

**THEMATIC COMPILATION OF RELEVANT INFORMATION SUBMITTED
BY JAPAN**

ARTICLE 14 UNCAC

PREVENTION OF MONEY-LAUNDERING

JAPAN (SIXTH MEETING)

II. Information requested from States parties and signatories in relation to measures to prevent money-laundering (art. 14)

1. Please describe (cite and summarize) the measures/steps your country has taken has taken (or is planning to take) to implement this provision of the Convention.

States parties and signatories may wish to cite and describe measures that:

- Establish a comprehensive domestic regulatory and oversight regime to deter and detect money-laundering;

In order to prevent money laundering, Japan has established a domestic regulatory and oversight regime that imposes CDD (customer due diligence) and other necessary obligations on financial institutions and designated non-financial businesses and professions by the Act on Prevention of Transfer of Criminal Proceeds.

- Show that, at minimum, banks and non-bank financial institutions ensure effective customer and beneficial owner identification, monitoring of transactions accurate record-keeping, and have in place a reporting mechanism on suspicious transactions;

The Act on Prevention of Transfer of Criminal Proceeds provides preventive measures in combating money laundering and terrorist financing by imposing obligations on specified business operators to perform CDD, prepare and preserve transaction records, and file suspicious transaction reports.

In Japan, financial institutions, including non-banks are required to take necessary customer due diligence measures, including customer and beneficial owner identification, maintain information obtained by the measures and transaction records, and report suspicious transactions to the Financial Intelligence Unit pursuant to the Act on Transfer of Criminal Proceeds. In order to ensure effectiveness of these obligations imposed on financial institutions, Financial Services Agency and other competent authorities conduct necessary on-site inspections, focusing on their compliance with the requirement.

- Ensure that agencies involved in anti-money laundering can cooperate and exchange information at national and international levels;

The National Public Safety Commission, which exercises administrative supervision over the Japan Financial Intelligence Center (JAFIC/FIU in Japan) and is aided by it, is responsible for the following operations in accordance with the Act on Prevention of Transfer of Criminal Proceeds.

- Collection, arrangement, analysis and dissemination of information on suspicious transactions to investigative authorities in Japan.
- Dissemination of information to foreign FIUs.

- Consider or establish financial intelligence units (FIUs);

JAFIC has been established within the National Police Agency and is supervised by the National Public Safety Commission.

- Consider or become part of anti-money laundering (AML) networks (such as FATF, FSRBs, Egmont Group);

As one of the founding members of FATF, JAFIC has been a very active contributor to its work since its establishment in 1989. Likewise, JAFIC is one of the founding members of Asia/Pacific Group on Money Laundering (APG) since its establishment in 1998. In February 2000, JAFIC applied for membership in the Egmont Group, and was granted it in May 2000.

- Require individuals and businesses to declare/disclose cash border transportation and other negotiable instruments;

Individuals who are departing and entering Japan are obliged to declare to Minister of Finance(Customs) beforehand in accordance with the Foreign Exchange and Foreign Trade Act ①total amount of Cash (including foreign currency), Checks(including traveler's checks), Promissory notes and Securities exceeding 1 million JPY(or their equivalent) ②gold bullion(not less than 90% purity) exceeding 1kg.

- Require financial institutions, including money remitters to meaningfully identify originator of electronic transfer of funds; maintain such information throughout the payment chain and apply enhanced scrutiny to transfers lacking complete information on originator or beneficiary;

The Act on Prevention of Transfer of Criminal Proceeds prescribes obligation on financial institutions, including money remitters, to identify originator of electronic transfer and maintain such information throughout the payment chain. In order to ensure effectiveness of the obligation imposed on financial institutions, Financial Services Agency and Ministry of Finance conduct necessary on-site inspections respectively.

- Refer to or use as a guideline regional or multilateral anti-money laundering initiatives;

Japan, as a founding member country of the Financial Action Task Force (FATF), has legal framework for anti-money laundering/counter-terrorist financing and takes appropriate measures against money laundering and financing of terrorism, including criminalization of money laundering and financing of terrorism, and customer due diligence measures for financial transactions, pursuant to the international standards, i.e. FATF Recommendations.

As one of the members of APG and the Egmont Group, Japan has sent officials from JAFIC to the annual meetings and typology studies to share information and analyze the latest money laundering and terrorist financing trends.

- Demonstrate use of mutual legal assistance, administrative or judicial cooperation in cases of money-laundering among law enforcement, judicial authorities and financial regulatory authorities;

Japan exchanges information on money laundering with other countries through ICPO-Interpol. Meanwhile, Japan provides/receives evidence to/from countries, such as the U.S., Korea, China, Russia, Hong Kong, and EU via central authorities designated in MLAT or MLAA concluded with them. With other countries, Japan exchanges evidence via the Ministry of Foreign Affairs in accordance with international comity.

- Regulate cooperation and information exchange with relevant agencies (for instance on matters related to asset declarations, real estate transactions, tax matters).

Please note that measures that you have taken in relation to article 52 may also be relevant to your implementation of this provision. Likewise, measures you have taken in relation to articles 38-39 of UNCAC may also be relevant here.

2. Please outline actions required to strengthen or improve the measures described above and any specific challenges you might be facing in this respect.

Examples of the types of challenges States parties and signatories may have faced include:

- Financial and technical capacity challenges with regard to the ability of agencies involved in combating money-laundering to cooperate and exchange information at the national and international levels;
- Coordination challenges among relevant agencies responsible for combating money-laundering with regard to global, regional and bilateral cooperation;
- Challenges with regard to monitoring the compliance of banks and other reporting entities with the AML preventive measures.

3. Do you require technical assistance in relation to the measures described above? If so, please specify the forms of technical assistance that would be

required. In case you have received or are receiving technical assistance to implement these measures, please indicate so in your response.

None