

Summary of the Annual Report 2021

This is the summary of the 2021 annual report on the prevention of transfer of criminal proceeds. Please see the complete annual report for the details.

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1. History of AML/CFT Efforts in Japan (Chapter 1)

Money laundering refers to attempts to evade the discovery of money obtained through illicit means, especially criminal proceeds, and arrests, etc. by investigative authorities, etc. by concealing the sources or beneficial owners of the money. If effective measures are not taken against money laundering, criminal proceeds will continue to be utilized for further crimes or be used to promote organized crimes. Money laundering utilized by transferring could also pose a serious threat to sound economic activities. Therefore, Japan has improved its anti-money laundering measures, etc. in cooperation with the international community as follows:

Global Events	Events in Japan
<ul style="list-style-type: none"> • December 1988 Adoption of UN New Narcotics Convention (Criminalization of money laundering activities related to illegal proceeds derived from drug crimes) • July 1989 Arch Summit (Establishment of the FATF) • April 1990 FATF issued the 40 Recommendations (Standards for anti-money laundering measures to be taken by each country) <ul style="list-style-type: none"> - Customer identification by financial institutions - Reporting of suspicious transactions to financial regulatory authorities • 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) • December 1999 Adoption of the International Convention for the Suppression of the Financing of Terrorism (Criminalization of terrorist financing and collection of funds for terrorism became compulsory.) • June 2003 FATF re-revised the 40 Recommendations (Application of recommendations to nonfinancial businesses (real estate agents, dealers in precious metals, dealers in precious stones, etc.) and professions (lawyers, accountants, etc.)) • October 2008 Third FATF mutual evaluation of Japan • June 2014 FATF announced a statement on Japan (FATF requested Japan to take prompt response to insufficient parts of the AML/CFT measures.) • June 2015 G7 Elmau Summit (Declaration regarding the introduction of an appropriate regulation of virtual assets) • August 2021 Fourth FATF mutual evaluation of Japan 	<ul style="list-style-type: none"> • July 1992 Enforcement of the Anti-Drug Special Provisions Law (Criminalization of money laundering related to drug crimes, establishment of suspicious transaction reporting system) • February 2000 Enforcement of the Act on Punishment of Organized Crimes (Expansion of scope of predicate offences to include other serious crimes, establishment of Japanese FIU at the Financial Supervisory Agency) • July 2002 Enforcement of the Act on Punishment of Financing to Offences of Public Intimidation and the revised Act on Punishment of Organized Crimes (Addition of terrorist funding and collection etc. to list of predicate offences) • March to April 2007 Adoption of the Act on Prevention of Transfer of Criminal Proceeds Partial enforcement of the Act on Prevention of Transfer of Criminal Proceeds (Transfer of the function of FIU from the Financial Services Agency to the National Public Safety Commission/the National Police Agency) • April 2013 Full enforcement of the amended Act on Prevention of Transfer of Criminal Proceeds (Addition of matters to be confirmed during transactions, addition of measures to conduct the confirmation accurately, addition of special business operators, strengthening of penal provisions pertaining to the unauthorized assignment of bank passbooks, etc.: The portion amended in April 2011) • October 2015 Enforcement of the International Terrorist Asset-Freezing Act • October 2016 Full enforcement of the amended Act on Prevention of Transfer of Criminal Proceeds (Provisions for clarification of the judgment method of suspicious transactions, strict verification at the time of the conclusion of correspondence contracts, and expansion of the obligation for business operators to make efforts to develop necessary systems: The portion amended in November 2014) • April 2017 Enforcement of the amended Act on Prevention of Transfer of Criminal Proceeds (Adding virtual assets exchangers into the scope of specified business operators: The portion amended in May 2016) (The term "virtual asset" replaced with "crypto asset"; the scope of regulation of services to manage crypto assets expanded: The portion amended in May 2019) • July 2021 Enforcement of the Act on Prevention of Transfer of Criminal Proceeds (Adding casino business operator into the scope of specified business operators) • August 2021 the "Plan of Action for AML/CFT & Proliferation"

Note 1: FATF(Financial Action Task Force) is an intergovernmental body established following to promote international cooperation on AML measures.

Note 2: FIU(Financial Intelligence Unit) is an institution to provide collecting, arranging, and analyzing information of suspicious transactions and disseminating information to investigative authorities, etc.

2. The Legislative Regime for AML/CFT (Chapter 2)

The AML/CFT regime in Japan focuses on achieving the following four goals:

- (1) Imposing CDD and other necessary obligations
- (2) Criminalizing money laundering
- (3) Confiscating criminal proceeds
- (4) Preventing terrorism financing

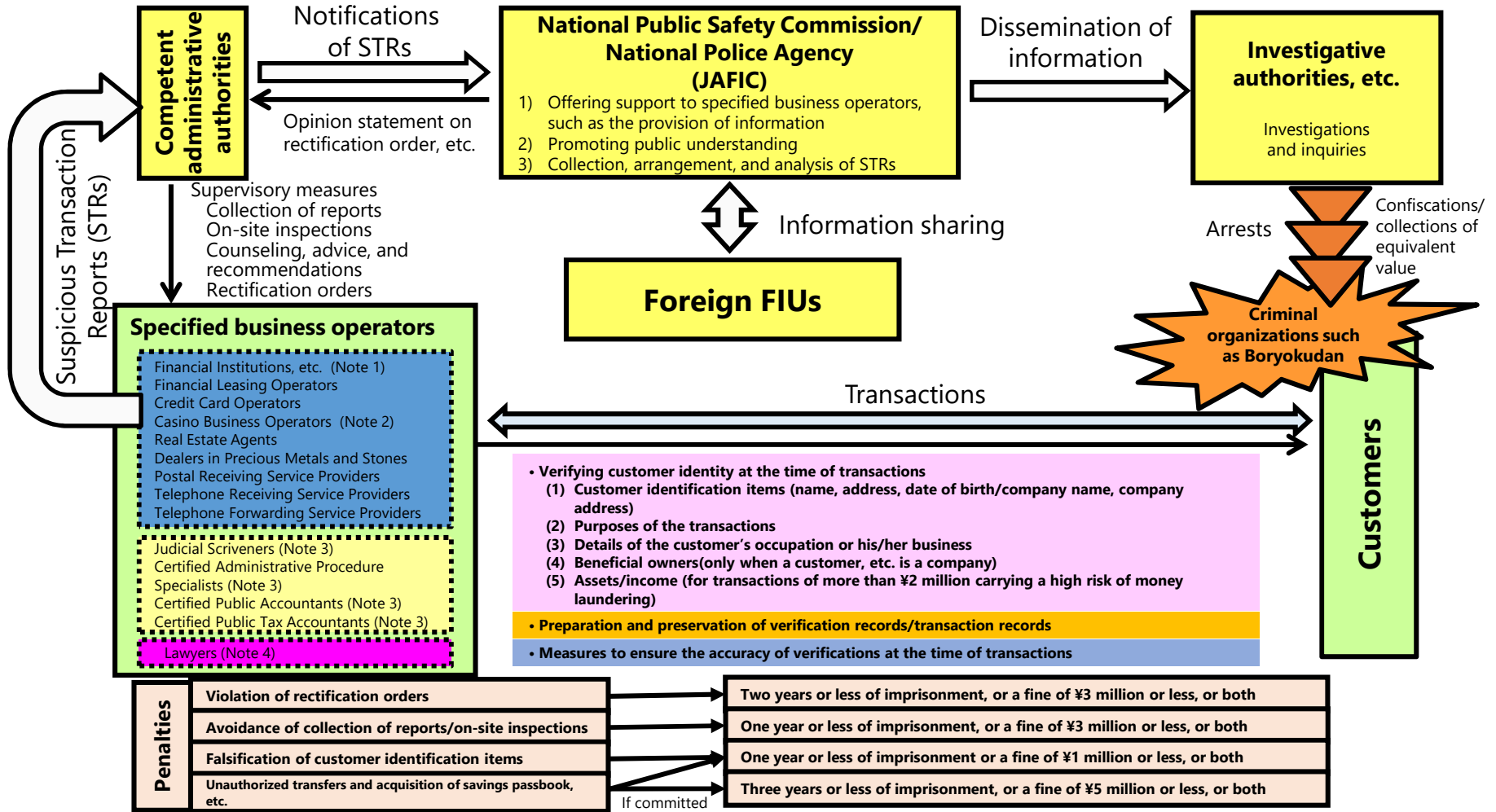
(1) is realized by the Act on Prevention of Transfer of Criminal Proceeds and the Foreign Exchange Act, (2) and (3) are realized mainly by the Act on Punishment of Organized Crimes and the Anti-Drug Special Provisions Law, and (4) is realized by the Act on Punishment of Financing to Offences of Public Intimidation, the Foreign Exchange Act, and the International Terrorist Asset-Freezing Act.

Purposes	<ul style="list-style-type: none"> ○ Assure the safety and peace of national life ○ Assure the sound development of economic activities
Measures	<ul style="list-style-type: none"> ○ Imposition of CDD and other necessary obligations ○ Confiscation of criminal proceeds ○ Punishment of money laundering ○ Prevention of terrorism financing
Provisions on prevention	<p style="text-align: center;">The Act on Prevention of Transfer of Criminal Proceeds</p> <div style="display: flex; justify-content: space-around; padding: 5px;"> <div style="background-color: #f8d7da; padding: 5px; border: 1px solid #f5c6cb;">Verification at the time of transactions, etc.</div> <div style="background-color: #f8d7da; padding: 5px; border: 1px solid #f5c6cb;">Preparation and preservation of transaction records, etc.</div> <div style="background-color: #f8d7da; padding: 5px; border: 1px solid #f5c6cb;">Reporting of suspicious transactions</div> </div>
	<p style="text-align: center;">Foreign Exchange Act</p> <div style="display: flex; justify-content: space-around; padding: 5px;"> <div style="background-color: #f8d7da; padding: 5px; border: 1px solid #f5c6cb;">Confirmation of identity of customers, etc.</div> <div style="background-color: #f8d7da; padding: 5px; border: 1px solid #f5c6cb;">Preparation and preservation of records</div> </div>
Provisions on controlling	<div style="display: flex; justify-content: space-between; padding: 5px;"> <div style="background-color: #d1ecf1; padding: 5px; border: 1px solid #bee5eb; border-radius: 10px;">The Act on Punishment of Organized Crimes</div> <div style="background-color: #d1ecf1; padding: 5px; border: 1px solid #bee5eb; border-radius: 10px;">The Anti-Drug Special Provisions Law</div> </div> <div style="background-color: #d1ecf1; padding: 5px; border: 1px solid #bee5eb; margin-top: 5px;"> <p style="text-align: center;">Punishment of money laundering</p> <div style="display: flex; justify-content: space-around; padding: 5px;"> <div style="background-color: #d1ecf1; padding: 5px; border: 1px solid #bee5eb; border-radius: 5px;">Managing enterprises, etc. through illegal proceeds, etc.</div> <div style="background-color: #d1ecf1; padding: 5px; border: 1px solid #bee5eb; border-radius: 5px;">Concealment of criminal proceeds, etc. (including drug crime proceeds)</div> <div style="background-color: #d1ecf1; padding: 5px; border: 1px solid #bee5eb; border-radius: 5px;">Receipt of criminal proceeds, etc. (including drug crime proceeds)</div> </div> </div>
	<p style="text-align: center;">Confiscation of criminal proceeds</p> <div style="display: flex; justify-content: space-around; padding: 5px;"> <div style="background-color: #d1ecf1; padding: 5px; border: 1px solid #bee5eb; border-radius: 5px;">Confiscation</div> <div style="background-color: #d1ecf1; padding: 5px; border: 1px solid #bee5eb; border-radius: 5px;">Collection of equivalent value</div> <div style="background-color: #d1ecf1; padding: 5px; border: 1px solid #bee5eb; border-radius: 5px;">Temporary restraining order for confiscation or collection of equivalent value</div> </div>
	<div style="display: flex; justify-content: space-between; padding: 5px;"> <div style="background-color: #d1ecf1; padding: 5px; border: 1px solid #bee5eb; border-radius: 10px;">Act on Punishment of Financing to Offences of Public Intimidation</div> <div style="background-color: #d1ecf1; padding: 5px; border: 1px solid #bee5eb; border-radius: 10px;">Foreign Exchange Act</div> <div style="background-color: #d1ecf1; padding: 5px; border: 1px solid #bee5eb; border-radius: 10px;">International Terrorist Asset-Freezing Act</div> </div>
	<div style="display: flex; justify-content: space-around; padding: 5px;"> <div style="background-color: #d1ecf1; padding: 5px; border: 1px solid #bee5eb; border-radius: 5px;">Punish persons providing funds for terrorists</div> <div style="background-color: #d1ecf1; padding: 5px; border: 1px solid #bee5eb; border-radius: 5px;">Freeze assets of terrorists, etc.</div> </div>

3. Overview of the Act on Prevention of Transfer of Criminal Proceeds (Chapter 2)

The purpose of the Act on Prevention of Transfer of Criminal Proceeds is to establish a system to prevent the transfer of criminal proceeds by requiring specified business operators take appropriate measures, such as CDD of customers, etc., the preparation and retainment of records, and STR reporting.

The various systems related to the anti-money laundering measures under the Act and the relationships between the relevant organizations and business operators are as follows:



(Note 1) Amongst financial institutions, etc., those operators involved in foreign exchanges are required to provide notification on money remitters, in addition to the above. Financial institutions, etc. include banks, money lenders, virtual asset exchange service providers, etc.

(Note 2) Measures to ensure proper confirmation of transactions by casino operators are separately specified by the Act on Promotion of Development of Specified Integrated Resort Districts.

(Note 3) Professions such as judicial scriveners, certified administrative procedure specialists, certified public accountants, and certified tax accountants are required to verify the information in (1) only.

(Note 4) The Japan Federation of Bar Associations defines, in its bylaws, measures to ensure the accurate verification of transactions and the preparation/preservation of verification records and transaction records by lawyers. These rules are based on the examples of judicial scriveners and other professions contained in the Act on Prevention of Transfer of Criminal Proceeds.

4. Measures by Specified Business Operators (Chapter 2)

The measures that must be taken by specified business operators (excluding lawyers) under the Act on Prevention of Transfer of Criminal Proceeds, and the measures related to CDD to be taken by lawyers, are as follows.

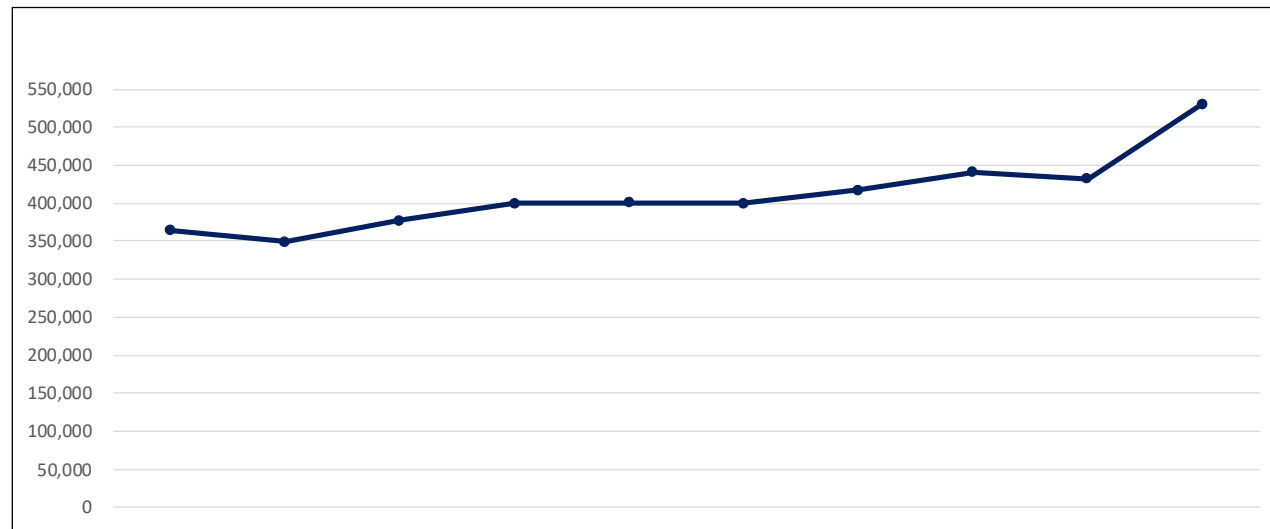
Mandatory measures Specified business operators [Article 2, paragraph 2]	Verification at the time of transaction [Article 4]	Preparation and preservation of verification records [Article 6]	Preparation and preservation of transaction records, etc. [Article 7]	Reporting of suspicious transactions [Article 8]	Enhanced verification at the time of the conclusion of correspondence contracts [Article 9]	Notification pertaining to foreign exchange transactions [Article 10]	Measures to ensure thorough and effective CDD measures to be taken [Article 11]
Financial institutions (items 1 through 38)	○	○	○	○	○ (Limited to those who conduct exchange transactions on a regular basis)	○ (Limited to those who conduct exchange transactions on a regular basis)	○ (Note)
Financial leasing operators (item 39)							
Credit card operators (item 40)							
Casino business operators (item 41)							
Real estate agents (item 42)							
Dealers in precious metals and stones (item 43)							
Postal receiving service providers (item 44)							
Telephone receiving service providers (item 44)							
Telephone forwarding service providers (item 44)							
Judicial scriveners (item 46)					○ (Only identification data)		
Certified administrative procedures specialists (item 47)							
Certified public accountants (item 48)							
Certified public tax accountants (item 49)	As prescribed by the by laws set by the Japan Federation of Bar Associations based on examples of judicial scriveners, etc. [Article 12]						As prescribed by the by laws set by the Japan Federation of Bar Associations based on examples of judicial scriveners, etc. [Article 12]
Lawyers (item 45)							

Note: The obligations of casino business operators are separately specified by the Act on Development of Specified Integrated Resort Districts.

5. Suspicious Transactions Reporting System (Chapter 3)

The Act on Prevention of Transfer of Criminal Proceeds requires that specified business operators file a report to the competent administrative authorities when a transaction is suspected of being related to criminal proceeds (lawyers, judicial scriveners, certified administrative procedures specialists, certified public accountants, and certified public tax accountants are not subject to this obligation). The number of STRs submitted by specified business operators to the competent administrative authorities in 2021 was more than 530,000, the highest ever. JAFIC collect, organize, and analyze STRs and provide investigative authorities with the STRs considered to be useful to investigate money laundering cases. The STRs are used to discover criminal proceeds, uncover criminal organizations, and investigate crimes related to criminal proceeds.

○ Trend Diagram of Number of STRs



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of Reports Received	364,366	349,361	377,513	399,508	401,091	400,043	417,465	440,492	432,202	530,150

○ Number of Reports Disseminated to LEAs

	2017	2018	2019	2020	2021
Information on STRs	446,085	460,745	467,762	461,687	524,462

○ Use of STRs in the Prefectural Police Departments

1. Number of STRs Used for Investigative Purposes, etc.

	2017	2018	2019	2020	2021
Number of STRs used in investigation	429,200	314,296	307,786	325,643	353,832

2. Number of STR-initiated Cases by Type of Crime

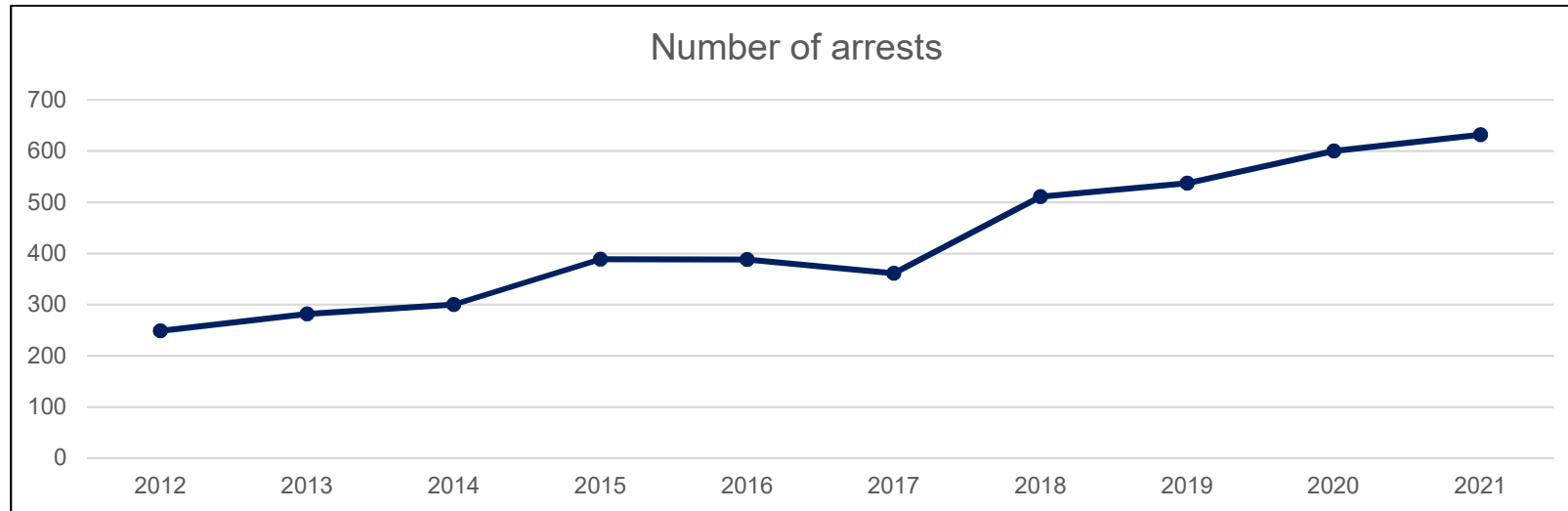
STR-initiated Cases by Type of Crime	Year				
	2017	2018	2019	2020	2021
(i) Fraud-related crimes	933	1004	933	873	855
(ii) Illegal stays	60	26	53	38	46
(iii) Violation of Act on Punishment of Organized Crimes	17	17	34	30	41
(iv) Drug crimes	42	42	39	45	39
(v) Counterfeiting crimes	12	7	15	8	17
(vi) Loan sharks	11	8	13	6	8
(vii) Entertainment business-related offences	4	3	4	3	2
(viii) Gambling-related offences	2	1	0	0	2
(ix) Other criminal offences	8	5	12	12	18
(x) Other special criminal offences	8	11	20	13	17
Total	1,097	1,124	1,123	1,028	1,045

3. Number of STR-use Cases by Type of Crime

STR-use Cases by Type of Crime	Year				
	2017	2018	2019	2020	2021
(i) Fraud-related crimes	391	400	493	589	647
(ii) Illegal stays	16	50	36	27	41
(iii) Violation of Act on Punishment of Organized Crimes	15	18	37	40	37
(iv) Drug crimes	64	89	175	224	240
(v) Counterfeiting crimes	15	18	19	23	42
(vi) Loan sharks	10	4	10	18	12
(vii) Entertainment business-related offences	13	12	16	12	12
(viii) Gambling-related offences	4	7	9	9	10
(ix) Other criminal offences	90	150	244	373	366
(x) Other special criminal offences	27	37	63	82	94
Total	645	785	1,102	1,397	1,501

6. Cleared Cases of Money Laundering (Chapter 4)

In Japan, money laundering is criminalized as the following activities: the control of management of enterprises of legal persons and other entities through illicit proceeds, the concealment of criminal proceeds, and the receipt of criminal proceeds, which are all stipulated in the Act on Punishment of Organized Crimes, and also the concealment of drug-related criminal proceeds and the receipt of drug-related criminal proceeds, both stipulated in the Anti-Drug Special Provisions Law. The number of arrests is as follows:



Category		Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Act on Punishment of Organized Crimes	Management Control through Illicit Proceeds (Article 9)		0	2	1	2	0	2	1	0	2	0
	Concealment of Criminal Proceeds, etc. (Article 10)		158	171	180	234	268	240	377	378	413	461
	Receipt of Criminal Proceeds, etc. (Article 11)		80	99	112	145	112	111	126	150	182	162
	Total		238	272	293	381	380	353	504	528	597	623
Anti-Drug Special Provisions Law	Concealment of drug-related criminal proceeds, etc. (Article 6)		8	6	5	5	5	7	5	8	3	5
	Receipt of drug-related criminal proceeds, etc. (Article 7)		3	4	2	3	3	1	2	1	0	4
	Total		11	10	7	8	8	8	7	9	3	9
Number of arrests			249	282	300	389	388	361	511	537	600	632

7. Temporary Restraining Order (Chapter 4)

8

It is important to deprive criminals of criminal proceeds to prevent them from using these proceeds to maintain and expand the powers of criminal organizations and to invest in future criminal activities. To ensure that criminal proceeds are not concealed or spent before the order for the confiscation or collection of the proceeds is given, the police use a system called a Temporary Restraining Order for Confiscation before Institution of Prosecution (hereafter referred to as a Temporary Restraining Order) stipulated in the Act on Punishment of Organized Crimes and the Anti-Drug Special Provisions Law in order to confiscate criminal proceeds effectively.

The number of cases in which a Temporary Restraining Order was issued in 2021 (claimed by police officers) is as follows:

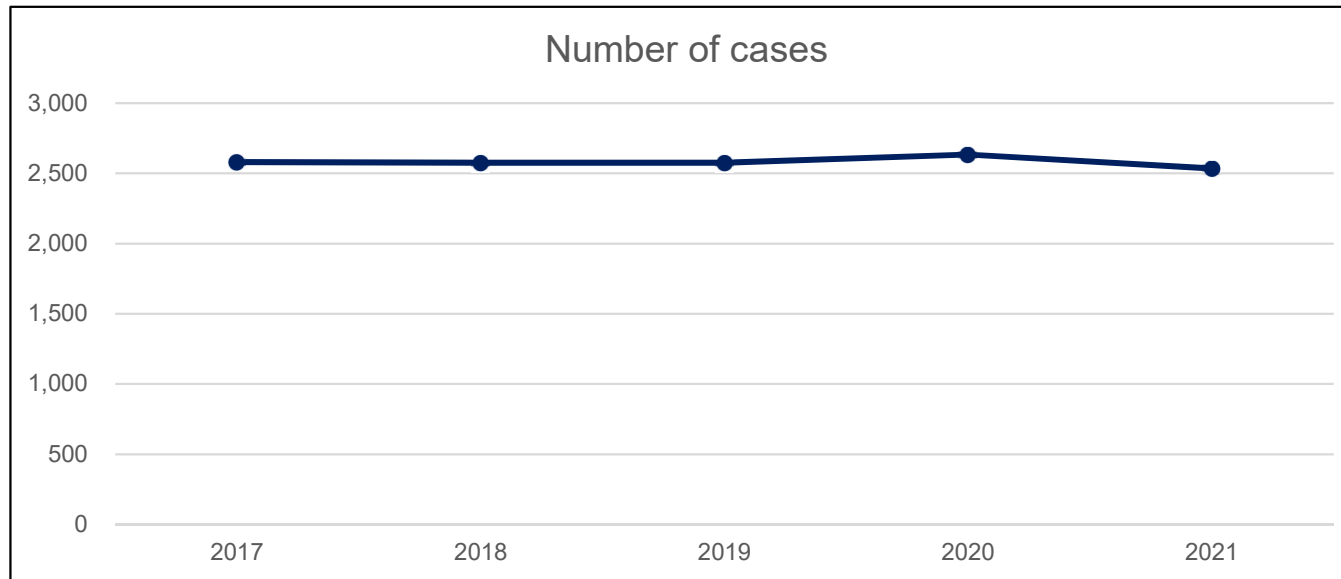
Act on Punishment of Organized Crimes	2017	2018	2019	2020	2021
Cases	188	206	169	150	142
Total amount of credit	¥1,341,301,078	¥410,918,942	¥348,965,441	¥513,222,080	¥507,211,792
Others	Watch: 2	Gold: 1,266 Watch: 2	Gold bullion: 414 Poker game machine: 9	Foreign currency: €24,755 Virtual assets (XEM, BTC) Gold bullion: 30 Pachinko game machine, etc.: 70	Regular passenger car: 1 Mini passenger car: 1 Beer coupon: 70 Gift certificate: 500 Pachinko game machine, etc.: 54
Anti-Drug Special Provisions Law	2017	2018	2019	2020	2021
Cases	11	17	8	18	24
Total amount of credit	¥2,302,673	¥48,408,554	¥4,153,977	¥12,684,518	¥32,712,378
Others		Foreign currency: US\$ 1,000	Foreign currency: US\$ 1,800 TWD 72 MYR 95.6		

8. Cleared Cases of Violation of the Act on Prevention of Transfer of Criminal Proceeds (Chapter 4)

9

The Act on Prevention of Transfer of Criminal Proceeds stipulates the penalties for the illicit transfer of passbooks, etc. for preventing them from being abused for special frauds or other crimes, or for the concealment (transfer) of criminal proceeds.

The police are enhancing efforts to crack down on such practices. The number of cases cleared as violations for the Act on Prevention of Transfer of Criminal Proceeds is as follows:



Category	Year	2017	2018	2019	2020	2021
Transfer, etc. of savings passbooks		2,523	2,519	2,479	2,539	2,446
Transfer, etc. of savings passbooks (as business)		27	27	44	18	27
Soliciting the transfer of passbooks, etc.		31	27	27	32	11
Transfer of foreign exchange cards, etc.		0	0	27	35	26
Transfer, etc. of information for virtual assets exchange		0	0	0	6	23
Others		0	4	0	4	2
Total		2,581	2,577	2,577	2,634	2,535

9. Orders for the Submission of Reports and Opinion Statements (Chapter 5)

When suspicion arises during the investigation of cases, including special fraud cases by the Prefectural Police, with regard to the possibility that a specified business operator (excluding lawyers) has violated the obligation of CDD and other matters prescribed in the Act on Prevention of Transfer of Criminal Proceeds, the National Public Safety Commission and the National Police Agency shall order the alleged specified business operators to submit a report and shall prepare an opinion statement for the competent administrative authorities. If the administrative authorities that receive the opinion statement believe that the specified business operator has violated the Act, they will issue a rectification order to the specified business operator. The numbers of orders for submission of reports, opinion statements submitted, and rectification orders issued are as follows:

		2017	2018	2019	2020	2021
Number of order for submission of reports		7	13	7	7	12
	Postal receiving service providers	6	0	0	0	2
	Telephone forwarding service providers	1	12	7	7	8
	Postal receiving/telephone forwarding service providers	0	1	0	0	2
Number of opinion statements submitted to competent administrative authorities		7	11	8	7	14
	Postal receiving service providers	7	2	0	0	4
	Telephone forwarding service providers	0	9	8	7	10
Number of rectification orders based on Opinion Statements		1	1	1	2	4
	Postal receiving service providers	1	1	0	0	0
	Telephone forwarding service providers	0	0	1	2	4

Collaboration between countries is essential to prevent cross-border ML/TF. For this reason, international standards for AML/CFT measures have been developed and adopted in the international community within the framework of FATF, APG, the Egmont Group, etc. Japan actively participates in such activities.

An overview of FATF, APG, and Egmont Group is as follows:

○ FATF (Financial Action Task Force)

○ Organization

FATF is an intergovernmental body established following the Economic Declaration of the 1989 Archa Summit Communiqué to promote international cooperation on AML measures. Since the terrorist attacks in the United States in 2001, FATF has also taken the initiative in promoting international CFT measures.

FATF had 37 member jurisdictions (including Japan) and 2 international institutions as of the end of 2021.

○ Activities

The main activities of FATF are as follows.

1. Formulating and reviewing 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. Promoting compliance with the FATF Recommendations in non-member jurisdictions
4. Studying the trends and modus operandi of ML/TF.

○ Mutual Evaluation

FATF employs a peer review approach to encourage its members to implement the Recommendations. Member jurisdictions are evaluated by other members from various viewpoints, such as laws, regulations, and the control regime for AML, and the investigations of ML crimes.

The fourth FATF mutual evaluation of Japan is as described in “12. Fourth FATF mutual evaluation of Japan” below.

○ APG (Asia/Pacific Group on Money Laundering)

○ Organization

APG is an international cooperative body whose establishment was decided in February 1997 at the FATF 4th Asia/Pacific Money Laundering Symposium held in Thailand. In the context of the increasing risk of vulnerability to ML in the Asia/Pacific region, the APG was established to promote regional cooperation, the adoption of the international standards, and the assistance to the jurisdictions.

As of the end of 2021, the APG consisted of 41 jurisdictions, including Japan.

○ Activities

The main activities of APG are as follows.

1. Promotion of compliance with the FATF Recommendations in the Asia/Pacific region
2. Promotion of legislation on AML/CFT in the Asia/Pacific region
3. Mutual Evaluations in the Asia/Pacific region
4. Information exchange and analyses on ML trends in the Asia/Pacific region

○ Egmont Group

○ Organization

The Egmont Group is an international forum established mainly by the FIUs of several European nations and the United States in April 1995 with the goal of promoting cooperation on information exchange, training, and the sharing of expertise between FIUs around the world engaging in AML measures.

As of the end of 2021, the Egmont Group consisted of the FIUs of 167 jurisdictions, including Japan.

○ Activities

In addition to the annual plenary meeting, which is attended by representatives from all member FIUs, the Egmont Group has the following working groups:

1. Working Group on information exchange
2. Working Group on membership, support and compliance
3. Working Group on policy and procedures
4. Working Group on technical assistance and training

11. Information Exchanges with Foreign FIUs (Chapter 6)

It is necessary to exchange information on suspicious transactions with foreign FIUs in a timely manner in order to detect ML/TF by appropriately tracing criminal proceeds or terrorist financing across borders. JAFIC exchanged information with foreign FIUs as follows:

1. Number of Requests for Information between JAFIC and Foreign FIUs

Category	Year	2017	2018	2019	2020	2021
Number of requests for information from JAFIC to foreign FIUs		201	255	201	214	170
Number of requests for information from foreign FIUs to JAFIC		66	72	61	47	63
Total		267	327	262	261	233

2. Number of Spontaneous Information Disclosures between JAFIC and Foreign FIUs

Category	Year	2017	2018	2019	2020	2021
Number of spontaneous information disclosures from JAFIC to foreign FIUs		48	101	111	152	207
Number of spontaneous information disclosures from foreign FIUs to JAFIC		69	68	85	67	76
Total		117	169	196	219	283

3. Number of Cases in Which JAFIC Shared Information Provided by Foreign FIUs with Domestic LEAs

Category	Year	2017	2018	2019	2020	2021
Number of cases in which JAFIC disseminated information provided by foreign FIUs to domestic LEAs		139	103	151	162	142

12. Fourth FATF mutual evaluation of Japan (Chapter 6)

For the fourth round of the Mutual Evaluation of Japan, the assessor team conducted an on-site visit in October/November 2019.

Japan's MER was adopted in a FATF Plenary Meeting in June 2021, and was publicly disclosed on August 30 of the same year.

Japan was evaluated enhanced follow-up and must work on the improvement of the matters pointed out in the Mutual Evaluation Report as procedures specified by FATF and report the improvement status at three consecutive FATF Plenary Meetings from October 2022.

1.Results on Technical Compliance (to Assess Whether the Necessary Laws, Regulations, or Other Required Measures are in Force and Effect)

Rec.	Overview of the Recommendation	Evaluation	Rec.	Overview of the Recommendation	Evaluation
1	Risk assessment and risk-based approach	LC	21	Obligation to protect notifying persons	C
2	Cooperation between relevant Japanese authorities	PC	22	Customer management in designated non-financial businesses and professions (DNFBPs)	PC
3	Criminalizing money laundering	LC	23	Obligation to report suspicious transactions by designated non-financial businesses and professions (DNFBPs)	PC
4	Confiscation and preservation measures for criminal proceeds	LC	24	Beneficial owners of corporations	PC
5	Criminalizing the financing of terrorism	PC	25	Beneficial owners of legal arrangements	PC
6	Freezing assets of terrorists	PC	26	Obligation to supervise financial institutions	LC
7	Financial sanctions against those involved in the proliferation of weapons of mass destruction	PC	27	Ensuring the authority of supervisory authorities	LC
8	Prevention of abuse by non-profit organizations (NPOs)	NC	28	Obligation to supervise designated non-financial businesses and professions (DNFBPs)	PC
9	Confidentiality obligations of financial institutions	C	29	Obligation to establish an FIU	C
10	Customer management	LC	30	Investigation of money laundering and terrorist financing	C
11	Obligation to confirm identity and preserve transaction records	LC	31	Obligation to obtain investigation-related materials, etc.	LC
12	Politically exposed persons (PEPs)	PC	32	Dealing with cash couriers	LC
13	Correspondent contracts	LC	33	Development of comprehensive statistics	LC
14	Alternative remittance services	LC	34	Obligation to formulate guidelines	LC
15	Prevention of abuse of new technologies	LC	35	Sanctions against non-performance of obligations	LC
16	Wire transfers (obligation to include remitter and receiver information)	LC	36	Ratification of UN documents	LC
17	Third-party dependency on customer management measures	N/A	37	Legal mutual assistance and international cooperation	LC
18	Financial institutions' obligation to develop internal management rules, and the application of the Recommendations to overseas branches and local subsidiaries	LC	38	Asset freezing, etc. at the request of foreign countries	LC
19	Dealing with countries/regions that have problems with the implementation of the Recommendations	LC	39	Extradition of criminals	LC
20	Reporting of suspicious transactions involving money laundering and terrorist financing in financial institutions	LC	40	International cooperation (information exchange with foreign authorities)	LC

Note: Technical compliance ratings can be either a C – compliant, LC – largely compliant, PC – partially compliant or NC – non compliant.

2.Results on Effectiveness (to Assess Whether the AML/CFT Systems are Working)

Efficacy	Overview of efficacy	Evaluation
1	Risk assessment of money laundering / terrorist financing	SE
2	International cooperation	SE
3	Supervision of financial institutions, etc.	ME
4	AML/CFT measures by financial institutions, etc.	ME
5	Prevention of abuse of corporations, etc.	ME
6	Use of STR information	SE
7	Investigation, supplementary suit, and sanctions of money laundering crimes	ME
8	Confiscation of money laundering proceeds	ME
9	Investigation, supplementary suit, and sanctions of terrorist financing	ME
10	Freezing assets of terrorists and prevention of abuse of NPOs	ME
11	Freezing assets of those involved in the proliferation of weapons of mass destruction	ME

Note: Effectiveness ratings can be either a High – HE, Substantial – SE, Moderate – ME, or Low – LE, level of effectiveness.