4. Any property enumerated in the following shall be confiscated; provided that when any offence provided for in Paragraphs 1 through 3 of Article 9 is in respect of any property in which drug crime proceeds or property obtained through the possession or disposition of drug crime proceeds undistinguishably mixes with any other property and when the confiscation of the whole of any property enumerated in the following is deemed inappropriate, a part of such property may be confiscated.
 - (1) share involving a position of a shareholder or the like involving an offence provided for in Paragraph 1 of Article 9, acquired by means of drug crime proceeds or the like
 - (2) any claim involving an offence provided for in Paragraph 2 or 3 of Article 9 acquired by means of drug crime proceeds or the like (drug crime proceeds or the like when the claim is for the return of property which is the drug crime proceeds or the like by means of which the claim has been acquired)
 - (3) any property obtained through or obtained in reward for a criminal act provided for in Paragraphs 1 through 3 of Article 9 by means of drug crime proceeds or the like
 - (4) any property obtained as the fruit of or in exchange for any property provided for in the preceding three items, property obtained in exchange for any such property so obtained or any other property obtained through the possession or disposition of any property referred to in the preceding three items
5. Notwithstanding the provisions of the preceding paragraph, any property referred to in the preceding paragraph need not be confiscated when the confiscation of such property is deemed to be inappropriate in the light of the nature of such property, the conditions of its use, the existence of right of any person other than any of the parties to the offence to such property and other circumstances.

Article 14 (Confiscation of property in which crime proceeds or the like are undistinguishably mixed with other property and other matters)

When property referred to in items of Paragraph 1 or 4 of the preceding article (hereinafter referred to as "illicit property") is undistinguishably mixed with any property other than illicit property, a part of such property produced by such mixture (referred to as "mixed property" in Paragraph 1 of the succeeding article) equivalent to the amount or quantity of such illicit property (Such illicit property is limited to the portion so mixed.) may be confiscated if such illicit property is to be confiscated.

Article 15 (Condition of confiscation and other matters)

The confiscation pursuant to the provisions of Article 13 may be made only when the illicit property or mixed property does not belong to any person other than any of the parties to the offence; provided that the illicit property or mixed property belonging to any person other than any of the parties to the offence may be confiscated when such person other than any of the parties to the offence has knowingly acquired such illicit property or mixed property after the commission of the offence (except when the person has received such illicit property or mixed property offered for the performance of an obligation under a law or regulation or offered for the performance of an obligation under a contract (Such contract shall be limited to that under which a creditor is to offer substantial property interest.) at the time of the conclusion of which such person did not know that the obligation under such contract would be performed with illicit property or mixed property).

2. When any property, on which the superficies, hypothec or any other right exists, is to be confiscated pursuant to the provisions of Article 13, such right shall be left as it stands if any person other than any of the parties to the offence has acquired such right

before the commission of the offence or has unknowingly acquired such right after the commission of the offence.

Article 16 (Collection of equivalent value)

When any property enumerated in items of Paragraph 1 of Article 13 is neither immovable property, movable property nor money claim or cannot be confiscated for any other reasons or when the confiscation of such property is deemed to be inappropriate in the light of the nature of such property, the conditions of its use, the existence of right of any person other than any of the parties to the offence to such property and other circumstances, money equivalent to the value of such property may be collected from any of the parties to the offence; provided that this shall not apply when the property is crime victim property.

2. Notwithstanding the provision of the proviso of the preceding paragraph, when any of the items of paragraph 3 of Article 13 applies, money equivalent to the value of such property of a crime victim may be collected from any of the parties to the crime.
3. When any property to be confiscated under the provisions of Paragraph 4 of Article 13 cannot be confiscated or is not confiscated in accordance with the provisions of Paragraph 5 of the same article, money equivalent to the value of such property shall be collected from any of the parties to the offence.

Article 17 (Penalty against employer, etc.)

When any representative of a juristic person, or any agent, employee or other person engaging in the business of a juristic or natural person commits any offence provided for in Paragraphs 1 through 3 of Article 9, Article 10 or 11 in connection with the business of such juristic or natural person, the fine provided for in each of such respective article shall be imposed on such juristic or natural person in addition to punishing the actor.

CHAPTER III SPECIAL PROVISIONS FOR CONFISCATION PROCEDURES AND FOR OTHER MATTERS

Article 18 (Confiscation procedures for third person's property and other matters)

When any claim and others ("Claim and others" means any property other than immovable or movable properties. The same shall apply in Paragraph 1 of Article 19 and in Article 21.) which is illicit property belongs to any person other than the defendant (hereinafter referred to as the "third person" in this article), the court may not order the confiscation unless such third person is permitted to intervene in the proceedings of the defendant's case.

2. The provisions of the preceding paragraph shall apply when any property on which the superficies, hypothec or any other third person's right exists is to be confiscated pursuant to the provisions of Article 13 and when such third person is not permitted to intervene in the proceedings of the defendant's case.
3. When any property on which the superficies, hypothec or any other third person's right exists is confiscated, if the court determines that such right shall be left as it stands pursuant to the provisions of Paragraph 2 of Article 15, the court shall declare such determination at the time of the pronouncement of the confiscation .
4. When an adjudication of confiscation without the declaration provided for in the preceding paragraph in respect of any right, which shall be left as it stands pursuant to the provisions of Paragraph 2 of Article 15, becomes finally binding, any person having such right may apply for an adjudication to the effect that such right is a right which shall be left as it stands if such person has not been able to claim such person's right in the proceedings of the defendant's case due to a cause that may not be attributable to such person.
5. If the adjudication provided for in the preceding paragraph is made, such person shall be compensated in accordance with the provisions of the Criminal Compensation Law (Law No. 1 of 1950) concerning the compensation for confiscated things which have been disposed of.
6. Except as otherwise provided for in this Law, the provisions of the Law on Temporary Measures concerning Procedures for Confiscation in Criminal Proceedings of Things Owned by Third Persons (Law No. 138 of 1963) shall apply mutatis mutandis to the procedures for confiscation of property provided for in Paragraphs 1 and 2 of this article.

Article 18-2 (Confiscation Procedures for the Property of a Crime Victim, etc.)

When a court confiscates any property of a crime victim pursuant to the provision of paragraph 3 of Article 13 or collects money



equivalent to the value of any property of a crime victim pursuant to the provision of paragraph 2 of Article 16, the court shall, concurrently with the rendition of a judgment thereof, indicate that the property to be confiscated is the property of a crime victim or of the same value.

2. Any property of a crime victim confiscated pursuant to the provision of paragraph 3 of Article 13 and any money equivalent to the value of the property of a crime victim collected pursuant to the provision of paragraph 2 of Article 16 shall be allocated for the payment of damages recovery benefit prescribed in the Act on the Payment of Damages Recovery Benefit by the Property of a Crime Victim, etc. (Act No.87 of 2006).

Article 19 (Disposition, etc. of confiscated claim and others)

A public prosecutor shall dispose of any confiscated claim and others.

2. When an adjudication of confiscation of any claim becomes finally binding, a public prosecutor shall notify the obligor of such effect by forwarding an extract copy of the writing of such adjudication.

Article 20 (Registration pursuant to an adjudication of confiscation and other matters)

When a request is made to a relevant authority for a registration of transfer of any right pursuant to an adjudication of confiscation of any property for the transfer of right to which registration is required and when there exists a registration involving the restriction of disposition which has become invalid because of the confiscation, involving the acquisition of a right which has been extinguished due to the confiscation, or involving a securance order for confiscation or a collateral securance order with respect to such confiscation in accordance with the provisions of Part I of the succeeding chapter, cancellation of such existing registration shall be concurrently requested.

Article 21 (Special provisions for Criminal Compensation)

The provisions of Paragraph 6 of Article 4 of the Criminal Compensation Law shall apply mutatis mutandis to the contents of compensation for the execution of confiscation of claim and others in accordance with the said Law.

CHAPTER IV SECURANCE PROCEDURES

Part 1 . Securance of Confiscation

Article 22 (Securance order for confiscation)

A court may, either upon application by a public prosecutor or ex officio, proscribe the disposition of any property by issuing a securance order for confiscation pursuant to the provisions of this part, when the court, with respect to a criminal proceeding for any offence provided for in the Schedule, (A) through (D) of Item 2 of Paragraph 2 of Article 2, Item 3 or 4 of the same paragraph, Paragraphs 1 through 3 of Article 9, Article 10 or Article 11 pending before it finds that there is a reasonable ground to deem that such property is illicit property and confiscable under the provisions of this Law or any other law or regulation (hereinafter referred to as "property subject to confiscation") and that such measure is necessary for the confiscation of such property.

2. When a court issues or is going to issue a securance order for confiscation in respect of any property on which superficies, hypothec or other right exists, the court may, upon application by a public prosecutor or ex officio, proscribe the disposition of such right by issuing a collateral securance order separately when the court finds that there is a reasonable ground to deem that such right will be extinguished as a result of the confiscation and that such measure is necessary for the confiscation of such property, or finds that there is a reasonable ground to deem that such right is a disguise.

3. A securance order for confiscation or collateral securance order shall contain the defendant's name, the identification of the offence, the gist of the facts constituting the offence charged against the defendant, the provisions of the law or regulation enabling the confiscation, the identification of the property or right, the disposition of which is to be proscribed, the name of the person holding such property or right (including the nominal holder if the nominal holder different from the actual holder exists), the date of issuance and other matters provided for in the Supreme Court Rule, and either the presiding judge or a commissioned judge shall affix such judge's name and seal on such order.

4. In case of emergency, the presiding judge may take, or have another member of the collegiate court take, the measure provided

for in Paragraph 1 or 2 of this article.

5. The measure concerning securance of confiscation (Such term means the proscription of disposition by a securance order for confiscation. The same shall apply hereinafter.) shall be taken by a judge until the first session of trial. In such case, such judge shall have the same authority as the court or the presiding judge.
6. Immovable or movable property, in respect of which securance of confiscation has been made, may be seized pursuant to the provisions of the Code of Criminal Procedure (Law No. 131 of 1948).

Article 23 (Securance order for confiscation before the institution of prosecution)

A judge may, upon application by a public prosecutor or a judicial police officer (With respect to a police officer, such judicial officer shall be limited to an officer with the rank not lower than inspector designated by the National Public Safety Commission or a prefectural public safety commission. The same shall apply in the succeeding paragraph.) take the measure provided for in Paragraph 1 or 2 of the preceding article before the institution of prosecution, if the judge finds that there is a ground and necessity provided for in Paragraph 1 or 2 of the same article.

2. A judicial police officer shall promptly forward the relevant documents to a public prosecutor when a securance order for confiscation or a collateral securance order is issued upon application by such officer.
3. Securance of confiscation provided for in Paragraph 1 of this article shall become invalid unless a prosecution is instituted, with respect to the case for which such securance has been made, within thirty days from the issuance of the securance order for confiscation; provided that this shall not apply when prosecution against any other party to the offence has been instituted and, with respect to such party to the offence, there is a ground provided for in Paragraph 1 of the preceding article in respect of the property concerned.
4. A judge may, upon application by a public prosecutor, renew the duration provided for in the preceding paragraph every thirty days if the judge finds that there is a compelling reason. In such case, the adjudication of the renewal shall enter into effect upon its notification to a public prosecutor.
5. An application provided for in Paragraph 1 of this article or in the preceding paragraph shall be made to a judge of a district court which has jurisdiction over the place where an office to which an officer making such application belongs is located.
6. A judge, to whom an application is made pursuant to the provisions of Paragraph 1 or 4 of this article, shall have the same authority with respect to the securance of confiscation as a court or a presiding judge.
7. When the validity of securance of confiscation pursuant to the provisions of Paragraph 1 of this article becomes definite because of the institution of prosecution, a public prosecutor shall notify a person (other than the defendant) against whom the securance order for confiscation has been issued of such effect. In such case, when such notification may not be made because such person's whereabouts is unknown or for any other reason, the public prosecutor shall make public notice, in lieu of such notification, by posting a notice to that effect at a notice board of the public prosecutors office for seven days.

Article 24 (Execution of adjudication concerning securance of confiscation)

Any adjudication concerning securance of confiscation which entails the execution shall be executed with an instruction by a public prosecutor.

2. A securance order for confiscation may be executed before a certified copy of the order is served on a person who holds the property, the disposition of which is proscribed by such order.

Article 25 (Effect of securance of confiscation)

The disposition of any property, in respect of which securance of confiscation has been made (hereinafter referred to as "property secured for confiscation"), shall not enter into effect in so far as the confiscation is concerned, if such disposition is made after such securance has been made; provided that this shall not apply to the disposition in accordance with the procedures provided for in Paragraph 1 of Article 37 because of which an adjudication of confiscation may not be made (including procedures to which such provisions are applied mutatis mutandis in Paragraph 3 of Article 40) or in accordance with the auction procedures to execute collateral right enforceable against the property secured for confiscation.



Article 26 (Payment of Substitute Money)

Upon application by a person who owns the property secured for confiscation, the court may, by a decision, determine the sum of money equivalent to the value of such property (hereinafter referred to as "substitute money") and permit the payment of such sum as a substitute for such property secured for confiscation, if the court deems it appropriate.

2. The court shall hear an opinion of the public prosecutor when it makes a decision provided for in the preceding paragraph.
3. An immediate kokoku appeal may be lodged against a decision provided for in Paragraph 1 of this article.
4. If a payment of substitute money is made, the security of confiscation shall be deemed to be made in respect of such substitute money.

Article 27 (Security of confiscation of immovable property)

Security of confiscation of any immovable property (Such term means immovable property provided for in Paragraph 1 of Article 43 of the Civil Execution Law (Law No. 4 of 1979.) and such property that is deemed to be immovable property by virtue of the provisions of Paragraph 2 of the same article. The same shall apply in this article except for the main clause of Paragraph 7, in the succeeding article, in Paragraph 1 of Article 29 and in Paragraph 1 of Article 35.) shall be made by issuing a security order for confiscation which proscribes its disposition.

2. Certified copies of the security order for confiscation provided for in the preceding paragraph and of the writing of an adjudication for the renewal pursuant to the provisions of Paragraph 4 of Article 23 (hereinafter referred to as "certified copy of the renewal adjudication") shall be served on the owner of the immovable property (Such owner means, with respect to a right deemed to be immovable property by virtue of Paragraph 2 of Article 43 of the Civil Execution Law, a holder of the right, and includes the nominal holder if the nominal holder different from the actual holder exists.).
3. A security order for confiscation of any immovable property shall be executed by entering a registration of the security of confiscation.
4. The registration provided for in the preceding paragraph shall be requested by a public prosecutor's assistant officer. In such case, a request shall be made pursuant to a document with which the public prosecutor instructs the execution of the security order for confiscation.
5. Security of confiscation of any immovable property shall enter into effect when the registration of the security of confiscation is entered.
6. When security of confiscation of any immovable property enters into effect, a public prosecutor shall take a measure for public notice of such effect by posting a notice at the site of such immovable property or in other appropriate manner.
7. When a registration of security of confiscation is entered after a registration of provisional disposition proscribing the disposition for the purpose of securing a claim for registration with respect to the immovable property has been entered, the restriction of disposition, for which such registration of security of confiscation is made, shall not be deemed to be in conflict with the acquisition or extinguishment of the right for which the registration of such provisional disposition has been made, if the claimant of such provisional disposition makes a registration in respect of such claim for registration; provided that this does not apply in the case where the owner of the immovable property in the registration of security of confiscation is the person who cannot set up against the claimant with regard to the acquisition of the right.
8. The provisions of Paragraph 2 of Article 46 and Paragraph 2 of Article 48 of the Civil Execution Law shall apply mutatis mutandis to security of confiscation of any immovable property. In such case, "an obligor" in Paragraph 2 of Article 46 of the same Law shall be read as "a person who holds the property secured for confiscation", and "the preceding paragraph" and "an execution court" in Paragraph 2 of Article 48 as "Paragraph 4 of Article 29 of the Law concerning Punishment of Organized Crimes, Control of Crime Proceeds and Other Matters" and "a public prosecutor of a public prosecutors office to which the public prosecutor's assistant officer having requested the registration belongs" respectively.

Article 28 (Security of confiscation of vessel, etc.)

The provisions for security of confiscation of any immovable property shall apply mutatis mutandis to security of confiscation of any registrable vessel, any aircraft and rotarywing aircraft registered pursuant to the provisions of the Aviation Law (Law No. 231 of 1952 : Such aircraft shall be referred to simply as an "aircraft" in Paragraph 1 of Article 35.), any automobile registered

pursuant to the provisions of the Road Transport Vehicles Law (Law No. 185 of 1951 : Such automobile shall be referred to simply as an "automobile" in the same paragraph.) , any construction machine registered pursuant to the provisions of the Construction Machines Hypothec Law (Law No. 97 of 1954: Such machine shall be referred to simply as a "construction machine" in the same article.) ,and small vessel registered pursuant to the provisions of Act on Registration of Small Vessel (Act No.102 of 2001).

Article 29 (Securance of confiscation of movable property)

Securance of confiscation of any movable property (Such term means any thing other than immovable property and property provided for in the preceding article. The same shall apply hereinafter in this article.) shall be made by issuing a securance order for confiscation proscribing the disposition of such movable property.

2. Certified copies of the securance order for confiscation provided for in the preceding paragraph and of the renewal adjudication shall be served on the owner (including the nominal owner if the nominal owner different from the actual owner exists) of the movable property.
3. Securance of confiscation of any movable property shall enter into effect upon the service of a certified copy of the securance order for confiscation on the owner.
4. When securance of confiscation enters into effect in respect of any movable property which has not been seized pursuant to the provisions of the Code of Criminal Procedure or which is guarded by a designated person or placed in the custody of the owner or other person pursuant to the provisions of Paragraph 1 of Article 121 of the same Code, a public prosecutor shall take a measure for the public notice of such effect by posting a notice or in other appropriate manner.

Article 30 (Securance of confiscation of claim)

Securance of confiscation of any claim shall be made by issuing a securance order for confiscation proscribing the creditor (including the nominal creditor if the nominal creditor different from the actual creditor exists: The same shall apply hereinafter in this article.) to collect the debt or to make any other disposition and proscribing the obligor to perform the obligation.

2. Certified copies of the securance order for confiscation provided for in the preceding paragraph and of the renewal adjudication shall be served on the creditor and obligor.
3. Securance of confiscation of any claim shall enter into effect upon the service of a certified copy of the securance order for confiscation on the obligor.
4. The provisions of Article 150, Paragraphs 1 and 3 of Article 156 and Paragraph 5 of Article 164 of the Civil Execution Law shall apply mutatis mutandis to securance of confiscation of any claim. In such case, "attachment" in Article 150 and Paragraph 1 of Article 156 and "attachment order" in Article 150 shall be read as "securance of confiscation" ; and "a court clerk shall, upon an application," in Article 150 of the same Law, "the third obligor" in Paragraph 1 and Paragraph 3 of Article 156, "the execution court" in Paragraph 3 of Article 156, and "the attached claim", "payment or deposit", "a court clerk shall, upon an application", "when the application for the execution of the claim is withdrawn or a decision to revoke the attachment order becomes finally binding" in Paragraph 5 of Article 164 of the same Law as "a public prosecutor's assistant officer shall, pursuant to a document with which the public prosecutor instructs the execution of the securance of confiscation", "the obligor", "the court which has issued the securance order for confiscation", "the claim secured for confiscation", "deposit", "a public prosecutor's assistant officer shall, pursuant to a document with which the public prosecutor instructs the request for the obliteration of the registration, " and "when the securance of confiscation becomes invalid or the substitute money is paid", respectively.

Article 31 (Securance of Confiscation of Other Property Right)

Except as otherwise provided for in this article, the provisions for securance of confiscation of claim shall apply mutatis mutandis to securance of confiscation of any right other than those provided for in Article 27 through the preceding article (hereinafter referred to as "other property right").

2. Securance of confiscation of any other property right, with respect to which an obligor or a similar person does not exist (except for the right provided for in the succeeding paragraph) , shall enter into effect upon the service of the securance order for confiscation on the holder of such right.



3. The provisions of Paragraphs 3 through 5 and Paragraph 7 of Article 27 and the provisions of Paragraph 2 of Article 48 of the Civil Execution Law shall apply mutatis mutandis to any other property right for the transfer of which registration is required. In such case, "in the preceding paragraph" and "the execution court" in Paragraph 2 of Article 48 of the same Law shall be read as "Paragraph 4 of Article 27 of the Law concerning Punishment of Organized Crimes, Control of Crime Proceeds and Other Matters which shall be applied mutatis mutandis in Paragraph 3 of Article 31 of the same Law" and "a public prosecutor of a public prosecutors office to which the public prosecutor's assistant officer having requested the registration belongs", respectively.

Article 32 (Revocation of Securance Order for Confiscation)

Upon application by a public prosecutor or a holder of the property secured for confiscation (including the defence counsel if such holder is a defendant) or ex officio, the court shall, by a decision, revoke the securance order for confiscation if the reason or the necessity for the securance of confiscation ceases to exist or the duration of the securance of confiscation has been unreasonably prolonged.

2. The court shall hear an opinion of the public prosecutor in making a decision provided for in the preceding paragraph except when such decision is made upon application by the public prosecutor.

Article 33 (Invalidation of securance order for confiscation)

A securance order for confiscation shall become invalid when a notification of an adjudication of not guilty, acquittal on procedural grounds or dismissal of prosecution (except for cases under the provisions of Article 338(4) and Paragraph 1(1) of Article 339 of the Code of Criminal Procedure) is made or when a notification of an adjudication of guilty is made without the pronouncement of confiscation.

2. The provisions of Paragraphs 3 and 4 of Article 23 shall apply mutatis mutandis to the validity of securance of confiscation when an adjudication of dismissal of prosecution is made pursuant to the provisions of Article 338(4) or Paragraph 1(1) of Article 339 of the Code of Criminal Procedure. In such case, "the date of issuance of the securance order for confiscation" in Paragraph 3 of Article 25 shall be read as "the date on which the adjudication of dismissal of prosecution becomes finally binding".

Article 34 (Measures to be taken in case of invalidation, etc.)

If securance of confiscation becomes invalid or substitute money is paid, a public prosecutor shall promptly have a public prosecutor's assistant officer request the obliteration of the registration of the securance of confiscation, or take other necessary measures, including the removal of the public notice. In such case, the request for the obliteration of the registration of the securance of confiscation shall be made by the public prosecutor's assistant officer pursuant to a document with which the public prosecutor instructs such request.

Article 35 (Restriction on the execution procedures in respect of property secured for confiscation)

When a decision to commence compulsory auction is made in respect of any immovable property, vessel (Such term means a vessel provided for in Article 112 of the Civil Execution Law.), aircraft, automobile, construction machine or small vessel secured for confiscation or when attachment under the provisions of compulsory execution is made on any movable property (Such term means movable property provided for in Paragraph 1 of Article 122 of the same Law. The same shall apply in Paragraph 2 of Article 42.) secured for confiscation, the procedure of sale under the provisions of compulsory execution may be taken only after the securance of confiscation becomes invalid or the substitute money is paid.

2. When an attachment order or an attachment disposition under the provisions of compulsory execution is issued in respect of any claim (Such term means claim provided for in Article 243 of the Civil Execution Law. The same shall apply hereinafter.) secured for confiscation, the creditor, for whom such attachment is made, may not collect the debt or make a claim pursuant to the provisions of Paragraph 1 of Article 163 of the same Law, with respect to such part of the attached claim that has been secured for confiscation, unless the securance of confiscation becomes invalid or the substitute money is paid.
3. The provisions of Paragraph 1 of this article shall apply mutatis mutandis to any claim secured for confiscation, in respect of which an attachment order or an attachment disposition is issued, and which is conditional or is subject to time or with respect to which the collection of debt is difficult because of the requirement of counter performance or any other reason.

4. The provisions of compulsory execution in respect of claim secured for confiscation shall apply to compulsory execution in respect of other property right (Such term means other property right provided for in Paragraph 1 of Article 167 of the Civil Execution Law.) secured for confiscation.

Article 36 (Deposit by third obligor)

When an attachment order or an attachment disposition in respect of any money claim secured for confiscation is served on the obligor (hereinafter referred to as "third obligor"), such third obligor may deposit the sum of money equivalent to the full amount of such claim with a deposit office located at the place where the performance of such obligation is to be made.

2. The third obligor shall notify the court which has issued the securance order for confiscation of such effect when such obligor makes the deposit in accordance with the provisions of the preceding paragraph.
3. If the deposit in accordance with the provisions of Paragraph 1 of this article is made, the execution court which issued an attachment order or the court clerk which effected an attachment shall make the distribution of proceeds or the delivery of payment money with respect to such part of the deposited sum that is equivalent to the amount of the money claim secured for confiscation when the securance of confiscation becomes invalid or the substitute money is paid, and with respect to the rest when the deposit is made.
4. The provisions of Paragraphs 1 and 2 of this article shall apply mutatis mutandis to the deposit by the third obligor when securance of confiscation is made in respect of any money claim attached under the provisions of compulsory execution. In such case, "the court which has issued the securance order for confiscation" in Paragraph 2 of this article shall be read as "the execution court (the court clerk who effected the attachment when the attachment has been effected)".
5. In applying the provisions of Article 165 (including mutatis mutandis application of such provisions in Article 165 (except for items 3 and 4) of the Civil Execution Law in Article 167-14 of that law; the same shall apply hereinafter in this paragraph) of that law when the deposit is made pursuant to the provisions of Paragraph 1 of this article (including mutatis mutandis application of such provisions in the preceding paragraph), "Paragraph 1 of Article 156" in Article 165(1) of the same Law shall be read as "Paragraph 1 of Article 36 (including mutatis mutandis application of such provisions in Paragraph 4 of the same article) of the Law concerning Punishment of Organized Crimes, Control of Crime Proceeds and Other Matters".

Article 37 (Restriction on confiscation of property under compulsory execution)

Adjudication of confiscation may not be made in respect of any property, when a decision to commence compulsory auction or attachment under the provisions of compulsory execution has been made in respect of such property before the securance of confiscation is made ; provided that this shall not apply if the claim of the execution creditor is a disguise or the execution creditor has made the application for the compulsory execution while knowing that such property is the property subject to confiscation, or the execution creditor is a party to the offence.

2. Any superficies or other right, which exists on any property subject to confiscation and the disposition of which has been proscribed by a collateral securance order, shall be left as it stands when such property is confiscated and such effect shall be declared together with the pronouncement of the confiscation, if a decision to commence compulsory auction or attachment under the provisions of compulsory execution has been made in respect of such right before such proscription of disposition is made; provided that this shall not apply if the claim of the execution creditor is a disguise or the execution creditor has made the application for the compulsory execution while knowing that such right will be extinguished as the result of the confiscation, or the execution creditor is a party to the offence.
3. If a decision to commence compulsory auction or attachment under the provisions of compulsory execution has been made in respect of any property before a securance order for confiscation is issued in respect of such property, an adjudication of confiscation of such property may not be made, unless the execution creditor (except for the defendant) is permitted to intervene in the proceeding of the defendant's case. The same shall apply to the confiscation of property provided for in the preceding paragraph.
4. The provisions of Paragraphs 4 and 5 of Article 18 shall apply mutatis mutandis when an adjudication of confiscation without a declaration provided for in Paragraph 2 of this article with respect to such right that shall be left as it stands in accordance with the provisions of the same paragraph becomes finally binding, and the provisions of Paragraph 6 of Article 20 to the procedure of



confiscation provided for in the preceding paragraph.

Article 38 (Stay of Compulsory Execution)

When a court issues or is going to issue a securance order for confiscation of any property in respect of which a decision to commence compulsory auction or attachment has been made, the court may, by a decision, order the stay of the compulsory execution upon application by a public prosecutor or ex officio, if the court finds that there is a reasonable ground to deem that there exists any of the causes provided for in the proviso of Paragraph 1 of the preceding article.

2. The execution court (the court clerk who effected the attachment when the attachment has been effected; the same shall apply hereinafter in this paragraph) shall stay the compulsory execution upon the submission by a public prosecutor of a certified copy of the writing of the decision provided for in the preceding Paragraph. In applying the provisions of the Civil Execution Law in such case, the document provided for in Paragraph 1(7) of Article 39 of the same Law shall be deemed to be submitted.
3. If securance of confiscation becomes invalid or substitute money is paid, or if a ground provided for in Paragraph 1 of this article ceases to exist or the duration of stay of compulsory execution has been unreasonably prolonged, the court shall, by a decision, revoke the decision provided for in Paragraph 1 of this article upon application by a public prosecutor or the execution creditor or ex officio. The provisions of Paragraph 2 of Article 32 shall apply mutatis mutandis to such case.

Article 39 (Adjustment with auction procedure to execute collateral right)

Execution (except for attachment) of any collateral right, which exists on any property secured for confiscation and which was created after such securance of confiscation had been made or the disposition of which has been proscribed by a collateral securance order, may not be made, unless the proscription of disposition by the securance order for confiscation or the collateral securance order becomes invalid or the substitute money is paid.

2. When a collateral securance order is issued in respect of any collateral right after auction procedure to execute such collateral right has been commenced, the execution court shall stay the procedure upon the submission by a public prosecutor of a certified copy of such order. In applying the provisions of the Civil Execution Law in such case, the document provided for in Paragraph 1(7) of Article 183 of the same Law (including mutatis mutandis application of such provisions in Article 189, Article 192 and Paragraph 2 of Article 193) shall be deemed to be submitted.

Article 40 (Adjustment with other procedures)

The provisions of Article 35 shall apply mutatis mutandis to the restriction on any such procedures other than securance of confiscation when any property secured for confiscation is attached pursuant to the provisions for disposition for arrears of taxes (Such term means disposition for arrears of taxes under the National Tax Collection Law (Law No. 147 of 1959) and any other disposition for arrears of taxes in accordance with the same; The same shall apply hereinafter.) , or a decision of commencement of bankruptcy proceedings or a decision of commencement of rehabilitation proceedings or a prohibition order pursuant to the provision of paragraph 1 of Article 28 of the Law relating to Recognition and Assistance for Foreign Insolvency Proceedings (Law No. 129 of 2000) in the recognition and assistance proceedings (in Paragraph 3 referred to as the "decision of commencement of bankruptcy proceedings, etc.") is made with respect to any person holding the property secured for confiscation, or a decision to commence reorganization procedure or an order to commence special liquidation (in this article collectively referred to as a "decision to commence reorganization procedure, etc.") is made with respect to a corporation or other juristic person holding the property secured for confiscation.

2. The provisions of Article 36 shall apply mutatis mutandis to the deposit by the third obligor when attachment under the provisions of disposition for arrears of taxes is made on any money claim secured for confiscation or securance of confiscation is made in respect of any money claim attached pursuant to the provisions of disposition for arrears of taxes, and the provisions of Paragraphs 1, 2 and 4 of the same article to the deposit by the third obligor when provisional attachment is made on any money claim secured for confiscation or securance of confiscation is made in respect of any money claim provisionally attached.
3. The provisions of Article 37 shall apply mutatis mutandis to the restriction on confiscation of any property which has been provisionally attached before the securance of confiscation is made, or the superficies or other right existing on which has been provisionally attached before the disposition is proscribed by a collateral securance order; the provisions of the main clause of

Paragraph 1 of the same article to the restriction on confiscation of any property which has been attached pursuant to the provisions of disposition for arrears of taxes before the securance of confiscation is made, or in respect of which securance of confiscation is made after a decision of commencement of bankruptcy proceedings, etc. has been made with respect to any person holding such property or a decision to commence reorganization procedure, etc. has been made with respect to a corporation or any other juristic person holding such property ; and the provisions of the main clause of Paragraph 2 of the same article to the restriction on confiscation of any property, the superficies or other right existing on which has been attached pursuant to the provisions of disposition for arrears of taxes before the disposition is proscribed by a collateral securance order, or the disposition of the superficies or other right existing on which is proscribed by a collateral securance order after a decision of commencement of bankruptcy proceedings, etc. has been made with respect to any person holding such superficies or other right or a decision to commence reorganization procedure, etc. has been made with respect to a corporation or any other juristic person holding such superficies or other right.

4. The provisions of Article 38 shall apply mutatis mutandis to the stay of compulsory execution when a securance order for confiscation is issued or is going to be issued in respect of any property provisionally attached.

Article 41 (Validity, etc. of collateral securance order)

A collateral securance order shall be valid while the securance of confiscation, for which such order is issued, is valid; provided that this shall not apply if the substitute money is paid.

2. Except as otherwise provided for, the provisions for securance of confiscation shall apply mutatis mutandis to the proscription of disposition by a collateral securance order.

Part 2 . Securance of Collection of Equivalent Value

Article 42 (Securance order for collection of equivalent value)

A court may, either upon application by a public prosecutor or ex officio, proscribe the defendant to dispose of any property of the defendant by issuing a securance order for collection of equivalent value, when the court finds that there is a reasonable ground to deem that a criminal case involving any offence provided for in the Schedule, (A) through (D) of Item 2 of Paragraph 2 of Article 2, Item 3 or 4 of the same paragraph, Paragraphs 1 through 3 of Article 9, Article 10 or Article 11 pending before it falls under a case with respect to which collection of equivalent value shall be made under the provisions of this Law or any other law or regulation and that there is a possibility that the execution of collection of equivalent value may become impossible or be seriously hampered.

2. A securance order for collection of equivalent value shall contain the determination of the sum of money which the court deems necessary to secure for the execution of the adjudication of collection of equivalent value (referred to as the "sum to be secured for the collection of equivalent value" in Paragraph 4 of this article) and shall be issued in respect of specific property ; provided that the order may be issued without specifying the subject in so far as movable property is concerned.
3. A securance order for collection of equivalent value shall contain the determination of the sum of money (hereinafter referred to as the "money for the release from securance of collection of equivalent value") which the defendant is required to pay in order to obtain the stay of execution of the securance of collection of equivalent value or the revocation of the disposition for the execution of the securance order for collection of equivalent value in respect of the property, the disposition of which is to be proscribed.
4. A securance order for collection of equivalent value shall contain the name of the defendant, the identification of the offence, the gist of the facts constituting the offence charged against the defendant, the provisions of the law or regulation enabling the collection of equivalent value, the sum to be secured for the collection of equivalent value, the identification of the property disposition of which is to be proscribed, the sum of money for the release from securance of collection of equivalent value, the date of issuance and other matters provided for in the Supreme Court Rule, and the name and seal of the presiding judge or a commissioned judge shall be affixed to it.
5. The provisions of Paragraph 4 and 5 of Article 22 shall apply mutatis mutandis to securance of collection of equivalent value (Such term means the proscription of disposition by a securance order for collection of equivalent value. The same shall apply



hereinafter.).

Article 43 (Securance order for collection of equivalent value before the institution of prosecution)

A judge may, upon application by a public prosecutor, take the measure provided for in Paragraph 1 of the preceding article before the prosecution is instituted, when there is a reasonable ground to deem that collection of equivalent value shall be made under the provisions of Paragraph 3 of Article 16 and if such judge finds that there is a necessity provided for in Paragraph 1 of the preceding article.

2. The provisions of the main clause of Paragraphs 3 and Paragraphs 4 through 6 of Article 23 shall apply mutatis mutandis to securance of collection of equivalent value under the provisions of the preceding paragraph.

Article 44 (Execution of securance order for collection of equivalent value)

A securance order for collection of equivalent value shall be executed with an order of a public prosecutor. Such prosecutor's order shall have the same effect as a provisional attachment order under the provisions of the Civil Securance Law (Law No. 91 of 1989).

2. A securance order for collection of equivalent value may be executed before a certified copy of such securance order is served on the defendant or the suspect.

3. Except as otherwise provided for in this Law, a securance order for collection of equivalent value shall be executed in accordance with the provisions of the Civil Securance Law and other laws and regulations concerning the execution procedures for provisional attachment. In such case, the court corresponding to the public prosecutors office, to which the public prosecutor issuing an order pursuant to the provisions of Paragraph 1 of this article belongs, shall have jurisdiction over the execution of provisional attachment over which, under such laws and regulations, a court issuing such provisional attachment order has jurisdiction as a securance execution court.

Article 45 (Deposit by Obligor of Money Claim)

When an obligor of any money claim, which has been provisionally attached pursuant to a securance order for collection of equivalent value, deposits the sum of money equivalent to the amount of such money claim, such provisional attachment shall be deemed to be executed on the creditor's right to such deposited money.

2. The provisions of the preceding paragraph shall not apply to the portion of the deposited money with which the amount of the deposited money exceeds the amount of money for the release from securance of collection of equivalent value.

Article 46 (Payment of money for the release from securance of collection of equivalent value and execution of adjudication of collection of equivalent value, etc.)

When an adjudication of collection of equivalent value becomes finally binding or an adjudication of provisional payment is pronounced after money for the release from securance of collection of equivalent value has been paid, the adjudication of collection of equivalent value or provisional payment shall be deemed to be executed to the extent of such paid sum.

2. When collection of equivalent value is pronounced and the paid sum of money for the release from the securance of collection of equivalent value exceeds the sum to be collected, such excess sum shall be returned to the defendant.

Article 47 (Revocation of securance order for collection of equivalent value)

If the ground or necessity for securance of collection of equivalent value ceases to exist or the duration of securance has been unreasonably prolonged, the court shall, by a decision, revoke the securance order for collection of equivalent value upon application by a public prosecutor or the defendant or the defendant's counsel, or ex officio. The provisions of Paragraph 2 of Article 32 shall apply mutatis mutandis to such case.

Article 48 (Invalidation of securance order for collection of equivalent value)

A securance order for collection of equivalent value shall become invalid when a notification of an adjudication of not guilty, acquittal on procedural grounds or dismissal of prosecution (except for cases falling under the provisions of Article 338(4) and Paragraph 1(1) of Article 339 of the Code of Criminal Procedure) is made, or when a notification of an adjudication of guilty is

made without the pronouncement of collection of equivalent value.

2. The provisions of Paragraph 2 of Article 33 shall apply *mutatis mutandis* to the validity of a securance order for collection of equivalent value when an adjudication of dismissal of prosecution is made pursuant to the provisions of Article 338(4) or Paragraph 1(1) of Article 339 of the Code of Criminal Procedure.

Article 49 (Measures to be taken in case of invalidation)

When a securance order for collection of equivalent value becomes invalid or money for the release from securance of collection of equivalent value has been paid, a public prosecutor shall promptly revoke the order issued pursuant to the provisions of Paragraph 1 of Article 44 and take necessary measures to stay the execution of provisional attachment pursuant to the securance order for collection of equivalent value or to revoke the execution of provisional attachment already made.

Article 50 through 76 Skip

Supplementary provisions Skip

SCHEDULE

(with respect to Articles 2, 13, 22, 42, 56 and 59)

- (1) an offence provided for in Article 3 (Organized homicide and other organized crimes), Article 4 (Attempts), Item 1 of Paragraph 1 of Article 6 (Preparations for organized homicide), Paragraph 2 of Article 6 involving an offence provided for in Item 1 of Paragraph 1 of the same Article (Preparations for homicide involving illegal interests of a group), Paragraph 1 (Concealment of crime proceeds or the like) or Paragraph 2 (Attempts) of Article 10 of this Law
- (2) (A) an offence provided for in Article 108 (Arson to an inhabited structure or others), Paragraph 1 of Article 109 (Arson to an uninhabited structure or others) or Paragraph 1 of Article 110 (Arson to an article other than structures or others) of the Penal Code (Law No. 45 of 1907), an offence provided for in Article 115 to be punished in accordance with Paragraph 1 of Article 109 or Paragraph 1 of Article 110 of the Penal Code, or attempts of these offences except for attempts of an offence provided for in Paragraph 1 of Article 110 of the Penal Code and for attempts of an offence to be punished in accordance with Paragraph 1 of Article 110 of the Penal Code
(B) an offence provided for in Article 137 (Importation, etc. of opium smoking implement), Paragraph 2 of Article 139 (Provision of chamber for smoking opium) of the Penal Code or attempts of these offences
(C) an offence provided for in Article 148 (Counterfeiting and utterance of currency, etc.), Article 149 (Counterfeiting and utterance of foreign currency, etc.) of the Penal Code, attempts of these offences or an offence provided for in Article 153 (Preparations for counterfeiting, etc.) of the Penal Code
(D) an offence provided for in Paragraph 1 (Forgery of an official document with signature or seal) or Paragraph 2 (Alteration of an official document with signature or seal) of Article 155 of the Penal Code, an offence to be punished in accordance with these paragraphs, an offence provided for in Paragraph 1 of Article 157 (Untrue entry in an authenticated deed) of the Penal Code or its attempts, Article 158 (Utterance, etc. of forged official document) of the Penal Code involving these offences except for attempts of an offence provided for in Paragraph 1 of Article 157 of the Penal Code, Paragraph 1 (Forgery of a private document with signature or seal) or Paragraph 2 (Alteration of a private document with signature or seal) of Article 159 of the Penal Code or Article 161 (Utterance of forged private document, etc.) of the Penal Code involving these offences, or Article 161-2 (Illegal production and putting in use of electro-magnetic record) of the Penal Code
(E) an offence provided for in Article 162 (Counterfeiting etc. of securities) or Article 163 (Utterance, etc. of forged securities) of the Penal Code
(F) An offence provided for in Articles 163-2 to 163-5 inclusive (Unauthorized creation of electromagnetic records of payment cards, Possession of payment cards with unauthorized electromagnetic records, Preparation for unauthorized creation of electromagnetic records of payment cards, Attempts)
(G) an offence provided for in Article 175 (Distribution, etc. of obscene literature) of the Penal Code
(H) an offence provided for in Article 186 (Habitual gambling and opening a gambling place, etc. for profit) of the Penal Code
(I) an offence provided for in Articles 197 to 197-4 (Receipt of a bribe, Receipt of a bribe in response to an entreaty and advance



- receipt of a bribe, A bribe to third person, Receipt of a bribe for dishonest act and subsequent receipt of a bribe, Receipt of a bribe for exertion of influence) of the Penal Code
- (J) an offence provided for in Article 199 (Homicide) of the Penal Code or its attempts
- (K) an offence provided for in Article 204 (Bodily injury) or Article 205 (Causing death through bodily injury) of the Penal Code
- (L) an offence provided for in Article 220 (Unlawful arrest and false imprisonment) or Article 221 (Death or bodily injury resulting from unlawful arrest or false imprisonment) of the Penal Code
- (M) an offence provided for in Articles 224 to 228 (Kidnapping or abduction of a minor, Kidnapping or abduction for profit or other purposes, Kidnapping or abduction for ransom, etc., Kidnapping or abduction for transportation to foreign country and traffic in persons, Receipt, etc. of kidnapped or abducted person, Attempts) of the Penal Code
- (N) an offence provided for in Articles 235 to 236 (Larceny, Wrongfully taking possession of immovable property, Robbery), Articles 238 to 241 (Constructive robbery, Robbery through causing unconsciousness, Death or wounding through robbery, Rape in the course of robbery and death resulting therefrom) or Article 243 (Attempts) of the Penal Code
- (O) an offence provided for in Articles 246 to 250 (Fraud, Computer fraud, Breach of trust, Constructive Fraud, Extortion, Attempts) of the Penal Code
- (P) an offence provided for in Article 253 (Embezzlement in the conduct of business) of the Penal Code
- (Q) an offence provided for in Paragraph 2 of Article 256 (Receiving, etc. of stolen goods for counter value) of the Penal Code
- (R) an offence provided for in Article 260 (Damaging or destruction of a structure or others and damaging or destruction of a structure or others resulting in death or bodily injury) of the Penal Code or an offence to be punished in accordance with Article 260 of the Penal Code
- (3) an offence provided for in Articles 1 to 6 (Use of Explosives, manufacture of explosives, etc.) of the Explosives Control Act (Government Order No. 32 of 1884)
- (4) an offence provided for in Articles 486 to 488 (Breach of trust by a director or the like, Attempts), Article 490 (Using documents containing untrue statements), Paragraph 1 of Article 494 (Receipt of a bribe with respect to voting or bringing action, etc.), Paragraph 2 (Receipt of an offered benefit with respect to exercise of the right of a shareholder) or Paragraph 4 (Intimidation regarding receipt of an offered benefit with respect to exercise of the right of a shareholder, etc.) of Article 497 of the Commercial Code (Law No.48 of 1899)
- (5) an offence provided for in Article 1 (Counterfeiting, etc.), Article 2 (Importation of counterfeited coins or others current in foreign countries), Paragraph 1 of Article 3 (Utterance, etc. of counterfeited coins or others current in foreign countries) or Article 4 (Preparations for counterfeiting, etc.) of Law concerning Counterfeiting, Alteration and Imitation of Coins, Paper Moneys, Bank-notes or Securities Current in Foreign Countries (Law No.66 of 1905) or their attempts
- (6) an offence provided for in Article 1 (Forgery, etc.) or Article 2 (Utterance, etc. of forged stamps or others) of Law concerning Punishment of Stamp Crimes (Law No. 39 of 1909)
- (7) Deleted
- (8) an offence provided for in Paragraph 1 (Aggravated bodily injury) or Paragraph 2 (Attempts) of Article 1-2 or Article 1-3 (Habitual bodily injury, etc.) of Law concerning Punishment of Physical Violence and Others (Law No. 60 of 1926)
- (9) an offence provided for in Articles 2 to 4 (Habitual special robbery/larceny, Habitual robbery/larceny with previous conviction, Habitual robbery resulting in bodily injury, etc.) of Law for Prevention and Disposition of Robbery, Theft and Others (Law No. 9 of 1930)
- (10) an offence provided for in Article 77 (Breach of trust by a director or the like) of Law concerning Company with Limited Responsibility (Law No. 74 of 1938)
- (11) an offence provided for in Article 63 (Introduction of employment by violence, etc.) of Employment Security Law (Law No. 141 of 1947)
- (12) an offence provided for in Paragraph 1 of Article 60 (Inducing a child to practice an obscene act) of Child Welfare Law (Law No. 164 of 1947)
- (13) an offence provided for in Paragraph 1 of Article 85 (Forgery, etc. of stamps or the like) of Mail Law (Law No. 165 of 1947) or its attempts
- (14) an offence provided for in Article 197 (Submission of securities notification with false statement, etc.), Item 19 of Article 198 (Insider transactions) or Item 13 of Article 200 (Receipt of benefit for compensation for damages, etc.) of Securities and

- Exchange Law (Law No. 25 of 1948)
- (15) an offence provided for in Article 24-3 (Use, etc.) of Cannabis Control Law (Law No. 124 of 1948)
- (16) an offence provided for in Article 64 (Introduction of employment by violence, etc.) of Seamen's Employment Security Law (Law No. 130 of 1948)
- (17) an offence provided for in Article 30 (Unqualified horse racing, etc.) or latter part of Article 32-2 (Receipt of a bribe for a dishonest act) of Horse Racing Law (Law No. 158 of 1948)
- (18) an offence provided for in Article 18 (Unqualified bicycle racing, etc.) or latter part of Article 23 (Receipt of a bribe for a dishonest act) of Bicycle Racing Law (Law No. 209 of 1948)
- (19) an offence provided for in Article 77 (Handling legal business by persons other than lawyers, etc.) involving violations of Article 72 or Article 73 of Lawyers Law (Law No. 205 of 1949)
- (20) an offence provided for in Article 69-6 (An unlicensed transaction which obstructs the maintenance of international peace and security, etc.) of Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949)
- (21) an offence provided for in Article 24 (Unqualified auto-racing, etc.) or latter part of Article 28 (Receipt of a bribe for a dishonest act) of Auto-Racing Law (Law No. 208 of 1950)
- (22) an offence provided for in Item 1 of Article 24 involving Article 3 (Unregistered selling, etc.) or Item 1 of Article 24-2 (Selling of poisonous substances, etc. with stimulating effects, etc.) of Article 24-2 of Poisonous and Deleterious Substances Control Law (Law No. 303 of 1950)
- (23) an offence provided for in Article 228 (Breach of trust by an incorporation planner, an executive officer or the like) or Article 228-2 (Breach of trust by a representative or the like of the creditors meeting of investment companies) or Article 230 (using documents containing untrue statements) or Paragraph 1 of Article 235 (Receipt of a bribe with respect to voting or bringing action, etc.) Paragraph 2 (Receipt of an offered benefit with respect to exercise of the right of an investor, etc.) or Paragraph 4 (Intimidation regarding receipt of an offered benefit with respect to exercise of the right of an investor) of Article 236 of Law Concerning Securities Investment Trust and Securities Investment Companies (Law No.198 of 1951)
- (24) an offence provided for in Article 27 (An unqualified motorboat racing, etc.) or latter part of Article 34 (Receipt of a bribe for a dishonest act) of Motorboat Racing Law (Law No. 242 of 1951)
- (25) an offence provided for in Article 41-3 (Use of stimulants, Importation of stimulants raw material, etc.), Article 41-4 (Administration of uncontrolled stimulants, etc.), Article 41-7 (Preparations for importation, etc. of stimulants raw material), Article 41-10 (Provision of funds or others required for importation of stimulants raw material, etc.) or Article 41-13 (Mediation of transfer and receipt of stimulants raw material) of Stimulants Control Law (Law No. 252 of 1951)
- (26) an offence provided for in Paragraph 1 of Article 73-2 (Engaging aliens in illegal work), Article 74 (Smuggling, etc. of a group of illegal entrants), Article 74-2 (Transportation of a group of illegal entrants), Article 74-4 (Receipt, etc. of a group of illegal entrants), Article 74-6 (Assistance in illegal entry, etc.) or Paragraph 2 of Article 74-8 (Harbouring illegal entrants, etc. for profit) of Immigration Control and Refugee Recognition Law (Cabinet Order No. 319 of 1951) or attempts of an offence provided for in Paragraph 2 of Article 74-8 of the Law
- (27) Deleted
- (28) an offence provided for in Article 64-3 (Administration of diacetylmorphine, etc.) or Article 66-2 (Administration of narcotics, etc.) of Narcotics and Psychotropics Control Law (Law No. 14 of 1953)
- (29) an offence provided for in Article 31 (Manufacture of firearms without permit), item 1 of Article 31-2 (Manufacture of arms other than firearms without permit) or Item 4 of Article 31-2 involving manufacture of hunting guns (Manufacture of hunting guns without permit) of Law concerning Manufacture of Arms and Others (Law No. 145 of 1953)
- (30) an offence provided for in Article 109 (Importation of prohibited goods) or Article 109-2 (Bringing etc. of prohibited goods into Hozei area) of Customs Law (Law No. 61 of 1954)
- (31) an offence provided for in Paragraph 1 (High interest) or Paragraph 2 (Business of lending with high interest) of Article 5, Item 1 of Paragraph 1 of Article 8 involving violations of Article 1 or Paragraph 1 of Article 2 (Acceptance of contributions with the assurance of refund of the whole amount of the contributions, etc.), Item 2 of Paragraph 1 of Article 8 involving violations of Article 1, Paragraph 1 of Article 2 or Paragraph 1 or Paragraph 2 of Article 5 (Evasion of prohibition of acceptance of contributions with the assurance of refund of the whole amount of the contributions, etc.) Of Law concerning Regulation, etc. of



- Receiving of Capital Subscription, Deposits, Interest on Deposits and Others (Law No. 195 of 1954)
- (32) an offence provided for in the latter part of Paragraph 1 of Article 37 (Receipt of a bribe for a dishonest act) of Japan Racing Association Law (Law No. 205 of 1954)
- (33) an offence provided for in Article 29 (Receipt, etc. of subsidy, etc. through dishonest measures) of Law concerning Proper Execution of Budget regarding Subsidy, etc. (Law No. 179 of 1955)
- (34) an offence provided for in Paragraph 1 of Article 6 (Procurement), Article 7 (Prostitution through embarrassment, etc.), Paragraph 1 of Article 8 (Receipt of compensation, etc.), Article 10 (Contract to make a person prostitute), Paragraph 2 of Article 11 (Business of furnishing place), Article 12 (Business of making a person prostitute) or Article 13 (Provision of funds or others) of Anti-Prostitution Law (Law No. 118 of 1956)
- (35) an offence provided for in Articles 31 to 31-4 (Firing, importation, possession, transfer, etc. of a pistol, etc.), Articles 31-7 to 31-9 (Importation, possession, transfer, etc. of ammunition of a pistol), Articles 31-11 to 31-13 (Possession, etc. of a hunting gun, Preparations for importation of a pistol, etc., Provision of funds or others required for importation of a pistol, etc.), Article 31-15 (Mediation, etc. of transfer and receipt of a pistol, etc.), Item 1 (Possession of a pistol, etc. and fire-arms, etc. other than a hunting gun), Item 2 (Possession of parts of a pistol) or Item 3 (Transfer, etc. of parts of a pistol) of Paragraph 1 of Article 31-16, Paragraph 2 of Article 31-16 (Attempts), Article 31-17 (Importation of goods as a pistol, etc.), Item 1 of Article 31-18 (Mediation of transfer and receipt of ammunition of a pistol) or Item 1 of Article 32 (Mediation, etc. of transfer and receipt of parts of a pistol) of Law Controlling Possession, etc. of Fire-Arms and Sword (Law No. of 1958)
- (36) an offence provided for in Article 196 (Infringement of patent right, etc.) of Patent Law (Law No. 121 of 1959)
- (37) an offence provided for in Article 78 (Infringement of trade mark right, etc.) of Trade Mark Law (Law No. 127 of 1959)
- (38) an offence provided for in Item 5 of Article 84 (Business of selling, etc. of pharmaceuticals) of Pharmaceutical Affairs law (Law No. 145 of 1960)
- (39) an offence provided for in Article 32 (Breach of trust by a director or the like) of Law concerning Merger and Conversion of Financial Institutions (Law No. 86 of 1968)
- (40) an offence provided for in Article 119 (Infringement of copyright, etc.) of Copyright Law (Law No. 48 of 1970)
- (41) an offence provided for in Article 1 (Seizure, etc. of an aircraft), Article 2 (Seizure of an aircraft, etc. resulting in death) or Article 4 (Obstruction of operation of an aircraft) of Law for Punishment of Seizure of Aircraft and Related Crimes (Law No. 68 of 1970)
- (42) an offence provided for in Item 1 of Article 25 (Industrial wastes disposal business without permit), or Item 5 (Name Lending), Item 6 (Unpermitted establishment of industrial wastes disposition facility) or Item 8 (Unlawful Disposition), or Item 5 of Article 26 (Undertaking of disposal of industrial wastes) of Wastes Disposal and Public Cleaning Law (Law No. 137 of 1970)
- (43) an offence provided for in Articles 1 to 5 (Endangering of aviation, An act to make an aircraft in flight crash, etc., Destruction of an Aircraft in Service, etc., Taking Explosives, etc. into an Aircraft in Service, Attempts) of Law for Punishment of Acts Endangering Aviation, etc. (Law No.87 of 1964)
- (44) an offence provided for in Articles 1 to 4 (Compulsion by taking a hostage, etc., Aggravated compulsion by taking a hostage, Killing of a Hostage) of Law for Punishment of Compulsion and Related Acts Committed by Those Having Taken Hostages (Law No. 48 of 1978)
- (45) an offence provided for in Article 5 (Opening, etc.) of Law concerning Prevention of Infinite Chain Financing Association (Law No.101 of 1978)
- (46) an offence provided for in Article 9 (Use of Bacteriological Weapons, etc.) or Article 10 (Manufacture of Bacteriological Weapons, etc.) of Law Implementing the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction (Law No. 61 of 1982)
- (47) an offence provided for in Item 2 of Article 47 (Unregistered business) of Law concerning Control of Money Lending Business (Law No. 32 of 1983)
- (48) an offence provided for in Article 58 (Dispatch of workers for the purpose of harmful business) or Item 1 of Article 59 involving Item 1 of Article 4 (Business of dispatching workers for prohibited business) or Article 6 of Supplemental Provisions (Business of dispatching workers for manufacturing business) of Law Ensuring Proper Management of Worker Dispatching Business, Adjusting Working Conditions of Dispatched Workers and Others (Law No. 88 of 1985)
- (49) an offence provided for in Article 148 (Disguised transactions, etc.) of Monetary Futures Transaction Law (Law No. 77 of 1988)

- (50) an offence provided for in Paragraph 1 (Concealment of drug crime proceeds or the like) or Paragraph 2 (Attempts) of Article 6 of Law concerning Special Provisions for the Narcotics and Psychotropics Control Law, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances through International Cooperation (Law No. 94 of 1991)
- (51) an offence provided for in Article 49 (Using documents containing untrue statements) of Law concerning Preferred Contribution to Co-operative Financial Institutions (Law No. 44 of 1993)
- (52) an offence provided for in Articles 38 to 40 (Use, manufacture, etc. of chemical weapons) of Law concerning Prohibition of Chemical Weapons, Control of Specified Materials and Other Matters (Law No. 65 of 1995)
- (53) an offence provided for in Article 5 (Exhalation) or Paragraph 1 to 3 of Article 6 (Manufacture, etc.) of Law concerning Prevention of Injury to Persons Caused by Sarin, etc. (Law No. 78 of 1995)
- (54) an offence provided for in Article 322 (Breach of trust by an insurance commissioner, etc.), Article 323 (Breach of trust by a representative of meeting of debenture holders, etc.) or Article 325 (Using documents containing untrue statements) of Insurance Business Law (Law No. 105 of 1995)
- (55) an offence provided for in Paragraph 1 of Article 549 (Fraudulent reorganization) of Law concerning Special Procedures for Reorganization of Financial Institutions and Others (Law No. 95 of 1996)
- (56) an offence provided for in Paragraph 1 of Article 20 (Buying and selling of organs, etc.) of Law concerning Transplant of Organs (Law No. 104 of 1997)
- (57) an offence provided for in Article 32 (Unqualified sports promotion lottery) latter part of Article 37 (Receipt of a bribe for a dishonest act) of Sports Promotion Lottery Law (Law No.63 of 1998)
- (58) an offence provided for in Article 240 (Breach of trust by a promoter, director or the like), Article 241 (Breach of trust by representative of meeting of specified bond holders or the like), Article 243 (Using documents containing untrue statement), Paragraph 1 of Article 248 (Receipt of a bribe with respect to voting or bringing action, etc.) , or Paragraph 3 of Article 251 (Receipt of an offered benefit with respect to exercise of the right of an employee) or Paragraph 6 (Intimidation regarding receipt of an offered benefit with respect to exercise of the right of an employee, etc.)of Article 182 of Law on Securitization of Assets (Law NO.105 of 1998)
- (59) an offence provided for in Article 5 (Intermediation of Child Prostitution) or Paragraph 2 of Article 6 (Solicitation of Child Prostitution as business) or Article 7 (Distribution, etc. of Child Pornography) or Article 8 (Trade, etc. in Children for the Purpose of Child Prostitution, and suchlike) of Law for Punishing Acts Related to Child Prostitution and Child Pornography, and for Protecting Children (Law No.52 of 1999)
- (60) An offence provided for in Article 255 (Fraudulent rehabilitation) of Civil Rehabilitation Act (Act No.225 of 1999).
- (61) An offence provided for in Article 16 (Transplantation of Human Clone Lung etc. into Human Being or Animal) of Act on Regulation of Human Cloning Techniques (Act No. 146 of 2000)
- (62) An offence provided for in Article 157 (Breach of trust by a director or the like) of Intermediary Corporations Act (Act No.49 of 2001)
- (63) An offence provided for in Paragraph 1 of Article 137 (Receipt of a bribe related to execution of rights of Participants) of Transfer of Corporate Bonds, etc. Act (Act No. 75 of 2001)
- (64) An offence provided for in Article 2 (Terrorist Financing) or Article 3 (Collecting of Terrorist Funds) of Act on Punishment of the Financing of Offences of Public Intimidation (Act No. 67 of 2002)
- (65) An offence provided for in Article 29-2 (Breach of trust by an executive officer or the like, Attempts) or Article 29-4 (Using documents containing fraudulent statements) or Paragraph 1 of Article 29-8 (Receipt of a bribe with respect to voting or bringing action, etc.) or Paragraph 2 of Article 29-10 (Receipt of an offered benefit with respect to exercise of the right of a shareholder) or Paragraph 4 of that Article (Intimidation regarding receipt of an offered benefit with respect to exercise of the right of a shareholder, etc.) of Act on Special Measures of Commercial Act regarding Audit of Stock Company (Act No. 22 of 1974)
- (66) An offence provided for in Article 266 (Fraudulent Rehabilitation) of Corporate Reorganization Act (Act No.154 of 2002).
- (67) An offence provided for in Articles 50 to 52 inclusive (Receipt of a bribe, Receipt of a bribe in response to an entreaty and advance receipt of a bribe, A bribe to third person, Receipt of a bribe for dishonest act and subsequent receipt of a bribe) of Arbitration Act (Act No.138 of 2003)
- (68) An offence provided for in Article 265 (Fraud Bankruptcy) of Bankruptcy Act (Act No. 75 of 2004)

LAW CONCERNING SPECIAL PROVISIONS FOR THE NARCOTICS AND PSYCHOTROPICS CONTROL LAW, ETC. AND OTHER MATTERS FOR THE PREVENTION OF ACTIVITIES ENCOURAGING ILLICIT CONDUCTS AND OTHER ACTIVITIES INVOLVING CONTROLLED SUBSTANCES THROUGH INTERNATIONAL COOPERATION

(Law No. 94 of 5 October, 1991)

(Purpose)

Article 1.

This law shall, in addition to the provisions of the Narcotics and Psychotropics Control Law (Law No. 14 of 1953), the Cannabis Control Law (Law No. 124 of 1948), the Opium Law (Law No. 71 of 1954), and the Stimulants Control Law (Law No. 252 of 1951), set forth special provisions for these Laws and other relevant laws and other necessary matters, in the light of the importance of eliminating, through international cooperation, major factors contributing to the commission of illicit conducts involving controlled substances, by confiscating drug offense proceeds derived from drug offences, and with a view to preventing activities encouraging illicit conducts and other activities involving controlled substances, and to ensure the due implementation of the international covenants in this respect.

(Definitions)

Article 2.

In this Law, a "controlled substance" means any narcotic or psychotropic designated in the Narcotics and Psychotropics Control Law, any cannabis designated in the Cannabis Control Law, any opium or poppy straw designated in the Opium Law and any stimulant designated in the Stimulants Control Law.

2. In this Law, a "drug offense" means any offense enumerated in the following.

(1) an offense specified in Article 5, Article 8 or Article 9

(2) an offense specified in Article 64, Article 64-2, Article 65, Article 66, Article 66-3, Article 66-4, Article 68-2 or Article 69-5 of the Narcotics and Psychotropic Control Law

(3) an offense specified in Article 24, Article 24-2 or Article 24-7 of the Cannabis Control Law

(4) an offense specified in Article 51, Article 52 or Article 54-3 of the Opium Law

(5) an offense specified in Article 41, Article 41-2 or Article 41-11 of the Stimulants Control Law

(6) an offense specified in Article 67 or Article 69-2 of the Narcotics and Psychotropics Control Law, in Article 24-4 of the Cannabis Control Law, in Article 53 of the Opium Law or in Article 41-6 of the Stimulants Control Law

(7) an offense specified in Article 68 or Article 69-4 of the Narcotics and Psychotropics Control Law, in Article 24-6 of the Cannabis Control Law, in Article 54-2 of the Opium Law or in Article 41-9 of the Stimulants Control Law

3. In this Law, "drug offense proceeds" mean any property obtained through the action of a drug offense or obtained in reward for such criminal conduct, or any money involved in an offense referred to in Item (7) of the preceding paragraph.

4. In this Law, "property derived from drug offense proceeds" means any property obtained as the fruit of or in exchange for drug offense proceeds or any property obtained in exchange for such property so obtained, or any other property obtained through the possession or disposition of drug offense proceeds.

5. In this Law, "drug offense proceeds or the like" mean drug offense proceeds, property derived from drug offense proceeds or any other property in which any drug offense proceeds or property derived from drug offense proceeds is mingled with other property.

(Special Provisions for Landing Procedures)

Article 3.

When a foreigner suspected to be a person designated in Paragraph 1 (6) of Article 5 of the Immigration Control and Refugee Recognition Law (Cabinet Ordinance No.319 of 1951; hereinafter referred to as the "Immigration Control Law") makes an application provided for in Paragraph 2 of Article 6 of the Immigration Control Law, the immigration inspector may, notwithstanding the provision of Paragraph 1 of Article 9 of the Immigration Control Law, issue a stamp of landing permission provided for in Paragraph 1 of Article 9 of the Immigration Control Law on such foreigner's passport upon the examination specified in Paragraph 1 of Article 7 of the Immigration Control Law of matters other than those specified in Paragraph 1 (6) of Article 5 of the Immigration Control Law, if the immigration inspector has been informed by the Minister of Justice that there has been notice from a public prosecutor or a request from a judicial police official (limited to narcotics control officers, prefectural narcotics control officials, police officers or maritime safety officers; the same shall apply in the succeeding paragraph and Paragraph 1 of the succeeding article) that it is necessary to have such foreigner land for the investigation of a drug offense and that it is deemed that

a sufficient surveillance system has been established to prevent the loss of any controlled substance involved and the escape of such a person.

2. When an application provided for in Paragraph 1 of Article 14, Paragraph 1 or Paragraph 2 of Article 15 or Paragraph 1 of Article 16 of the Immigration Control Law is made in respect to a foreigner suspected to fall under Paragraph 1 (6) of Article 5 of the Immigration Control Law, the immigration inspector may permit the landing of such a foreigner upon the examination of matters other than those specified in Paragraph 1 (6) of Article 5 of the Immigration Control Law, if the immigration inspector has been informed by the Minister of Justice that there has been notice from a public prosecutor or a request from a judicial police official that it is necessary to have such foreigner land for the investigation of a drug offense and that it is deemed that a sufficient surveillance system has been established to prevent the loss of any controlled substance involved and the escape of such a person.
3. If an immigration inspector is informed by the Minister of Justice that the Minister considers it inappropriate to have a foreigner, to whom a stamp of landing permission has been issued pursuant to the provision of Paragraph 1 of this article or landing permission has been given pursuant to the provision of the preceding paragraph, continue to stay in the territory of Japan, the immigration inspector shall promptly examine whether such foreigner fell under the provision of Paragraph 1 (6) of Article 5 of the Immigration Control Law at the time of said foreigner's landing in the territory of Japan.
4. If the immigration inspector finds as a result of the examination pursuant to the provision of the preceding paragraph that a foreigner designated in the preceding paragraph fell under Paragraph 1 (6) of Article 5 of the Immigration Control Law, the immigration inspector shall revoke the stamp of landing permission under the provision of Paragraph 1 of this article or the landing permission under the provision of Paragraph 2 of this article.

(Special Provisions for Customs Procedures)

Article 4.

When it is found through the inspection of a cargo pursuant to the provisions of Article 67 (including mutatis mutandis application of such provisions in Article 75; the same shall apply throughout this paragraph) of the Customs Law (Law No. 61 of 1954), that any controlled substance is concealed in such cargo, a director-general of customs may take the following measures to meet the request of the public prosecutor or the judicial police official that it is necessary for such controlled substances to be shipped abroad or to be delivered into the territory of Japan for the investigation of a drug offense, and if the director-general of customs considers that a sufficient surveillance system has been established to prevent the loss of such controlled substances; provided that this shall not apply if it is deemed inappropriate in the light of the purposes of the laws relating to customs to take such measures

- (1) to issue permission as applied, in accordance with the provisions of Article 67 of the Customs Law in respect to such cargo (except for the controlled substance concealed in such cargo) and
 - (2) other necessary measures to meet the request.
2. The provision of the preceding paragraph (except for Item (1)) shall apply mutatis mutandis when it is found through the inspection of an object other than a letter contained in the mail pursuant to the proviso of Paragraph 1 of Article 76 of the Customs Law that any controlled substance is concealed in such object other than a letter. In this case, the provision of Article 74 of the same Law shall not apply to such a controlled substance.

(Professionally Conducted Illicit Importing, etc.)

Article 5.

Any person who professionally engages in one or more of the activities enumerated below (including any person who professionally engages in any activity constituting an offense specified in Article 8 as well as such conduct) shall be imprisoned with hard labor for an indefinite term or not less than five years and fined not more than ten million yen.

- (1) to commit an act constituting an offense specified in Article 64, Article 64-2 (except for possession), Article 65, Article 66 (except for possession), Article 66-3 or Article 66-4 (except for possession) of the Narcotics and Psychotropics Control Law
- (2) to commit an act constituting an offense specified in Article 24 or Article 24-2 (except for possession) of the Cannabis Control Law
- (3) to commit an act constituting an offense specified in Article 51 or Article 52 (except for possession) of the Opium Law



(4) to commit an act constituting an offense specified in Article 41 or Article 41-2 (except for possession) of the Stimulants Control Law

(Concealment of Drug Offense Proceeds or the Like)

Article 6.

Any person who disguises facts concerning the acquisition or disposition of drug offense proceeds or the like or conceals drug offense proceeds or the like shall be imprisoned with hard labor not exceeding five years or fined not more than three million yen, or both. The same shall apply to any person who disguises facts concerning the source of drug offense proceeds or the like.

2. Attempt of an offense specified in the preceding paragraph shall be punishable.

3. Any person who with intent to commit an offense specified in Paragraph 1 of this article prepares to commit such an offense shall be imprisoned with hard labor not exceeding two years or fined not more than five hundred thousand yen.

(Receipt of Drug Offense Proceeds or the Like)

Article 7.

Any person who knowingly receives drug offense proceeds or the like shall be imprisoned with hard labor not exceeding three years or fined not more than one million yen or both; provided that this shall not apply to a person who receives property offered for the performance of an obligation under a law or regulation or offered for the performance of an obligation under a contract (limited to that under which the obligee is to offer substantial property interest) at the time of the conclusion of which the said person did not know that the obligation under such contract would be performed with drug offense proceeds or the like.

(Import, etc. of Articles as Controlled Substances)

Article 8.

Any person who with intent to commit any drug offense (limited to those involving import or export of any controlled substance.) imports or exports any drug or other article that the said person has received or acquired as a controlled substance, shall be imprisoned with hard labor not exceeding three years or fined not more than five hundred thousand yen.

2. Any person who with intent to commit any drug offense (limited to those involving transfer, receipt or possession of any controlled substance) transfers to or receives from another person any drug or other article as a controlled substance or possesses any drug or other article that the said person has received or acquired as a controlled substance, shall be imprisoned with hard labor not exceeding two years or fined not more than three hundred thousand yen.

(Incitement or Solicitation)

Article 9.

Any person who publicly incites or solicits others to commit any drug offense (except for offenses specified in the preceding article and this article) or any offense specified in Article 6 or Article 7 or to abuse any controlled substance shall be imprisoned with hard labor not exceeding three years or fined not more than five hundred thousand yen.

(Extraterritorial Offense)

Article 10.

Any offense specified in Article 5 through Article 7 and in the preceding article shall be subject to the provision of Article 2 of the Penal Code (Law No. 45 of 1907).

(Confiscation of Drug Offense Proceeds or the Like)

Article 11.

Any property enumerated below shall be confiscated; provided that if any offense specified in Paragraph 1 or Paragraph 2 of Article 6 or in Article 7 involves any property in which drug offense proceeds or property derived from drug offense proceeds is mingled with any other property and if the confiscation of the whole of any property enumerated in the following Items (3) through (5) for such offense is deemed inappropriate, then a portion of such property may be confiscated.

- (1) any drug offense proceeds (except for those involved in an offense referred to in Paragraph 2 (6) or (7) of Article 2)
 - (2) any property derived from drug offense proceeds (except for that obtained through the possession or disposition of drug offense proceeds involved in an offense referred to in paragraph 2 (6) or (7) of Article 2)
 - (3) any drug offense proceeds or the like involved in an offense specified in Paragraph 1 or Paragraph 2 of Article 6 or in Article 7
 - (4) any property yielded or obtained through or obtained in reward for the commission of an offense specified in Paragraph 1 or Paragraph 2 of Article 6 or in Article 7
 - (5) any property obtained as the fruit of or in exchange for any property specified in the preceding two items, any property obtained in exchange for any such property so obtained, and any other property obtained through the possession or disposition of any property specified in the preceding two items
2. Notwithstanding the provision of the preceding paragraph, the confiscation of any property specified in the preceding paragraph may be avoided if it is deemed to be inappropriate in light of the nature of the property in question, the conditions of its use, the existence of rights to such property of any person other than any of the parties to the offense and other circumstances.
3. Any property enumerated in the following may be confiscated
- (1) any drug offense proceeds (only those involved in an offense referred to in Paragraph 2 (6) or (7) of Article 2)
 - (2) any property derived from drug offense proceeds (only that obtained through the possession or disposition of drug offense proceeds involved in an offense referred to in Paragraph 2 (6) or (7) of Article 2)
 - (3) any drug offense proceeds or the like involved in an offense specified in Paragraph 3 of Article 6
 - (4) any property yielded or obtained through or obtained in reward for the commission of an offense specified in Paragraph 3 of Article 6
 - (5) any property obtained as the fruit of or in exchange for any property specified in the preceding two items, any property obtained in exchange for any such property so obtained, and any other property obtained through the possession or disposition of any property specified in the preceding two items

(Confiscation, etc. of Property in which Drug Offense Proceeds or the Like Are Mingled)

Article 12.

The provisions of Article 14 and Article 15 of the Law concerning the Punishment of Organized Crimes and Control of Criminal Proceeds, etc. (Law No. 136 of 1999; hereinafter referred to as the "Organized Crime Punishment Law") shall apply mutatis mutandis to any confiscation under the provision of the preceding article. In this case, the term "items of Paragraph 1 of the preceding article" in Article 14 of the Organized Crime Punishment Law shall be read as "items of Paragraph 1 of Article 11 of the Law concerning Special Provisions for the Narcotics and Psychotropics Control Law, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances Through International Cooperation."

(Forfeiture)

Article 13.

When any property to be confiscated under the provision of Paragraph 1 of Article 11 is not confiscable or is not confiscated in accordance with the provision of Paragraph 2 of the same article, any of the offenders in question shall be subject to forfeiture of an amount of money equivalent to the value of such property.

2. When any property specified in Paragraph 3 of Article 11 is not confiscable or the confiscation of such property is deemed to be inappropriate in light of the nature of the property in question, the conditions of its use, the existence of rights to such property of any person other than any of the parties to the offense or other circumstances, any of the offenders in question may be subject to forfeiture of an amount of money equivalent to the value of such property.

(Presumption of Drug Offense Proceeds)

Article 14.

With respect to drug offense proceeds involved in the offenses designated in Article 5, any property obtained by any offender of any such offense during a period in which the offender in question was professionally engaged in any of the activities enumerated in the items of Article 5 shall be presumed to be drug offense proceeds if the value of the property in question is deemed to be dis-



proportionately large in light of the circumstances of such offender's work or such offender's receipt of any benefit under any law or regulation during such period.

(Penalties against Employers, etc.)

Article 15.

When any representative of a corporation, or any agent, servant or other employee of a corporation or a natural person commits any offense designated in Article 5 through Article 9 in connection with the business of such corporation or natural person, the fine specified in the relevant article shall be imposed on the corporation or natural person in addition to the punishment of the perpetrator.

(Confiscation Procedures for a Third Party's Property, etc.)

Article 16.

When any credit, etc. (meaning any property other than immovables and movables. The same shall apply in Article 18.) which falls under property enumerated in the items of Paragraph 1 or of Paragraph 3 of Article 11 belongs to any person other than the defendant (hereinafter in this article referred to as the "third party"), the court may not order the confiscation unless such third party is permitted to intervene in the proceeding of the defendant's case.

2. When any property that is the subject of any superficies, hypothec or other right of any third party is to be confiscated pursuant to the provisions of this Law, the Narcotics and Psychotropics Control Law or any other law or regulation for any drug offense or any offense designated in Article 6 or Article 7 (hereinafter referred to as "drug offense, etc."), the same as provided for in the preceding paragraph shall apply unless such third party is permitted to intervene in the proceeding of the defendant's case.
3. When any property that is the subject of any superficies, hypothec or other right of any third party is to be confiscated, the provisions of Paragraph 3 through Paragraph 5 of Article 18 of the Organized Crime Punishment Law shall apply mutatis mutandis if such right is to be maintained pursuant to the provisions of Paragraph 2 of Article 15 of the Organized Crime Punishment Law which is applied mutatis mutandis by Article 12.
4. Except as otherwise provided for in this Law, the provisions of the Law on Temporary Measures concerning Confiscation Procedures for Confiscation in Criminal Proceedings of Things Owned by Third Persons (Law No. 138 of 1963) shall apply mutatis mutandis to the procedures for confiscation of property specified in Paragraph 1 and Paragraph 2 of this article.

(Disposition, etc. of Confiscated Credits, etc.)

Article 17.

The provision of Article 19 of the Organized Crime Punishment Law shall apply mutatis mutandis to any confiscation under Article 11 and the provision of Article 20 shall be applied likewise to any case where a request is made to a relevant authority for a registration of transfer of any right pursuant to a judicial decision of confiscation of any property whose transfer requires registration. In this case, the term "Part 1 of the succeeding article" shall be read as "Chapter V of the Law concerning Special Provisions for the Narcotics and Psychotropics Control Law, etc. and Other Matters for the Prevention of Activities Encouraging Illicit Conducts and Other Activities Involving Controlled Substances Through International Cooperation."

(Special Provision for Criminal Compensation)

Article 18.

The provision of Paragraph 6 of Article 4 of the Criminal Compensation Law (Law No. 1 of 1950) shall apply mutatis mutandis to the contents of the compensation made under the said Law for the execution of the confiscation of credits, etc.

(Securing Order for Confiscation)

Article 19.

A court may, either at the request of a public prosecutor or ex officio, prohibit the disposition of any property involved in a criminal proceeding for any drug offense, etc. pending before it by issuing a securing order for confiscation if the court finds that there is probable cause to deem such property confiscable under the provisions of this Law, the Narcotics and Psychotropics Control Law,

or any other law or regulation (hereinafter referred to as "property subject to confiscation"), and that such a measure is necessary for the confiscation of the said property.

2. When a court issues or is going to issue a securing order for the confiscation of any property that is the subject of any superficies, hypothec or other right, the court may, at the request of a public prosecutor or ex officio, prohibit the disposition of such right by issuing a collateral securing order, separately, when the court finds that there is probable cause to deem that such right will be extinguished as a result of confiscation and that such a measure is necessary for the confiscation of the said property or finds that there is probable cause to deem that such right is false.
3. A judge may, at the request of a public prosecutor or a judicial police officer (limited to narcotics control officers, prefectural narcotics control officials, police officers or maritime safety officers, among which police officers shall be limited to inspectors or superior officers designated by the National Public Safety Commission, or a prefectural public safety commission), take any measure specified in the preceding two paragraphs even before the institution of prosecution if the judge finds that there is cause and necessity provided for in the preceding two paragraphs.
4. Except as otherwise provided for in the preceding three paragraphs, the provisions concerning the prohibition of disposition by a securing order for confiscation and that by a collateral securing order of Chapter IV of the Organized Crime Punishment Law shall apply mutatis mutandis to any measures to be taken under the preceding three paragraphs.

(Securing Order for Forfeiture)

Article 20.

A court may, at the request of a public prosecutor or ex officio, prohibit any defendant from disposing of any of the defendant's property by issuing a securing order for forfeiture, if the court finds that there is probable cause to deem that there is any property involved in a criminal proceeding for any drug offense, etc. pending before it which is to be subject to forfeiture pursuant to the provisions of Article 13, and that there is a possibility that the enforcement of a judicial decision of forfeiture may become impossible or be seriously hampered.

2. A judge may, at the request of a public prosecutor, take the measures specified in the preceding paragraph even before the institution of prosecution if the judge finds that there is cause and necessity as indicated in the said paragraph.
3. Except as provided for in the preceding two paragraphs, the provisions concerning the prohibition of disposition by a securing order for forfeiture in Chapter IV of the Organized Crime Punishment Law shall apply mutatis mutandis to any measures to be taken under the preceding two paragraphs.

Article 21 through 25 Skip

Supplementary provisions Skip

POLICE ACT (Abridgment)

(Act No. 162 of 8 June, 1954)

(Establishment and Organization)

ARTICLE 4.

There shall be established a National Public Safety Commission under the jurisdiction of the Prime Minister.

2. The National Public Safety Commission shall be composed of a Chairman and five members.

(Duties and Functions)

ARTICLE 5.

The National Public Safety Commission shall take charge of police operation relating to the public safety of the nation, administer the affairs concerning police education, police communication, information technology analysis, criminal identification, criminal statistics and police equipment, coordinate the affairs concerning police administration, and thereby carry out duties to protect the rights and liberties of individuals and to maintain public safety and order.

2. In order to perform the duties provided for in the preceding paragraph, the National Public Safety Commission shall supervise the National Police Agency with respect to the following affairs:

- (1) Matters concerning the planning and drafting of systems relating to the police;
- (2) Matters concerning the national budget relating to the police;
- (3) Matters concerning the evaluation of national policies relating to the police;
- (4) Matters concerning the police operation relating to the affairs which fall under any of the following items and affect national public safety;
 - (a) A large-scale disaster which may cause general unrest;
 - (b) Disturbance which may impair local tranquillity;
 - (c) Airplane hijacking, intimidation by hostage-taking, possession of explosives and other similar crimes which are in danger of bringing serious effects on international relations and gravely damaging important national interests;
- (5) Matters concerning the preparation and execution of plans to cope with the state of emergency provided for in Article 71;
- (6) Matters concerning the shift of the police to cope with wide-area organized crime and other cases (hereinafter referred to as "wide-area organized crime, etc.") which fall under any of the following items:
 - (a) Affairs which cause or are likely to cause damage to the life, person and property of an individual as well as to public safety and order extensively in the country;
 - (b) Affairs which cause or are likely to cause damage to the life, person and property of a Japanese national as well as an important Japanese interest outside Japan.
- (7) Matters concerning traffic control on national highways;
- (8) Matters concerning collecting, arrangement and analysis of information related to criminal proceeds as well as dissemination to relevant authorities;
- (9) Matters concerning liaison with the International Criminal Police Organization, foreign police administration agencies and other relevant organizations concerning international police;
- (10) Matters concerning international criminal investigation assistance;
- (11) Matters concerning international emergency relief activities;
- (12) Matters concerning international cooperation relating to the affairs within its functions;
- (13) Matters concerning the statement of opinions and other activities pursuant to the Special Action Law concerning Credit Management and Collection Business (Law No. 126 - 1998);
- (14) Matters concerning the statement of opinions and other activities pursuant to the Law concerning the Regulation of Organizations Which Have Committed An Act of Indiscriminate Mass Murder (Law No. 147 - 1999);
- (15) Matters concerning the Imperial Guard;
- (16) Matters concerning the maintenance and management of police educational facilities and other matters relating to police education;
- (17) Matters concerning the maintenance and management of police communication facilities and other matters relating to police communication;
- (18) Matters concerning the analysis of electronic information processing systems and electro-magnetic records (such records

as are produced electronically or magnetically or in such other means as can not be recognized through perception of a person, and are to be used for information processing by an electronic computer) and other matters relating to the analysis of information technologies for the purpose of crime control;

- (19) Matters concerning the maintenance and management of criminal identification facilities and other matters relating to criminal identification;
 - (20) Matters concerning criminal statistics;
 - (21) Matters concerning police equipment;
 - (22) Matters concerning the standards of appointment, performance of duties and activities of police personnel;
 - (23) Matters concerning the coordination related to police administration besides those provided for in the preceding item;
 - (24) Matters concerning the inspection necessary for the administration of the affairs provided for in the preceding items;
 - (25) In addition to those provided for in the preceding items, the affairs which fall under the jurisdiction of the National Police Agency pursuant to the provisions of other laws (including ordinances authorized by them).
3. In addition to those provided for in the preceding paragraph, the National Public Safety Commission shall take charge of the affairs which fall under its jurisdiction pursuant to the provisions of laws (including ordinances authorized by laws).
 4. The National Public Safety Commission shall at all times maintain close contact with Prefectural Public Safety Commissions.

(Functions of Criminal Investigation Bureau)

ARTICLE 23.

The Criminal Investigation Bureau shall take charge of the following affairs in relation to the functions of the National Police Agency:

- (1) Matters concerning criminal police;
 - (2) Matters concerning criminal identification;
 - (3) Matters concerning criminal statistics;
 - (4) Matters concerning anti-Boryokudan measures.
 - (5) Matters concerning control of crime related to drugs and firearms;
 - (6) Matters concerning control of organized crime (excluding those included in the functions of any other bureau);
 - (7) Matters concerning prevention of transfer of criminal proceeds
 - (8) Matters concerning international criminal investigation assistance.
2. The Organized Crime Department shall take charge of the following affairs, among those provided for in item (1) of the preceding paragraph, as well as those provided for in items (4) to (8) of the said paragraph:
 - (1) Matters concerning international criminal investigation;
 - (2) Matters concerning liaison with the International Criminal Police Organization.

National Police Agency Organizational Ordinances (Abridgment)

Cabinet Order No. 180, of June 30, 1954 (multiple amendments)

(Councilors)

Article 3.

Five Councilors (two of whom shall fulfill positions as persons covering other relating areas) shall be installed in the Commissioner General's Secretariat.

2 The Councilors shall, under the order, participate in affairs relating to planning and schemes regarding important items falling under the presiding administration and undertake general management of affairs relating to this.

(Allocation of the Criminal Investigation Bureau)

Article 20.

In addition to the persons installed in the Organized Crime Department, one person shall be installed in the following three divisions, and a director for Criminal Identification shall be installed.

Investigative Planning Division

First Investigation Division

Second Investigation Division

2. In the Organized Crime Department, one person shall be installed in each of the following three divisions, and one director for international investigative operations and one director for the prevention of transfer of the proceeds of crime shall be installed.

Strategy-Planning and Analysis Division

Japanese Organized Crime Division

Drugs and Firearms Division

(Director of the Japan Financial Intelligence Center)

Article 29.

The following affairs shall be conducted by the director of the Japan Financial Intelligence Center .

- (1) Matters relating to the enforcement of the Act on the Prevention of Transfer of Criminal Proceeds (Act No. 22 of 2007)
- (2) Matters relating to the general coordination with international organizations, international conferences and other international frameworks, and with foreign administrative organizations and other relevant organizations, relating to the prevention of transfer of criminal proceeds

The rule of Police Act enforcement (Abridgment)

General Administrative Agency of the Cabinet Order No. 44, of 1954
(Special Assistant for Analysis of Financial Intelligence)Article 29

- 1 One Special Assistant for Analysis of Financial Intelligence shall be installed in the Organized Crime Department, Criminal Investigation Bureau.
- 2 Special Assistant for Analysis of Financial Intelligence shall assist the duties(except the duties provided in the Paragraph 2 of next Article) of information analysis and dissemination of suspicious transaction reports, among the duties provided in Item 1, Article 29 of National Police Organization Ordinance, on the basis of orders.

(Special Assistant for International Cooperation on Financial Intelligence)

Article 30

- 1 One Special Assistant for International Cooperation on Financial Intelligence shall be installed in the Organized Crime Department, Criminal Investigation Bureau.
- 2 Special Assistant for International Cooperation on Financial Intelligence shall assist the duties provided in Item 1, Article 29(limit to the duties provided in Article 12 of Act on Prevention of Transfer of Criminal Proceeds) among the duties provided in Item 1 and 2 of Article 29 of National Police Organization Ordinance , on the basis of orders.

Article 1 Purpose of this Guideline

The purpose of this Guideline is to provide necessary basic matter to prevent of transfer of criminal proceeds (provided in Act on Prevention of Transfer of Criminal Proceeds (Act No.22, 2007, hereinafter referred to as "Act") Article 2 Paragraph 1, the same shall apply hereinafter), weaken and eliminate criminal organization and prevent terrorist financing, etc., combined with activity based on "guideline for organized crime countermeasure" and "guideline for terrorism countermeasure" by promoting criminal procedure countermeasure, given the fact that criminal proceeds encourage the organized crime and terrorism, interference used said proceeds gives business activities serious adverse effect on sound economic activities and criminal proceeds includes the asset unjustly obtained from victims.

Article 2 Fundamental attitude for criminal procedures countermeasure

Fundamental attitude to the promotion the Criminal Proceeds Control is as follows

1. Promotion of voluntary effort by specified business operator (specified business operator means described in Article 2 Paragraph 2 of the Act, the same shall apply hereinafter) and public understanding
2. Analysis and utilization of information on criminal proceeds
3. Regulations of crimes related to criminal proceeds and promotion of deprivation of criminal proceeds
4. Promotion of the international cooperation of Criminal Proceeds Control

Article 3 Promotion of Criminal Proceeds Control

1. Arrangement of promotion system

Based on law, FIU (Financial Intelligence Unit) is transferred from Financial Services Agency to the National Public Safety Commission, National Public Safety Commission collects the information on suspicious transaction report, arranges, analyzes and disseminates to investigative authorities, etc. and foreign FIU, affairs of prevention of transfer of criminal proceeds added in duty of Organized Crime Department, National Police Agency and necessary measures are to be arranged.

Based on above, each prefectural police force is also composed of staffs have knowledge of each relevant section, comprehensive arrangement of measure implemented by each section concerning Criminal Proceeds Control, receipt of information on suspicious transaction report provided by National police Agency, assurance of appropriate handling of information on suspicious transaction, establishment of task forces for fact-finding concerning criminal proceeds in charge of assistant, etc. of investigation of crime relevant to criminal proceeds, investigation system of crime relevant to criminal proceeds shall be arranged.

2. Promotion of voluntary effort by specified business operators and public understanding

National Police Agency disseminates the information on typologies of transfer of criminal proceeds so that specified business operator appropriately conduct measures described in Act, direct and advise appropriately for implementation method of the measure, in addition, assists such as dispatch of the staff who have specialized knowledge on training of employee implementing the voluntary effort in coordination with relevant organization.

In addition, National Police Agency and Prefectural police force conduct public enlightenment activity to improve public understanding of importance of Criminal Proceeds Controls in coordination with relevant authority by disseminating the knowledge of bad influence to the sound economic activity given by criminal proceeds, contents of law, actual condition of organized crime etc.

3. Collecting information on criminal proceeds, arrangement and analysis

(1) Collecting, Arranging, Coordinating and Analysis in NPA

National Police Agency, promptly and appropriately, shall collect the information on criminal proceeds, arrangement and analysis and disseminate information on suspicious transaction to the investigative institution etc. and foreign FIU based on Article 11 and 12 of the Act.

Where criminal proceeds are collected, each prefectural police Force is requested for report of information on following matter.

- i) Necessary information contributes to analysis of information concerning criminal proceeds.
- ii) In addition to above i), necessary information to effective promotion of crime proceeds measures in National Police

Agency.

Furthermore, on arranging and analyzing the information on criminal proceeds, reciprocal relativeness of information and information on organized crime shall be taken into account.

(2) Collecting information in prefectural police force

Each prefectural police force collects the following information in close coordination with all sections

- i) Information on the actual conditions of transfer of criminal proceeds
- ii) Information contributes to cases cleared of crime relevant to crime proceeds.
- iii) In addition above i) and ii), information contributes to effective promotion of crime proceeds measures.

4. Promotion of regulation in view point of crime proceeds measure

National Police Agency utilizes information on suspicious transaction, directs and arranges the investigation of crime related to the criminal proceeds and finds actual situation of criminal organization, etc.

Prefectural police positively applies Act on the Punishment of Organized Crime, Control of Crime Proceeds and Matters, (Act No. 136 of 1999, hereinafter referred to as "Act on the Punishment of Organized Crime"), Law concerning Special Provisions for the Narcotics and Psychotropics Control Law, etc. and other Matters for the Prevention of Activities encouraging Illicit Conducts and other Activities Involving Controlled Substances (Act No.94 of 1991, hereinafter referred to as "Anti-Drug Special Provisions Law") etc. , promotes criminal investigation utilizing information on suspicious transaction to intercept financial source of criminal organization etc., when case is cleared, contrives, efforts to promotion of the effective and appropriate information-gathering activity, improvement of the investigative technique and wide range of cooperation with relevant authority.

5. Promotion of Deprivation of Criminal Proceeds

(1) Appropriate Securance Application for Confiscation before the Institution of Prosecution, etc.

Each prefectural police force will take measures appropriately for prevention of transfer of criminal proceeds by means of not only arrest of suspects but also efforts to find out criminal proceeds in an investigation of offences related to criminal proceeds, and promptly appropriate securance application for confiscation before the institution of prosecution in finding out criminal proceeds.

(2) Cooperation with Public Prosecutors Office

Each prefectural police force will cooperate closely with Public Prosecutor Office on deprivation of criminal proceeds for appropriate confiscation or collection of equivalent value of criminal proceeds.

(3) Other Measures

Each prefectural police force will take efforts to deprive criminal proceeds in using every opportunity by means of not only measures based on Act on the Punishment of Organized Crime and Anti-Drug Special Provisions Law but also active application to search, seizure or confiscation, and report to the National Tax Agency, etc.

6. Promotion for International Cooperation

National Police Agency, in consideration with that organized crimes and terrorism are international threat and transfer of criminal proceeds is conducted through international financial transaction and business transaction, will take efforts to promote for international cooperation in any aspects including assistance for exchange of information concerning suspicious transactions and typology related to transfer of criminal proceeds with foreign FIU, revision of international recommendation related to Criminal Proceeds Controls and observance of international recommendation.

Article 4 Control of Information concerning Suspicious Transactions

1. Confidentiality

In investigation using information concerning suspicious transactions, confidentiality shall be kept not for being known to suspects or other relevant persons that concerned information was used for.

2. Prevention of Divulging Information, etc.

National Police Agency will take necessary and appropriate measures in dealing with information concerning suspicious transactions for prevention of divulging, losing or damaging of concerned information under the National Public Safety Commission

Rule (NPSC Rule No. No. 9, 2007).

Each Prefectural Police will take necessary and appropriate measures in dealing with information concerning suspicious transactions for prevention of divulging, losing or damaging of concerned information under the Ordinance concerning Police Information Security (NPA Ordinance No. 3, 2003), etc.

Article 5 Citation

In citation, not only achievement concerning cleared cases but also achievement concerning deprivation of criminal proceeds or concerning promotion of various measures for Criminal Proceeds Controls will be positively considered.

List of Reference Cases of Suspicious Transactions for Depository Financial Institutions

(General Warning)

Listed below are examples of transaction to which financial institutions, etc., when fulfilling the obligation for reporting of suspicious transactions as specified by Article 9 of Act on Prevention of Transfer of Criminal Proceeds, should pay special attention as a case that may constitute a suspicious transaction. Financial institutions shall take into account all specific information that it retains on the said transaction, including the customer attributes and circumstances at the time of the said transaction, and thereby judge whether or not respective specific transactions are suspicious transactions.

Therefore, it should be noted that although these example cases serve as a reference when financial institutions find or detect suspicious transactions in day-to-day transactions, all transactions which formalistically conform to any of these cases do not necessarily constitute a suspicious transaction and transactions which do not conform to these cases but are regarded as a suspicious transaction by financial institutions shall be subject to the requirement for the reporting of suspicious transactions .

1. Cases notable in relation to the manner of cash usage
 - 1) Transactions involving the use of a large amount of cash (including foreign currencies. The same shall apply hereinafter.) or checks for payment/receipt (including sales/purchases of securities, remittances and exchanges. The same shall apply hereinafter.). Particular attention should be paid to transactions with excessively high value relative to the customer's income, assets, etc. and transactions conducted in cash when the use of a remittance or a check seems to be reasonable.
 - 2) Transactions which are conducted frequently within a short period of time with a large amount of payment/receipt made in cash or by check.
 - 3) Transactions conducted with the use of a large amount of low-value bills (including foreign currencies) for payment or exchange
 - 4) Depositing of a large amount of cash in a night deposit box or a transaction involving a rapid increase in the amount of funds used
2. Cases notable in relation to the possibility of the actual account holder being concealed
 - 5) Payment/receipt using an account suspected of being opened under a fictitious name or a borrowed name
 - 6) Payment/receipt using an account whose nominee corporation is suspected of being a paper company
 - 7) Payment/receipt using an account held by a customer who requests the sending of a cash card to an address different from the registered one or a customer who declines receiving notices.
 - 8) Payment/receipt using an account held by a customer who was found to hold a number of accounts, including the case where the customer holds a number of accounts under different names with store names attached
 - 9) Payment/receipt using an account held by a customer who has no obvious reason for doing transactions at the relevant branch office
3. Cases notable in relation to the manner of account usage
 - 10) A transaction involving an account through which payment/receipt is conducted in large amount or frequently within a short period of time after it is opened but which is closed later or through which no transaction is conducted later.
 - 11) A transaction involving an account through which a large amount of payment/receipt is made frequently
 - 12) Remittance of cash made immediately after the cash is withdrawn from the account (including the case where the transaction is recorded as a cash transaction for the purpose of paperwork). Particular attention should be paid to the case where the remittance is made under a name different from the nominee of the account from which the cash was withdrawn.
 - 13) A transaction involving an account through which remittance is made to a number of persons frequently. Particular attention should be paid to the case where a large amount of payment is made into the relevant account immediately before remittance is made.
 - 14) A transaction involving an account to which remittance is made by a number of persons frequently. Particular attention should be paid to the case where a large amount of money is remitted or withdrawn from the relevant account immediately after remittance is made thereto.
 - 15) A transaction involving an account to which remittance is made anonymously or under a name suspected of being a fictitious one
 - 16) A transaction involving an account through which there is no fund movement usually but through which a large amount of



payment/receipt is made suddenly

- 17) Cases which are abnormal from the viewpoint of economic rationality, such as a case where the customer refuses to accept high-yielding products when he or she has a large amount deposited in the account.
4. Cases notable in relation to the manner of sales/purchases of bonds, etc.
 - 18) A transaction in which a customer seeks to sell a large amount of bonds on condition of cash payment
 - 19) Sales/purchases of bonds, etc. for which financial settlement is made with a check written by a third-party person or with a remittance made by a third-party person
 - 20) A transaction involving a customer who requests delivery of securities without the use of the custody system for no rational reason when buying a large amount of bonds with cash or a check
5. Cases notable in relation to custody and safe deposit boxes
 - 21) Cases involving the possibility of the actual customer conducting custody and trust transactions being concealed are similar to cases cited in "2. Cases involving the possibility of the real account holder being concealed" above.
 - 22) Cases involving the possibility of the actual user of the safe deposit box being concealed are similar to cases cited in "2. Cases involving the possibility of the real account holder being concealed" above.
 - 23) Frequent use of safe deposit boxes
6. Cases notable in relation to transactions with foreign parties
 - 24) Transactions involving a customer who provides vague information or information suspected of being false when making remittance to foreign destinations. Particular attention should be paid to a customer who provides information concerning the destination and purpose of remittance and the fund source thereof that is not deemed rational.
 - 25) Frequent remittances to foreign destinations which are made within a short period of time and which total a large amount.
 - 26) A large amount of remittance made to a foreign destination for a purpose not economically rational
 - 27) Receipt of a large amount of remittance from overseas that is not economically rational
 - 28) Frequent issuance or use of a large amount of travelers' checks or remittance checks (including ones denominated in foreign currencies)
 - 29) A transaction involving a letter of credit worth a large value. Particular attention should be paid to a transaction involving a customer who provides information concerning the exporting (producing) country, the import volume, the import price, etc. that is not deemed rational.
 - 30) A transaction conducted by a customer based in a country or a territory not cooperative with anti-money laundering measures or by a customer based in a country or a territory producing and exporting illegal drugs. Particular attention should be paid to cases that involve countries and territories designated by the FSA for enhanced surveillance (The same shall apply to 31) and 32).).
 - 31) A transaction conducted by a customer with a person (who may be a legal person) based in a country or a territory not cooperative with anti-money laundering measures or with a person based in a country or a territory producing and exporting illegal drugs
 - 32) A transaction involving a customer introduced by a person based in a country or a territory not cooperative with anti-money laundering measures or by a person based in a country or a territory producing and exporting illegal drugs
7. Cases notable in relation to loans and repayment thereof
 - 33) Unscheduled repayment of a loan that was in arrears
 - 34) Application for a loan for which assets held by a third-party person other than the borrower are offered as collateral
8. Other cases
 - 35) Cases where a civil servant or a company employee conducts a transaction with an excessively high value relative to his or her income
 - 36) Casual customers who come to the branch office together but request processing of a large amount of cash transaction or foreign exchange transaction at different counters
 - 37) A transaction involving a customer who refuses to provide explanations and submit documents when requested to do so for identification of the actual beneficiary due to doubt as to whether the customer is acting on his or her own behalf. The same shall apply to cases where a transaction is conducted by an agent and where there is suspicion that a person other than the

customer is the beneficiary.

- 38) A transaction conducted by an employee of the financial institution or an associate thereof regarding which it is unclear who the beneficiary is.
- 39) A transaction regarding which an employee of the financial institution is suspected of committing crimes specified in Article 10 (concealment of criminal profit, etc) or Article 11 (receipt of criminal profit, etc.) of the Act on Punishment of Organized Crimes, Control of Crime Proceeds, etc.
- 40) Cases where a transaction involves payment made with the use of forged currencies or securities and/or stolen currencies and securities and where the counterparty thereto is suspected of being aware of the fact that forged currencies or securities and/or stolen currencies or securities were used.
- 41) A transaction involving a customer who attaches unduly high importance to transaction confidentiality or a customer who has requested the financial institution not to report his or her transaction or who tries to prevent the financial institution from reporting it by using force or by paying bribes.
- 42) A transaction involving a member of an organized crime group or a person associated therewith
- 43) A transaction whose circumstances are recognized by employees of the financial institution as unnatural in light of their knowledge and experiences and a transaction involving a customer whose attitude or behavior is recognized as unnatural in light thereof.
- 44) Other (Transactions regarding which external organizations have inquired or notified the financial institution due to the possibility of involving criminal profit, etc.

List of Reference Cases of Suspicious Transactions for Insurance Companies

(General Warning)

Listed below are examples of transaction to which financial institutions, etc., when fulfilling the obligation for reporting of suspicious transactions as specified by Article 9 of Act on Prevention of Transfer of Criminal Proceeds, should pay special attention as a case that may constitute a suspicious transaction. Financial institutions shall take into account all specific information that it retains on the said transaction, including the customer attributes and circumstances at the time of the said transaction, and thereby judge whether or not respective specific transactions are suspicious transactions.

Therefore, it should be noted that although these example cases serve as a reference when financial institutions find or detect suspicious transactions in day-to-day transactions, all transactions which formalistically conform to any of these cases do not necessarily constitute a suspicious transaction and transactions which do not conform to these cases but are regarded as a suspicious transaction by financial institutions shall be subject to the requirement for the reporting of suspicious transactions .

1. Cases notable in relation to the manner of cash usage
 - 1) A transaction involving a contract customer pays a large amount of insurance premiums with cash (including foreign currencies. The same shall apply hereinafter.) or a check. Particular attention should be paid to cases where a customer pays an excessive amount of insurance premiums relative to his or her income, assets, etc.
 - 2) A transaction involving a customer who requests a payment of a large amount of insurance benefits or insurance premium refunds in cash or check
 - 3) Cases where a customer makes insurance premium payments for two or more insurance contracts with a large amount paid in cash or check within a short period.
 - 4) A payment of insurance premiums with the use of a large amount of low-value bills (including foreign currencies)
2. Cases notable in relation to the possibility of the real account holder being concealed
 - 5) Signing of an insurance contract suspected of being concluded under a fictitious or borrowed name
 - 6) Signing of an insurance contract with a corporate customer suspected of being a paper company
 - 7) Signing of an insurance contract with a customer who requests the sending of the insurance policy and other certificates to an address different from the registered one.
 - 8) Signing of an insurance contract with a customer found to have signed a number of insurance contracts
 - 9) Signing of an insurance contract with a customer applying to conclude a contract involving the payment of a large amount of insurance premiums. Particular attention should be paid to cases where the payment of insurance premiums is made annually or in a lump sum.
 - 10) Signing of an insurance contract with a customer who has no obvious reason for applying for insurance at the relevant branch office.
3. Cases notable in relation to the circumstances after the contract signing
 - 11) A transaction that is abnormal from the viewpoint of economic rationality. Examples include cases where contracts are cancelled excessively early.
 - 12) A transaction involving a customer who suddenly changes the method of paying insurance premiums from small-value monthly payments to annual payments or a lump-sum payment
 - 13) A transaction involving a customer who suddenly switches to a high-value contract requiring payments of a large amount of premiums
4. Cases notable in relation to sales/purchases of bonds, etc.
 - 14) A transaction in which a customer seek to sell a large amount of bonds on condition of cash payment
 - 15) Sales/purchases of bonds, etc. for which financial settlement is conducted with a check written by a third-party person or with a remittance made by a third-party person
5. Cases notable in relation to transactions with foreign parties
 - 16) Signing of a contract with a customer who requests to receive insurance benefits in a country or a territory not cooperative with anti-money laundering measures or a country or a territory producing and exporting illegal drugs or with a customer who requests to receive insurance premium refunds therein. Particular attention should be paid to cases involving countries and territories designated by the FSA for enhanced surveillance (The same shall apply to 17) and 18).).

- 17) Signing of a contract with a customer based in a country or a territory not cooperative with anti-money laundering measures or with a customer based in a country or a territory producing and exporting illegal drugs
- 18) Signing of a contract with a customer introduced by a person based in a country or a territory not cooperative with anti-money laundering measures or by a person based in a country or a territory producing and exporting illegal drugs
6. Cases involving loans
 - 19) Unscheduled repayment of a loan that was in arrears
 - 20) Application for a loan for which assets held by a third-party person other than the borrower are offered as collateral
7. Cases concerning other transactions
 - 21) Cases where a civil servant or a company employee pays excessively high insurance premiums relative to his or her income
 - 22) Signing of an insurance contract with a company or an organization under which excessively high insurance premiums are paid, which are cancelled prematurely or concerning which it is difficult to confirm whether the individual persons insured have an intention to be insured
 - 23) A transaction involving a customer who refuses to provide explanations and submit documents when requested to do so for identification of the actual beneficiary due to doubt as to whether the customer is acting on his/her own behalf. The same shall apply to cases where a transaction is conducted by an agent and where there is suspicion that a person other than the customer is the beneficiary.
 - 24) A transaction conducted by an employee of the insurance company or an associate thereof concerning which it is unclear who the beneficiary is.
 - 25) A transaction regarding which an employee of the insurance company is suspected of committing crime specified in Article 10 (concealment of criminal profit, etc) or Article 11 (receipt of criminal profit, etc.) of the Act on Punishment of Organized Crimes, Control of Crime Proceeds, etc.
 - 26) Cases where a transaction involves a payment made with the use of forged currencies or securities and/or stolen currencies and securities and where the counterparty thereto is suspected of being aware of the fact that forged currencies or securities and/or stolen currencies or securities were used.
 - 27) A transaction involving a customer who attaches unduly high importance to transaction confidentiality or a customer who requests the financial institution not to report his or her transaction or tries to prevent the financial institution from reporting it by using force or by paying bribes.
 - 28) A transaction involving a member of an organized crime group and to persons associated therewith
 - 29) A transaction whose circumstances are recognized by employees of the insurance company as unnatural in light of their knowledge and experiences and a transaction involving a customer whose attitude or behavior is recognized as unnatural in light thereof.
 - 30) Other (Transactions regarding which external organizations have inquired or notified the financial institution due to the possibility of involving criminal profit, etc.

List of Reference Cases of Suspicious Transactions for Securities Companies, etc.

(General Warning)

Listed below are examples of transaction to which financial institutions, etc., when fulfilling the obligation for reporting of suspicious transactions as specified by Article 9 of Act on Prevention of Transfer of Criminal Proceeds, should pay special attention as a case that may constitute a suspicious transaction. Financial institutions shall take into account all specific information that it retains on the said transaction, including the customer attributes and circumstances at the time of the said transaction, and thereby judge whether or not respective specific transactions are suspicious transactions.

Therefore, it should be noted that although these example cases serve as a reference when financial institutions find or detect suspicious transactions in day-to-day transactions, all transactions which formalistically conform to any of these cases do not necessarily constitute a suspicious transaction and transactions which do not conform to these cases but are regarded as a suspicious transaction by financial institutions shall be subject to the requirement for the reporting of suspicious transactions .

1. Cases notable in relation to the manner of cash usage
 - 1) Investment made in stocks, bonds, investment trusts, etc. with the use of a large amount of cash (including foreign currencies. The same shall apply hereinafter.) or checks. Particular attention should be paid to a transaction with an excessively high value relative to the customer's income, assets, etc.
 - 2) Investments in stocks, bonds, investment trusts, etc. which are made frequently within a short period of time with a large amount of transactions conducted in cash or checks
 - 3) Investment made in stocks, bonds, investment trusts, etc. with the use of a large amount of low-value bills (including foreign currencies)
2. Cases notable in relation to the possibility of the real account holder being concealed
 - 4) Sales/purchases of stocks and bonds and investment in investment trusts, etc. conducted with the use of an account suspected of being opened under a fictitious or borrowed name
 - 5) Sales/purchases of stocks and bonds and investment in investment trusts, etc. conducted with the use of an account whose nominee corporation is suspected of being a paper company
 - 6) Sales/purchases of stocks and bonds and investment in investment trusts, etc. conducted with the use of an account held by a customer who requests the sending of documents such as trading reports to an address different from the registered one.
 - 7) Sales/purchases of stocks and bonds and investment in investment trusts, etc. conducted with the use of an account held by a customer who was found to hold a number of accounts.
 - 8) Sales/purchases of stocks and bonds and investment in investment trusts, etc. conducted with the use of an account held by a customer who has no obvious reason for doing transactions at the relevant branch office
3. Cases notable in relation to the manner of investment
 - 9) A transaction involving an account through which no transaction is conducted usually but through which a large amount of investment is made suddenly
 - 10) A transaction in which a customer seeks to sell a large amount of stocks on condition of cash payment
 - 11) A transaction involving such a large amount of bearer securities or stocks registered under the names of persons other than the customer as to create doubt as to whether they are really held by the customer
 - 12) A transaction in which a customer frequently seeks to sell stocks, etc. within a short period of time on condition of cash payment
 - 13) A transaction for which financial settlement is conducted with a check written by a third-party person or with a remittance made by a third-party person
 - 14) A transaction involving a customer who seeks to designate a bank account opened under the name of a third-party person as the payment destination
4. Cases involving custody
 - 15) Cases where attention should be paid to the circumstances at the time of the signing of contracts are similar cases cited in "2. Cases involving the possibility of the real account holder being concealed" above.
 - 16) A transaction involving a customer who requests delivery of securities without the use of the custody system for no rational reason when buying a large amount of stocks or bonds.

5. Cases notable in relation to transactions with foreign parties
 - 17) A transaction conducted by a customer based in a country or a territory not cooperative with anti-money laundering measures or by a customer based in a country or a territory producing and exporting illegal drugs. Particular attention should be paid to cases that involve countries and territories designated by the FSA for enhanced surveillance (The same shall apply to 18) and 19).).
 - 18) A transaction involving a customer who seeks to designate a bank account based in a country or a territory not cooperative with anti-money laundering measures or a bank account based in a country or a territory producing and exporting illegal drugs as the payment destination
 - 19) A transaction involving a customer introduced by a person based in a country or a territory not cooperative with anti-money laundering measures or by a person based in a country or a territory producing and exporting illegal drugs
6. Cases concerning other transactions
 - 20) Cases where a civil servant or a company employee conducts a transaction with an excessively high value relative to his or her income
 - 21) A transaction involving a customer who refuses to provide explanations and submit documents when requested to so for identification of the actual beneficiary due to doubt as to whether the customer is acting on his/her own behalf. The same shall apply to cases where a transaction is conducted by an agent and where there is suspicion that a person other than the customer is the beneficiary.
 - 22) A transaction conducted by an employee of the securities company or an associate thereof regarding which it is unclear who the beneficiary is
 - 23) A transaction regarding which an employee of the insurance company is suspected of committing crimes specified in Article 10 (concealment of criminal profit, etc) of Article 11 (receipt of criminal profit, etc.) of the Act on Punishment of Organized Crimes, Control of Crime Proceeds, etc.
 - 24) Cases where a transaction involves a payment made with the use of forged currencies or securities and/or stolen currencies and securities and where the counterparty thereto is suspected of being aware of the fact that forged currencies or securities and/or stolen currencies or securities were used.
 - 25) A transaction involving a customer who attaches unduly high importance to transaction confidentiality or a customer who has requested the financial institution not to report his or her transaction or tried to prevent the financial institution from reporting it by using force or by paying bribes.
 - 26) A transaction involving a member of an organized crime group or a person associated therewith
 - 27) A transaction whose circumstances are recognized by employees of the financial institution as unnatural in light of their knowledge and experiences and a transaction involving a customer whose attitude or behavior is recognized as unnatural in light thereof.
 - 28) Other (Transactions regarding which external organizations have inquired or notified the financial institution due to the possibility of involving criminal profit, etc.

List of Reference Cases of Suspicious Transaction for Futures commission merchant

(General Warning)

Listed below are examples of transaction to which futures commission merchant, when fulfilling the obligation for reporting of suspicious transactions as specified by Article 9 of Act on Prevention of Transfer of Criminal Proceeds, should pay special attention as a case that may constitute a suspicious transaction. Futures commission merchant shall take into account all specific information that it retains on the said transaction, including the customer attributes and circumstances at the time of the said transaction, and thereby judge whether or not respective specific transactions are suspicious transactions.

Therefore, it should be noted that although these example cases serve as a reference when futures commission merchant finds or detects suspicious transactions in day-to-day transactions, all transactions which formalistically conform to any of these cases do not necessarily constitute a suspicious transaction and transactions which do not conform to these cases but are regarded as a suspicious transaction by futures commission merchants shall be subject to the requirement for the reporting of suspicious transactions

No.1 Cases notable in relation to the matter of cash usage

- (1) A transaction which large amount of money (including foreign currencies. the same shall apply hereinafter) or check is used for transaction margin or paid for settlement fund. Particular attention should be paid to transaction with excessively high value relative to the customer's income, assets, etc.
- (2) A transaction which is conducted frequently within a short period of time with a large amount of payment/receipt of business margin made in cash or by check
- (3) A transaction which conducted with the use of a large amount of low-value bills (including foreign currencies) for payment

No.2 Cases notable in relation to the possibility of the actual transactor being concealed

- (4) A transaction whose nominee is suspected of being a fictitious or borrowed name
- (5) A transaction using an account whose nominee corporation is suspected of being a "paper company"
- (6) A transaction which assignor appoints agent despite lack of any rational reason such as business trip, travel or hospitalization
- (7) A transaction which held by a customer who requests the sending of a transaction report etc. to a place (different from address) where difficult to contact
- (8) A transaction held by an assignor who was found to hold a number of transaction accounts with other futures commission merchant
- (9) A transaction held by an assignor who has no rational reason that transaction is conducted in branch located in distant place from address

No.3 Cases notable in relation to the manner of investment

- (10) A transaction which traded large amount of money despite lack of usual transaction
- (11) A transaction devoted large amount of share certificate to transaction margin and requested to futures commission merchant for cash out them
- (12) A transaction applied large amount of bearer securities or share certificates under others name to transaction margin
- (13) A transaction frequently applied share certificate etc. to transaction margin within the short period and requested futures commission merchant to cash out them
- (14) A transaction remitted from financial institution account different from nominee
- (15) A transaction appointed financial institution account different from nominee as beneficiary

No.4 Cases notable in relation to foreign transaction

- (16) A transaction which conducted by a customer based in a country or a territory not cooperative with anti-money laundering measure or by a customer based in a country or a territory producing and exporting illegal drugs. Particular attention should be paid to cases that involve countries and territories designated by National Public Safety Commission for enhanced surveillance (The same shall apply to (17) and (18))
- (17) A transaction involving a customer intends to appoint bank account of payment of profit based in a country or a territory not cooperative with anti-money laundering measures or by a person based in a country or a territory producing and exporting illegal drugs
- (18) A transaction involving a customer introduced by a person (involving legal person) based in a country or a territory not coop-

erative with anti-money laundering measures or by a person based in a country or a territory producing and exporting illegal drugs

No.5 Cases pertained to other transaction

- (19) Cases where a civil servant or a company employee conducts a transaction with an excessively high value relative to his or her income
- (20) A transaction involving an assignor who refuses to provide explanations and submit documents when requested to do so for identification of the actual beneficiary due to doubt as to whether the customer is acting on his or her own behalf.
- (21) A transaction conducted by an employee of the futures commission merchant or an associate thereof regarding which it is unclear who the beneficiary is.
- (22) A transaction regarding which an employee of the futures commission merchant is suspected of committing crimes specified in Article 10(concealment of criminal profit, etc) or Article 11(receipt of criminal profit, etc.) of the Act on Punishment of Organized Crimes, Control of Crime Proceeds, etc.
- (23) Cases where a transaction involves payment made with the use of forged currencies or securities and/or stolen currencies and securities and where the counterparty thereto is suspected of being aware of the fact that forged currencies or securities and/or stolen currencies or securities were used.
- (24) A transaction involving a customer who attaches unduly high importance to transaction confidentiality or a customer who has requested the financial institution not to report his or her transaction or who tries to prevent the financial institution from reporting it by using force or by paying bribes
- (25) A transaction involving a member of an organized crime group or a person associated therewith
- (26) A transaction whose circumstances are recognized by employee of the futures commission merchant as unnatural in light of their knowledge and experiences and a transaction involving a consignor whose attitude or behavior is recognized as unnatural in light thereof.
- (27) A transactions regarding which the Japan Financial Intelligence Center (*) and other external organizations have inquired or notified the securities company due to the possibility of involving criminal profit

(*) The Japan Financial Intelligence Center (JAFIC) is attached to the Organized Crime Control Department, Criminal Investigation Bureau of the National Police Agency

List of Reference Cases of Suspicious Transaction for Finance Lease Business Operator

1 (General Warning)

Listed below are examples of transaction to which business operator, when fulfilling the obligation for reporting of suspicious transactions as specified by Article 9 of Act on Prevention of Transfer of Criminal Proceeds, should pay special attention as a case that may constitute a suspicious transaction. Business operator shall take into account all specific information that it retains on the said transaction, including the customer attributes and circumstances at the time of the said transaction, and thereby judge whether or not respective specific transactions are suspicious transactions.

Therefore, it should be noted that although these example cases serve as a reference when financial institutions find or detect suspicious transactions in day-to-day transactions, all transactions which formalistically conform to any of these cases do not necessarily constitute a suspicious transaction and transactions which do not conform to these cases but are regarded as a suspicious transaction by financial institutions shall be subject to the requirement for the reporting of suspicious transactions; provided, however, that this shall not apply there is a rational reason.

2. List of Reference Cases of Suspicious Transaction

- (1) Transaction involving a customer who pays excessive high-value finance lease fee(including foreign currencies) relative to scale of operation or asset of customer
 - (2) Cases where several finance lease contract is concluded without rational reason within a short term, result in amount of payment become high-value transaction relative to scale of operation or asset of customer
 - (3) Transaction involving finance lease contract suspected of being concluded under a fictitious name or a borrowed name
 - (4) Transaction involving finance lease contract whose nominee corporation is suspected of being a paper company
 - (5) Transaction involving a customer who requests setting up equipment in an unrelated place
 - (6) Transaction involving a customer who requests setting up equipment, etc. with no rationality for business
 - (7) Transaction which the price of equipment by supplier (designated by customer) is significantly deficient in rationality compared with fixed price or the current price
 - (8) Transaction involving finance lease contract where there is suspicion that customer conspires with supplier to defraud finance lease business operator of money despite there is no actual setting up of equipment (so-called "bogus lease")
 - (9) Transaction involving finance lease contract where there is suspicion that several finance lease contracts concluded in the same equipment, etc. and conspires to defraud money from finance lease business operator (so-called "multiple lease")
 - (10) Cases where contractor proposes cancellation of contract at an early date or cases where midterm cancellation money is paid
 - (11) Cases customer changes lease payment from small-value monthly payment into single payment without any rational reasons
 - (12) Transaction involving a customer who changes frequently account for withdrawing expenses
 - (13) Cases where payment of detention fee with high value relative to scale of operation or asset of customer without rational explanation
 - (14) Transaction involving a customer who refuses to provide explanations and submit documents when requested to do so for identification of the actual beneficiary due to doubt as to whether the customer is using facilities, etc. his or her own behalf. The same shall apply to cases where a transaction is conducted by an agent and where there is suspicion that a person other than the customer is the beneficiary.
 - (15) Despite lack of any rational reason a transaction involving a customer who attaches unduly high importance to transaction confidentiality or a customer who has requested the financial institution not to report his or her transaction or who tries to prevent the financial institution from reporting it by using force or by paying bribes.
 - (16) A transaction involving a member of an organized crime group or a person associated therewith
 - (17) A transaction whose circumstances are recognized by employees of the financial institution as unnatural in light of their knowledge and experiences and a transaction involving a customer whose attitude or behavior is recognized as unnatural in light thereof.
 - (18) Transactions regarding which the Japan Financial Intelligence Center (*) and other external organizations have inquired or notified the securities company due to the possibility of involving criminal profit
- (*) The Japan Financial Intelligence Center (JAFIC) is attached to the Organized Crime Control Department, Criminal Investigation Bureau of the National Police Agency

List of Reference Cases of Suspicious Transactions for Credit Card Business Operator

1. General Warning

Listed below are examples of transaction to which credit card business operator, when fulfilling the obligation for reporting of suspicious transactions as specified by Article 9 of the Act on Prevention of Transfer of Criminal Proceeds, should pay special attention as a case that may constitute a suspicious transaction. Credit card business operator shall take into account all specific information that it retains on the said transaction, including the customer attributes and circumstances at the time of the said transaction, and thereby judge whether or not respective specific transactions are suspicious transactions.

Therefore, it should be noted that although these example cases serve as a reference when Credit card business operators find or detect suspicious transactions in day-to-day transactions, all transactions which formalistically conform to any of these cases do not necessarily constitute a suspicious transaction and transactions which do not conform to these cases but are regarded as a suspicious transaction by Credit card business operator shall be subject to the requirement for the reporting of suspicious transactions.

2. List of Reference of Suspicious Transactions

- (1) A transactions with customer who requests several credit cards within a short period or requests for reissue by frequent loss.
 - (2) Transactions with customer who requests to raise available value and not suit his/her income or asset
 - (3) Credit card contract suspected of being concluded under a fictitious or a borrowed name
 - (4) Credit card contract suspected of being dummy company
 - (5) Despite lack of any rational reasons, a customer who requests the sending of a credit card to an address different from the registered one or a customer who declines receiving notices, etc. of transaction.
 - (6) A transaction with customer who pays large amount of money within a short period and reaches the available value.
 - (7) A transaction with customer who frequently purchases alternatives such as large amount of gift card or coupon etc. by credit card
 - (8) A transaction with customer who frequently changes an account for withdrawing payment
 - (9) Cases which suspected that credit card is being used by different from nominee.
 - (10) Transaction involving a customer who refuses to submit material or explanation despite beneficiary is confirmed because there is suspicious that customer receives or uses credit card on his/her own behalf. The same shall apply to cases where a transaction is conducted by an agent and where there is suspicion that a person other than the customer is the beneficiary.
 - (11) A transaction involving a customer who attaches unduly high importance to transaction confidentiality or a customer who has requested the credit card business operator not to report his or her transaction or who tries to prevent the financial institution from reporting it by using force or by paying bribes.
 - (12) A transaction involving a member of an organized crime group or a person associated therewith.
 - (13) A transaction whose circumstances are recognized by employees as unnatural in light of their knowledge and experiences and a transaction involving a customer whose attitude or behavior is recognized as unnatural in light of thereof.
 - (14) Transactions regarding which the Japan Financial Intelligence Center (*) and other external organizations have inquired or notified the credit card business operator due to the possibility of involving criminal profit
- (*) The Japan Financial Intelligence Center (JAFIC) is attached to the Organized Crime Control Department, Criminal Investigation Bureau of the National Police Agency.

(General attention)

Listed bellows are examples of transaction to which the real estate transaction business operators, when fulfilling the obligation for reporting of suspicious transaction as specified by Paragraph 1, Article 9 of "Act on Prevention of Transfer of Criminal Proceeds", should pay special attention as a case that may constitute a suspicious transaction.

The real estate transaction business operators shall take into account all specific information that it retains on the said transaction, including the customer attributes and circumstances at the time of the said transaction, and thereby judge whether or not respective specific transactions are suspicious transaction.

Therefore, it should be noted that although these example cases serve as a reference when the real estate transaction business operators find or detect suspicious transactions in day-to-day transactions, all transactions which formalistically conform to any of those cases do not necessarily constitute a suspicious transaction (ex; When there are rational reasons) and transactions which do not conform to these cases but are regarded as a suspicious transaction by the real estate transaction business operators shall be subject to requirement for the reporting of suspicious transactions.

Section 1

The cases notable in relation to the manner of cash usage

- 1 The case of purchasing real estate (Especially, the case of purchasing the expensive item doesn't meet customer's income and property) with a large amount of cash
- 2 The case which is conducted within a short period of time with a large amount of cash of selling and purchasing of plural real estates, though each transaction conducted with a short amount of payment.

Section 2

The notable in relation to the possibility of the real contractors being concealed

- 3 The case which raise the suspicious settlements with fictitious name or borrowed name of selling and purchasing of contract
- 4 The case of the customer rejects to write his/her name on the related documents of transaction
- 5 The case conducted with using different name for the application form, explanation documents related important matters and contract documents of selling and purchasing
- 6 The case which nominee cooperation of contract of selling and purchasing is suspected of being a "paper company"
- 7 The case the customer wants the documents to be sent to different address of the customer's address

Section 3

Cases notable in relation to the unnaturalness of transaction

- 8 The case sole person who conducts selling and purchasing many times in a short period of time
- 9 The case, after the purchasing real estate, conducting selling the said lots or buildings in a short period of time
- 10 The case to be conducting unnatural transaction in the light of the economic rationalities (for example, the case not hesitating to sell at far more below market price to hasten to sell)
- 11 The case client show the little concern about the place, condition and mending fee expected, etc., though purchasing plural items in a short period of time
- 12 The case which has no rational reason to purchasing and selling real estate, in the light of the value of transaction and place of item and the condition of business operator the customer running

Section 4

Cases notable in relation to the circumstances after the contract signing

- 13 The case, without rational reason, conducting an application of postponing of the due date of settlement
- 14 The case customer (After the contracting the selling and purchasing items) suddenly apply to change the contract to purchasing a expensive real estate items

Section 5

Other cases

- 15 Cases where a civil servant or a company employee conducts a transaction with an excessively high value relative to his/her

income

16 A transaction involving a customer who refuses to provide explanations and submit documents when requested to do so for identification of the actual beneficiary due to doubt as to whether the customer is acting on his/her own behalf. The same shall apply to cases where a transaction is conducted by an agent and where there is suspicious that a person other than the customer is the beneficiary.

17 Cases where the customer insist the secrecy of the transaction unnaturally

18 A transaction involving a customer who tries to prevent the said business operator from reporting suspicious transaction by using force or by paying bribes

19 A transaction involving a member of a organized crime group or a person associate therewith

20 A transaction whose circumstances are recognized by employees of the said business operators as unnatural in light of their knowledge and experiences and a transaction involving a customer whose attitude or behavior is recognized as unnatural in light thereof

21 Transaction regarding which the Japan Financial Intelligence Center* and other external organizations have inquired or notified the said business operator due to the possibility of involving criminal profit

* Japan Financial Intelligence Center (JAFIC) is attached to the Organized Crime Control Department, Criminal Investigation Bureau of the National Police Agency

1 General Warning

Listed bellows are example of transaction to which dealers of jewel and precious metals and stones, when fulfilling the obligation for reporting of suspicious transaction as specified by Article 9 of "Act on Prevention of Transfer of Criminal Proceeds", should pay special attention as a case that may constitute a suspicious transaction.

It should be decided and taken it into consideration such as the attribution of the customers, the situation of the transaction, among the said dealers by themselves that each concrete transaction will be suspicious transaction or not.

So, these examples shall be referred in daily transaction to find or extract suspicious transaction, but not all cases are applicable to the suspicious transaction.

On the other hand, if the dealers recognize the transaction as suspicious transaction, they should report the fact, even the transaction doesn't apply the example.

More, provided, however, that this shall not apply to being rational reason.

2 The cases paying attention to the way of using the cash

- (1) The case of purchase with a great deal of money
- (2) The case of purchase with a great deal of money, with frequent purchases of small deal of money
- (3) The case of purchase with a great deal of money doesn't meet customer's income and property
- (4) Casual customers who come to the branch office together but request processing of a large amount of cash transaction at different counters
- (5) The case of purchase by whom he/she takes not much interest in the design of items, though he/she purchases a great deal of jewels and precious stones in a short time

3 The other cases

- (1) The case, there some suspicious of false identification card presented by customer
 - (2) The transaction involving a member of a organized crime group or a person associate therewith
 - (3) Cases where the customer insist the secrecy of the transaction unnaturally and a transaction involving a customer who tries to prevent the said business operator from reporting suspicious transaction by using force or by paying bribes
 - (4) The case of the person who is a member of a legal person which is suspicious of a paper company, or suspicious of false information related with customer identification when confirm the said legal person
 - (5) A transaction involving a customer who refuses to provide explanations and submit documents when requested to do so for identification of the actual beneficiary due to doubt as to whether the customer is acting on his/her own behalf.
 - (6) A transaction whose circumstances are recognized by employees of the said business operators as unnatural in light of their knowledge and experiences and a transaction involving a customer whose attitude or behavior is recognized as unnatural in light thereof
 - (7) The case of transactions regarding which the Japan Financial Intelligence Center (*) and other external organizations have inquired or notified due to the possibility of involving criminal profit
- (*) The Japan Financial Intelligence Center (JAFIC) is attached to the Organized Crime Control Department, Criminal Investigation Bureau of the National Police Agency

List of Reference Cases of Suspicious Transaction Report for Dealers of Secondhand Jewels and Precious metals

1 General Warning

As listed from 2 to 4 below, they are examples of transaction to which dealers of secondhand jewels and precious metals, when fulfilling the obligation for reporting of suspicious transaction as specified by Article 9 of "Act on Prevention of Transfer of Criminal Proceeds", should pay special attention as a case that may constitute a suspicious transaction.

It should be decided and taken into consideration such as the attribution of the customers, the situation of the transaction, among the said dealers by themselves that each concrete transaction will be suspicious transaction or not.

So, these examples shall be referred in daily transaction to find or extract suspicious transaction, but not all cases are applicable to the suspicious transaction.

On the other hand, if the dealers recognize the transaction as suspicious transaction, they need to pay attention that it should be the subject to make report, even the transaction doesn't apply the example.

2. The cases when buying from the customer

- (1) Cases where the same person sells a large amount of jewels, precious metals or their products within a short period of time;
- (2) Cases where the same person repeats sales of the same type of jewels, precious metals or their products within a short period of time;
- (3) Cases where a customer sells jewels, precious metals or their products with an excessively high value relative to his or her income, assets or the like;
- (4) Cases where there is doubt as to whether jewels, precious metals or their products which a customer sells is owned by the customer (e.g., a man seeks to sell a large amount of jewelry, precious metal or the like for women);
- (5) Cases where a customer hurries to sell and is willing to sell at a price much lower than the market price;
- (6) Cases where you can imagine from the words and behavior of a customer that he or she is selling a large amount of jewels, precious metals or their products in many shops or is going to do so.

3 The cases when selling to the customer

- (1) The case of purchase with a great deal of money
- (2) The case of purchase with a great deal of money, with frequent purchases of small deal of money
- (3) The case of purchase with a great deal of money which doesn't meet customer's income and property
- (4) Casual customers who come to the branch office together but request processing of a large amount of cash transaction at different counters
- (5) The case of purchase by whom he/she takes not much interest in the design of items, though he/she purchases a great deal of jewels and precious stones in a short time

4 The other cases

- (1) The case, there is some suspicious of false identification card presented by customer
- (2) The transaction involving a member of a organized crime group or a person associate therewith
- (3) Cases where the customer insists the secrecy of the transaction unnaturally and a transaction involving a customer who tries to prevent the said business operator from reporting suspicious transaction by using force or by paying bribes
- (4) The case of the person who is a member of a legal person which is suspicious of a paper company, or suspicious of false information related with customer identification confirmed to the said legal person (Name of the legal person, address)
- (5) A transaction involving a customer who refuses to provide explanations and submit documents when be requested to do so for identification of the actual owner due to doubt as to whether the customer is acting on his/her own behalf.
- (6) A transaction whose circumstances are recognized by employees of the said business operators as unnatural in light of their knowledge and experiences and a transaction involving a customer whose attitude or behavior is recognized as unnatural in



light thereof

(7) The case of transactions regarding which the Japan Financial Intelligence Center (*) and other external organizations have inquired or notified due to the possibility of involving criminal profit

(*) The Japan Financial Intelligence Center (JAFIC) is attached to the Organized Crime Control Department, Criminal Investigation Bureau of the National Police Agency

List of Reference Cases of Suspicious Transaction report in the business of receiving postal items

1 The range of the business of receiving postal items

The business operator of receiving postal items shall be provided in Item 38 of Paragraph 2, Article 2 of "Act on Prevention of Transfer of Criminal Proceeds", indicates the business operator provide all the three services saying below in substantial.

- A. Allowing providing services wherein the person authorizes a customer to use the person's residence or office address as the place at which the customer receives postal items
- B. Receiving the postal items addressed to the customer substitute to the customer
- C. Delivering the postal items, received for the customer

2 The style of possibility for suspicious transaction

Listed bellows are examples of transaction to which business of receiving postal items, when fulfilling the obligation for reporting of suspicious transaction as specified by Article 9 of "Act on Prevention of Transfer of Criminal Proceeds", should pay special attention as a case that may constitute a suspicious transaction.

The said business operators shall take into account all specific information that it retains on the said transaction, including the customer attributes and circumstances at the time of the said transaction, and thereby judge whether or not respective specific transactions are suspicious transaction.

Therefore, it should be noted that although these example cases serve as a reference when the said business operators find or detect suspicious transactions in day-to-day transactions, all transactions which formalistically conform to any of those cases do not necessarily constitute a suspicious transaction and transactions which do not conform to these cases but are regarded as a suspicious transaction by the said business operators shall be subject to requirement for the reporting of suspicious transactions.

More, for the reporting, you may use the template of appendixes in PDF.

- (1) The transaction seemed to be suggested of threat to use the services for intention to disguise the false condition of the company by the customer, encouraging giving of criminal proceeds related with money laundering and terrorist financing, etc. by the customer
- (2) A transaction involving a customer who refuses to provide explanations and submit documents when requested to do so for identification of the actual beneficiary due to doubt as to whether the customer is acting on his/her own behalf
- (3) The transaction the customer hope to contract receiving postal items service in the condition of using nominee of plural legal persons even the sole nominee
- (4) The transaction sending to the customer a large mount of money frequently
- (5) The transaction sending to the customer registered postal cash envelope or a telegraphic transfer by the name of business suggested to being a black market loan or "paper company"
- (6) The transaction suggested to be suspicious of contracting over fictitious name or borrowed name by customer
- (7) Cases where the customer insist the secrecy of the transaction unnaturally and a transaction involving a customer who tries to prevent the said business operator from reporting suspicious transaction by using force or by paying bribes
- (8) A transaction involving a member of a organized crime group or a person associate therewith
- (9) A transaction whose circumstances are recognized by employees of the said business operators as unnatural in light of their knowledge and experiences and a transaction involving a customer whose attitude or behavior is recognized as unnatural in light thereof
- (10) The transactions regarding which the Japan Financial Intelligence Center (*) and other external organizations have inquired or notified due to the possibility of involving criminal profit

(*) The Japan Financial Intelligence Center (JAFIC) is attached to the Organized Crime Control Department, Criminal Investigation Bureau of the National Police Agency

List of Reference Cases of Suspicious Transaction report in the business of telephone receiving services

1 The range of the Telephone Receiving Services Providers.

The Telephone Receiving Services Providers are defined in Item 38 of Paragraph 2, Article 2 of "Act on Prevention of Transfer of Criminal Proceeds". They indicate the business operators providing all the three services saying below in substantial.

- A. Permitting customers to use their telephone numbers as customers telephone numbers
- B. Receiving telephone calls including telecommunications by facsimile devices addressed to the customers at the their telephone number
- C. Contacting the customers regarding the content of such telephone calls

Examples of the service is that

- (1) The service of answering a phone call as the customer's employee or secretary , and notifying the customer of the fact that such telephone call was made after breaking the call,
- (2) The services of receiving the facsimile addressed to the customer and handling it to the customer, and
- (3) The service of letting answering machine pick up, recording it, and notifying it to the customer

On the other hand, the so-called "call center business" or the like, presented as an example below, does not correspond to the business stipulated in Item 38, Paragraph 2, Article 2 of the Act, although it is similar to the business of telephone receiving services. Therefore, the Act does not imposing obligation on them. (specifically, the obligation of confirming customer's identification based on Article 4 of the Act, preparation and retention of customer's identification records based on Article 6 of the Act, preparation of transaction records based on Article 7 of the Act, and reporting of suspicious transactions based on Article 9 of the Act). Similar businesses not corresponding to the business of Telephone Receiving Services

Business Classification	Description
Receiving document requests and inquiries	<input type="radio"/> The business of receiving requests for document or inquiries on goods or service based on advertisements or the like <input type="radio"/> The business of receiving inquiries on goods or service and managing of the content and history of inquiries <input type="radio"/> The business of providing information in response to inquiries from consumers
Technical support center, help desk	<input type="radio"/> The business of providing advice in response to technical consultation on usage or the like for goods or service
Support center	<input type="radio"/> The business of responding to inquiries and complaints on goods or service from consumers <input type="radio"/> The business of analyzing inquiries and results of complaints and thereby making proposals toward improvement measures and new development of merchandise, service or the like to customers
Consumer consultation center	<input type="radio"/> The business of responding to consultations and complaints on goods or service from consumers
Maintenance center	<input type="radio"/> The business of listening to a person who requested maintenance and thereby transmitting the content to an available maintenance staff and requesting response
Order receiving center, Application receiving center	<input type="radio"/> The business of receiving requests for the purchasing of goods or service and requests for provision <input type="radio"/> The business of receiving orders for goods and service ,managing merchandise inventory, and arranging for merchandise <input type="radio"/> The business of receiving campaign applications, and accepting member subscriptions from consumers
Authorization	<input type="radio"/> The business of responding to credit administration of cards
Telephone transfer, telephone switching	<input type="radio"/> The business of permitting a customer to use the telephone number of the company as the customer's contact telephone number, and transferring and switching telephone calls made to the telephone number designated by the customer.
Telephone response	<input type="radio"/> The business of receiving transferred telephone calls made to the telephone number which a customer owns and responding to the calls on behalf of the customer

2 The style of possibility for suspicious transaction

Listed bellows are examples of the transaction to which the Telephone Receiving Services Providers should pay special attention, when fulfilling the obligation for suspicion reporting specified by Article 9 of "Act on Prevention of Transfer of Criminal Proceeds", because those examples may constitute a suspicious transaction.

Therefore, it should be noted that although these example cases serve as a reference when the Telephone Receive Services Providers find or detect suspicious transactions in day-to-day transactions, all transactions which formalistically conform to any of those transactions do not necessarily constitute suspicious transactions and transactions which do not conform to these cases but are regarded as suspicious transactions by the Telephone Receive Services Providers shall be subject to requirement for the reporting of suspicious transactions.

More, for the reporting, you may use the template to be provided by the Ministry Ordinance.

- (1) The transaction seemed to be suggested, in the course of the contract procedures, that the customer may use the services for intention to disguise the false condition of the company, and the services encouraging giving of criminal proceeds related with money laundering and terrorist financing, etc.
 - (2) The transaction involving a customer who refuses to provide explanations and submit documents when requested in the course of the contract due to doubt as to whether the customer is acting on his/her own behalf.
 - (3) The transaction involving the customer who hope to contract telephone receiving services in the condition of using nominees of plural legal persons although he/her is sole nominee
 - (4) The transaction seemed to be suggested, in the course of the contract procedures, that the customer is, dummy company, without substance
 - (5) The transaction seemed to be suggested, in the course of the contract procedures, s that the customer contract with fictitious name or borrowed name.
 - (6) The transaction involving the customer who insists the secrecy of the transaction unnaturally and tries to prevent the said business operator from reporting suspicious transaction by using force or by paying bribes
 - (7) The transaction seemed to be obviously regarded in the course of the contract that the transaction is involving a member of a organized crime group or a person associate therewith
 - (8) The transaction involving the customer whose circumstances are recognized as unnatural their knowledge and experiences.
 - (9) The transactions regarding which the Japan Financial Intelligence Center (*) and other external organizations have inquired or notified due to the possibility of involving criminal profit
- (*) The Japan Financial Intelligence Center (JAFIC) is attached to the Organized Crime Control Department, Criminal Investigation Bureau of the National Police Agency

