

Summary of the Annual Report 2024

This is the summary of the 2024 annual report on the prevention of transfer of criminal proceeds. Please see the complete annual report for the details.

* The Act on Prevention of Transfer of Criminal Proceeds is as of February 1, 2025.

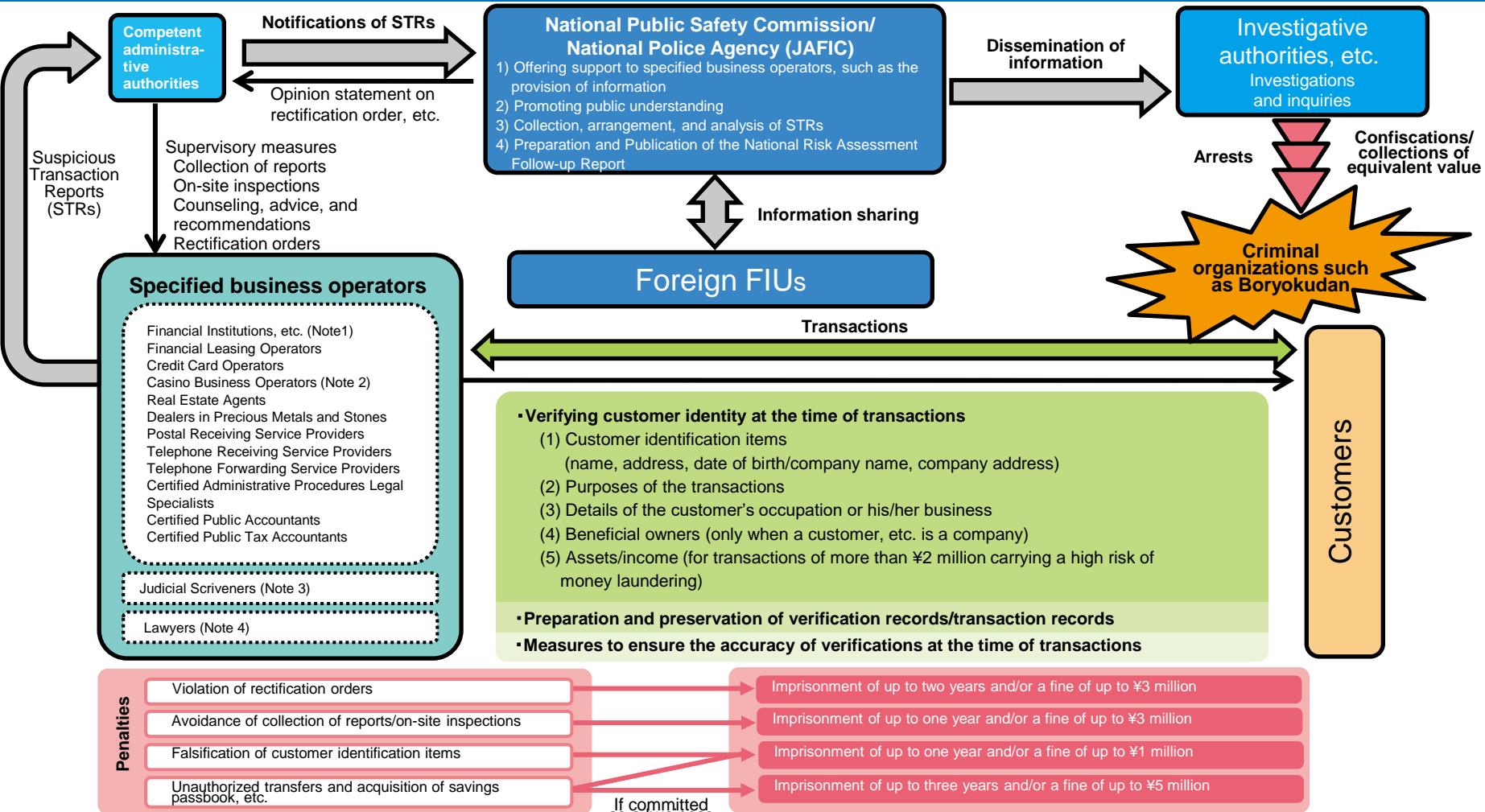
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1. Overview of the Act on Prevention of Transfer of Criminal Proceeds (Chapter 2)

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, 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:

(The explanation is current as of February 1, 2025, though it should be noted that some parts have not yet come into force.)



(Note 1) Financial institutions involved in currency trading are required to provide notification of information related to clients and payment recipients, in addition to the above. Financial institutions include banks, money lenders, funds transfer service providers, etc. A cryptoasset exchange service provider or electronic payment instruments service providers, etc. is obligated to inform other cryptoasset exchange service providers etc. of information related to their clients and recipients of the transfer at the time of a cryptoasset transfer, etc.

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

(Note 3) Judicial scriveners are required to verify the information except for (5) at the time of transactions.

(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 contained in the Act on Prevention of Transfer of Criminal Proceeds. Supervision shall be conducted by the Japan Federation of Bar Associations.

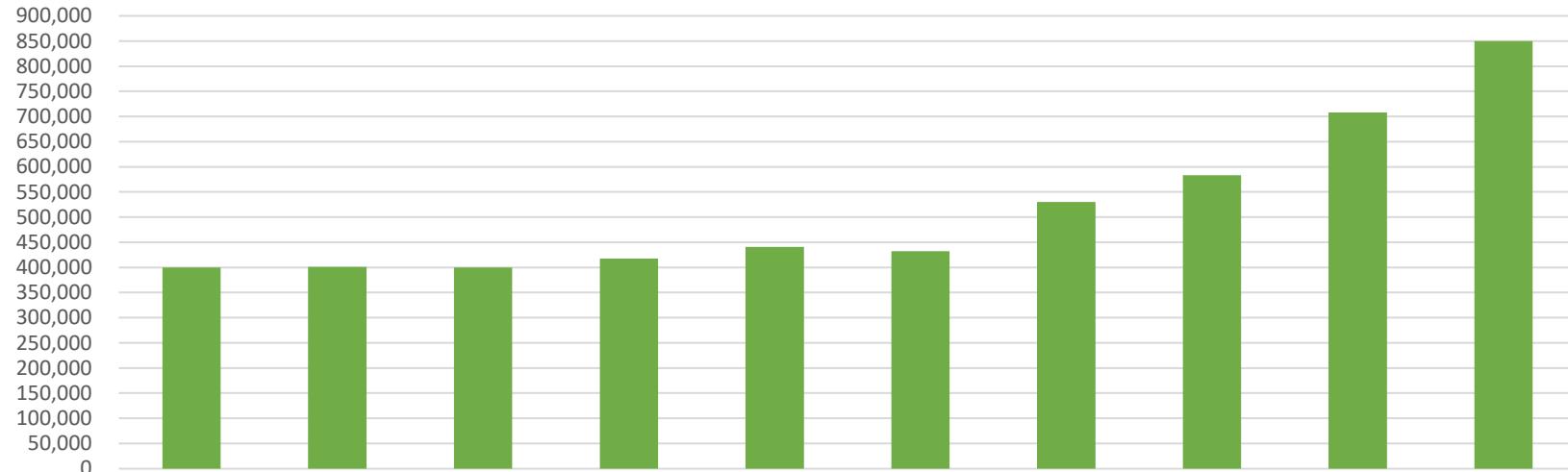
2. Suspicious Transactions Reporting System (Chapter 3)

The Act on Prevention of Transfer of Criminal Proceeds requires that specified business operators (excluding lawyers and judicial scriveners) file a report to the competent administrative authorities when a transaction is suspected of being related to criminal proceeds.

The number of STRs submitted by specified business operators to the competent administrative authorities in 2024 was more than 800,000, the highest ever.

JAFIC collects, organizes, and analyzes STRs notified by the competent administrative authorities 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.

○ Annual number of STRs



| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Annual number of STRs | 399,508 | 401,091 | 400,043 | 417,465 | 440,492 | 432,202 | 530,150 | 583,317 | 707,929 | 849,861 |

○ Number of Reports Disseminated to LEAs

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------|---------|---------|---------|---------|---------|
| Information on STRs | 461,687 | 524,462 | 581,252 | 685,330 | 815,318 |

○ Use of STRs in the Prefectural Police Departments

(3)

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

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------------------|---------|---------|---------|---------|---------|
| Number of STRs used in investigation | 325,643 | 353,832 | 373,849 | 496,093 | 629,135 |

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

| STR-initiated Cases by Type of Crime \ Year | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-------|-------|------|-------|-------|
| (i) Fraud-related crimes | 873 | 855 | 877 | 917 | 962 |
| (ii) Illegal stays | 38 | 46 | 25 | 20 | 37 |
| (iii) Violation of Act on Punishment of Organized Crimes | 30 | 41 | 13 | 24 | 19 |
| (iv) Drug crimes | 45 | 39 | 28 | 23 | 13 |
| (v) Counterfeiting crimes | 8 | 17 | 16 | 24 | 25 |
| (vi) Loan sharks | 6 | 8 | 8 | 3 | 1 |
| (vii) Entertainment business-related offences | 3 | 2 | 2 | 3 | 0 |
| (viii) Gambling-related offences | 0 | 2 | 0 | 2 | 2 |
| (ix) Other Penal Code offences | 12 | 18 | 11 | 13 | 11 |
| (x) Other criminal acts offences | 13 | 17 | 14 | 9 | 4 |
| Total | 1,028 | 1,045 | 994 | 1,038 | 1,074 |

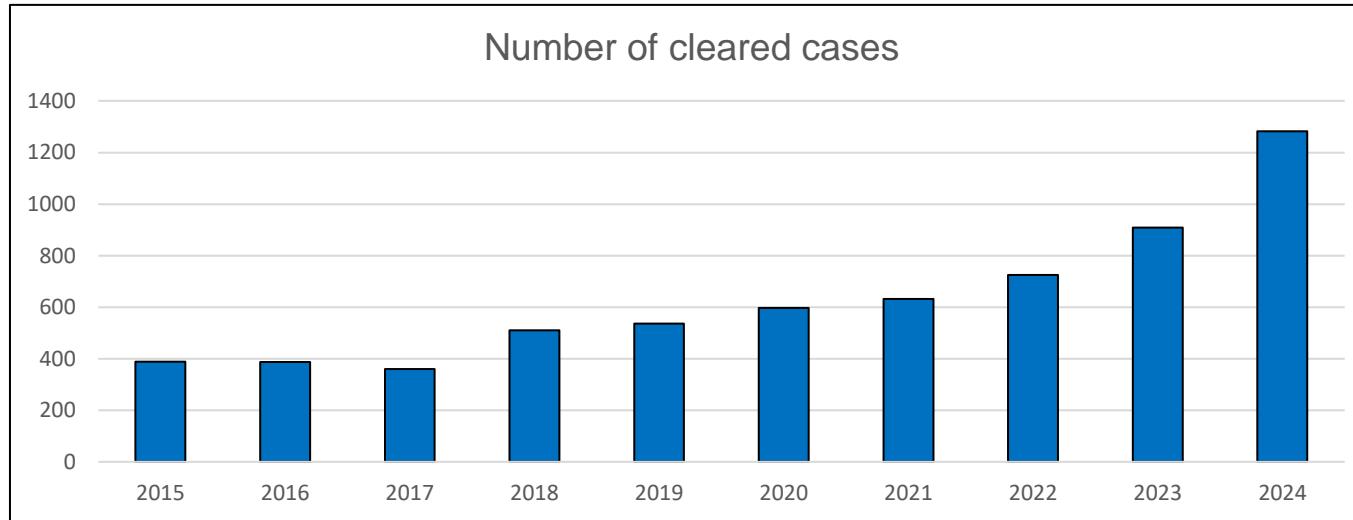
3. Number of STR-use Cases by Type of Crime (STR-use cases, excluding STR-initiated cases)

| STR-use Cases by Type of Crime \ Year | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-------|-------|-------|-------|-------|
| (i) Fraud-related crimes | 589 | 647 | 877 | 1,024 | 1,381 |
| (ii) Illegal stays | 27 | 41 | 30 | 43 | 65 |
| (iii) Violation of Act on Punishment of Organized Crimes | 40 | 37 | 61 | 77 | 114 |
| (iv) Drug crimes | 224 | 240 | 290 | 291 | 353 |
| (v) Counterfeiting crimes | 23 | 42 | 44 | 50 | 42 |
| (vi) Loan sharks | 18 | 12 | 11 | 10 | 17 |
| (vii) Entertainment business-related offences | 12 | 12 | 11 | 16 | 29 |
| (viii) Gambling-related offences | 9 | 10 | 4 | 10 | 11 |
| (ix) Other Penal Code offences | 373 | 366 | 443 | 555 | 579 |
| (x) Other criminal acts offences | 82 | 94 | 95 | 84 | 82 |
| Total | 1,397 | 1,501 | 1,866 | 2,160 | 2,673 |

3. Cleared Cases of Money Laundering (Chapter 4)

In Japan, the following activities are criminalized as money laundering crimes: the corporate/business management control, the concealment of criminal proceeds, and the receipt of criminal proceeds, which are all prescribed in the Act on Punishment of Organized Crimes, and also the concealment of illegal drug proceeds and the receipt of illegal drug proceeds, both prescribed in the Anti-Drug Special Provisions Act.

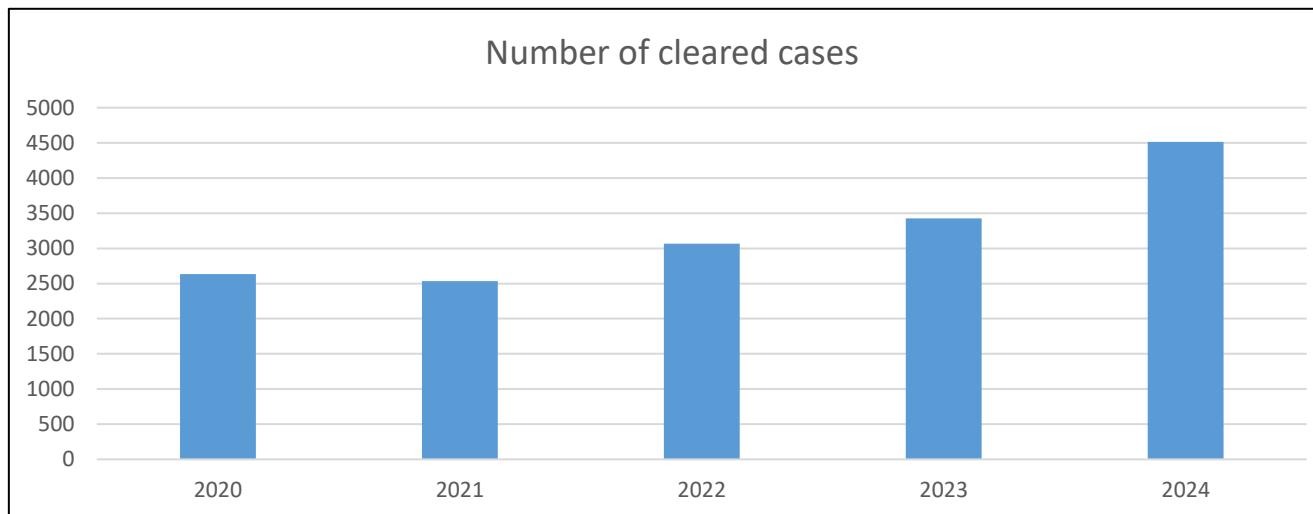
The number of cleared cases is as follows:



| Category | Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------------------------|---|------|------|------|------|------|------|------|------|------|-------|
| Act on Punishment of Organized Crimes | Management Control through Illicit Proceeds (Article 9) | 2 | 0 | 2 | 1 | 0 | 2 | 0 | 1 | 1 | 4 |
| | Concealment of Criminal Proceeds, etc. (Article 10) | 234 | 268 | 240 | 377 | 378 | 413 | 461 | 578 | 696 | 1,037 |
| | Receipt of Criminal Proceeds, etc. (Article 11) | 145 | 112 | 111 | 126 | 150 | 182 | 162 | 130 | 191 | 221 |
| | Total | 381 | 380 | 353 | 504 | 528 | 597 | 623 | 709 | 888 | 1,262 |
| Anti-Drug Special Provisions Act | Concealment of drug-related criminal proceeds, etc. (Article 6) | 5 | 5 | 7 | 5 | 8 | 3 | 5 | 15 | 20 | 17 |
| | Receipt of drug-related criminal proceeds, etc. (Article 7) | 3 | 3 | 1 | 2 | 1 | 0 | 4 | 2 | 1 | 4 |
| | Total | 8 | 8 | 8 | 7 | 9 | 3 | 9 | 17 | 21 | 21 |
| Aggregate total | | 389 | 388 | 361 | 511 | 537 | 600 | 632 | 726 | 909 | 1,283 |

The Act on Prevention of Transfer of Criminal Proceeds prescribes the penalties for the illicit transfer of passbooks, etc. for preventing them from being abused for online and telephone 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 cleared cases as violations for the Act on Prevention of Transfer of Criminal Proceeds is as follows:



| Category | Year | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------|-------|-------|-------|-------|-------|
| Transfer of deposit/savings passbook, etc. | | 2,539 | 2,446 | 2,951 | 3,230 | 4,321 |
| Transfer of deposit/savings passbook, etc. (business) | | 18 | 27 | 18 | 43 | 29 |
| Solicitation/inducement for transfer of deposit/savings passbooks, etc. | | 32 | 11 | 10 | 12 | 12 |
| Transfer of foreign exchange cards, etc. | | 35 | 26 | 41 | 50 | 60 |
| Transfer of information for cryptoasset exchange | | 6 | 23 | 46 | 89 | 90 |
| Others | | 4 | 2 | 0 | 0 | 1 |
| Total | | 2,634 | 2,535 | 3,066 | 3,424 | 4,513 |

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

When suspicion arises during the investigation of 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:

| | | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|---|------|------|------|------|------|
| Number of order for submission of reports | | 7 | 12 | 4 | 3 | 3 |
| | Postal receiving service providers | 0 | 2 | 0 | 0 | 3 |
| | Telephone forwarding service providers | 7 | 8 | 4 | 3 | 0 |
| | Postal receiving/telephone forwarding service providers | 0 | 2 | 0 | 0 | 0 |
| Number of opinion statements submitted to competent administrative authorities | | 7 | 14 | 4 | 3 | 3 |
| | Postal receiving service providers | 0 | 4 | 0 | 0 | 3 |
| | Telephone forwarding service providers | 7 | 10 | 4 | 3 | 0 |
| Number of rectification orders based on Opinion Statements | | 2 | 4 | 4 | 0 | 2 |
| | Postal receiving service providers | 0 | 0 | 1 | 0 | 1 |
| | Telephone forwarding service providers | 2 | 4 | 3 | 0 | 1 |

6. Promotion of International Cooperation (Chapter 6)

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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.

○ FATF (Financial Action Task Force)

○ Organization

FATF is an intergovernmental body established following the Economic Declaration of the 1989 Arche Summit Communique 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 has 38 member countries and regions (including Japan) and two regional institutions as of the end of 2024.

○ 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 FATF fourth round mutual evaluation of Japan is as described in “8. FATF Fourth Round Mutual Evaluation of Japan” below.

7. Evaluation Results of the FATF Member Countries (Chapter 6)

The mutual evaluation results are summarized in the Mutual Evaluation Report (MER), which is adopted after being discussed at the FATF Plenary Meeting. The evaluation of the assessed countries is finalized upon the MER adoption. Based on the results of mutual evaluation, the assessed countries are classified into “regular follow-up countries,” “enhanced follow-up countries,” and “countries under ICRG review,” and depending on the classification, they are required to report the improvement status of items pointed out for improvement in the MER.

The scope of the evaluations involves two inter-related components for technical compliance (TC) and effectiveness. The TC component is to assess whether the necessary laws, regulations, or other required measures are in force and effect. The TC assessment counts the ratings of 40 Recommendations and rates countries into four levels of compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC). The effectiveness assessment is conducted based on 11 immediate outcomes to rate countries into four levels of effectiveness: high (HE), substantial (SE), moderate (ME), and low (LE).

| | Member Name | | | | |
|------------------------------|-------------|----------------|------------------|--------------|--------------------|
| Regular follow-up countries | France | Greece | Hong Kong, China | India | Israel |
| | Italy | Luxembourg | Netherlands | Portugal | Russian Federation |
| | Spain | United Kingdom | | | |
| Enhanced follow-up countries | Argentina | Australia | Austria | Belgium | Brazil |
| | Canada | China | Denmark | Finland | Germany |
| | Indonesia | Ireland | Japan | Korea | Malaysia |
| | Mexico | New Zealand | Norway | Saudi Arabia | Singapore |
| | Sweden | Switzerland | United States | | |
| Countries under ICRG review | Iceland | South Africa | Turkey | | |

- * Of the new 40 Recommendations, if a country has 8 or more PC/NC ratings in the TC assessment, or 7 or more ME/LE ratings in the effectiveness assessment, or if one or more significant recommendations (Recommendation 3, 5, 10, 11, 20) is rated either NC or PC, the country is placed into “enhanced follow-up countries.”
- * Of the new 40 Recommendations, if a country has 20 or more PC/NC ratings in the TC assessment or 9 or more ME/LE ratings and 2 or more LE ratings in the effectiveness assessment, or if three or more of significant recommendations are rated either NC or PC, the country is placed “under review by ICRG.”

8. FATF Fourth Round Mutual Evaluation of Japan (Chapter 6)

For the Fourth Round Mutual Evaluation of Japan, the MER was adopted at the FATF Plenary Meeting in June 2021, designating Japan as an "enhanced follow-up country," and was published in August of the same year.

Japan, having been designated as an "enhanced follow-up country" and required to report on its improvement status over a three-year period, undertook efforts to address the issues identified and submitted three progress reports. As a result, in October 2024, all items that had been rated as PC or NC for the technical compliance (TC) in the Fourth Round Mutual Evaluation of Japan were upgraded to LC.

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 | Assessing risk & applying risk-based approach | LC | 21 | Tipping-off and confidentiality | C |
| 2 | National cooperation and coordination | PC → LC | 22 | DNFBPs: Customer due diligence | PC → LC |
| 3 | Money laundering offence | LC | 23 | DNFBPs: Other measures | PC → LC |
| 4 | Confiscation and provisional measures | LC | 24 | Transparency and beneficial ownership of legal persons | PC → LC |
| 5 | Terrorist financing offence | PC → LC | 25 | Transparency and beneficial ownership of legal arrangements | PC → LC |
| 6 | Targeted financial sanctions related to terrorism & terrorist financing | PC → LC | 26 | Regulation and supervision of financial institutions | LC |
| 7 | Targeted financial sanctions related to proliferation | PC → LC | 27 | Powers of supervisors | LC |
| 8 | Non-profit organisations | NO → LC | 28 | Regulation and supervision of DNFBPs | PC → LC |
| 9 | Financial institution secrecy laws | C | 29 | Financial intelligence units | C |
| 10 | Customer due diligence | LC | 30 | Responsibilities of law enforcement and investigative authorities | C |
| 11 | Record keeping | LC | 31 | Powers of law enforcement and investigative authorities | LC |
| 12 | Politically exposed persons | PC → LC | 32 | Cash couriers | LC |
| 13 | Correspondent banking | LC | 33 | Statistics | LC |
| 14 | Money or value transfer services | LC | 34 | Guidance and feedback | LC |
| 15 | New technologies | LC | 35 | Sanctions | LC |
| 16 | Wire transfers | LC | 36 | International instruments | LC |
| 17 | Reliance on third parties | N/A | 37 | Mutual legal assistance | LC |
| 18 | Internal controls and foreign branches and subsidiaries | LC | 38 | Mutual legal assistance: freezing and confiscation | LC |
| 19 | Higher-risk countries | LC | 39 | Extradition | LC |
| 20 | Reporting of suspicious transactions | LC | 40 | Other forms of international cooperation | LC |

Note: Technical compliance ratings consist of C – compliant, LC – largely compliant, PC – partially compliant, or NC – noncompliant; N/A means not applicable.

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

| Effectiveness | Overview of effectiveness | 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.

9. 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.

The National Public Safety Commission (with the National Policy Agency placed in charge of administration) has established a framework for exchanging information with the FIUs of 119 jurisdictions as of the end of 2024. JAFIC exchanged information with foreign FIUs as follows:

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

| Category | Year | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------|------|------|------|------|------|
| Number of requests for information from JAFIC to foreign FIUs | | 214 | 170 | 231 | 350 | 335 |
| Number of requests for information from foreign FIUs to JAFIC | | 47 | 63 | 43 | 50 | 82 |
| Total | | 261 | 233 | 274 | 400 | 417 |

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

| Category | Year | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|------|------|------|------|------|------|
| Number of spontaneous information disclosures from JAFIC to foreign FIUs | | 152 | 207 | 115 | 59 | 110 |
| Number of spontaneous information disclosures from foreign FIUs to JAFIC | | 67 | 76 | 106 | 73 | 60 |
| Total | | 219 | 283 | 221 | 132 | 170 |

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

| Category | Year | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|------|------|------|------|------|------|
| Number of cases in which JAFIC disseminated information provided by foreign FIUs to domestic LEAs | | 162 | 142 | 118 | 166 | 118 |