



# AFLD PRESS

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## I. Summary

The Plenary of the Financial Action Task Force (FATF) took place from 19 to 21 October 2021. After five completely online plenaries due to the COVID-19 pandemic and the concomitant travel bans, this plenary was held in a hybrid format, viz., a mixture of online and face-to-face meeting. This plenary discussed several issues, including the updated guidance about “virtual assets” (VA) and “virtual assets service providers (VASPs), the survey results concerning the implementation of the FATF Standards on the cross-border payment, the revision to its Recommendation 24 on greater transparency about the beneficial ownership of legal persons, and the digital transformation of anti-money laundering and combating the financing of terrorism (AML/CFT) for operational agencies. Besides, this plenary added Jordan, Mali and Turkey to the list of jurisdictions under increased monitoring. The updated information is summarized in the Seventh AFLD Digital Newspaper for the readers’ reference. The “AFLD Classroom” will introduce the Basel Committee on Banking Supervision (BCBS)—the primary global standard setter for the prudential regulation of banks, along with its history and important agreement issued. Between August and October 2021, the competent authorities have revised and issued the regulations governing the implementation and report of AML/CFT for attorneys, third-party payment enterprises, land administration agents and real estate brokerages, as well as designated foreign remittance companies that handle migrant workers’ small-amount remittance affairs. For updated information of relevant laws and regulations, please refer to the section of “Regulations.”

## II. Focal Points: Key Issues in the 5th Plenary of the FATF under the German Presidency of Dr. Marcus Pleyer

This plenary was held from 19 to 21 October 2021. It took place in a hybrid format, allowing the limited number of delegates who could travel to meet face-to-face, while the other delegations attended the plenary online. The key issues and conclusions were as follows:

### A. Major Initiatives

1. Revised Guidance for a Risk-Based Approach to Virtual Assets and VASPs: The VA sector develops at a rapid pace, which renders it necessary for the continued monitoring and engagement between the public and private sectors. The FATF revised its 2019 Guidance and finalized the 2021 Guidance for a Risk-Based Approach to VA/VASPs in this plenary, which explains how the FATF Recommendations apply to VA/VASPs, clarifies the definitions of VA/VASPs, and suggests how the FATF Standards apply to stablecoins. It also addresses the risks for peer-to-peer transactions, and illustrates the tools to identify and mitigate these risks. The guidance covers the licensing and registration of VASPs, the so-called “travel rule” and includes principles of information-sharing and cooperation amongst VASP supervisors. This guidance is intended to assist countries and the private sector in implementing the FATF Standards on VA/VASPs as soon as possible. The FATF will closely monitor the VA/VASP sectors for any material changes that necessitate further revision of the FATF Standards, which includes issues regarding stablecoins, peer-to-peer transactions, non-fungible token (NFT), and decentralized finance.
2. Final Report on the Survey Results of the Implementation of the FATF Standards on Cross-border Payments: Given that faster, cheaper, more transparent, more inclusive, and safe and secure cross-border payment services can facilitate economic growth, international trade, global development and financial inclusion, the G20 finance ministers and central bank governors endorsed the “Roadmap for Enhancing Cross-border Payments” in October 2020. The FATF has devoted to identifying areas where divergent AML/CFT rules and their implementation cause friction for cross-border payments and initiated an industrial survey

in collaboration with the BCBS. This plenary adopted the final report on the survey results. The report indicates that the inconsistent AML/CFT requirements among different countries will increase operation costs, decrease efficiency, and reduce transparency. On top of that, inconsistent national approaches will also pose obstacles for identifying and verifying customers and beneficial owners, screening the objects of targeted financial sanctions, sharing customer and transaction information, as well as establishing and maintaining correspondent banking relationships.

3. [Strengthening the FATF Standards on Beneficial Ownership—Public Consultation](#): Recent revelations in the Pandora Papers<sup>1</sup> once again highlights the importance of ensuring transparency about the true beneficial ownership of legal persons to prevent criminals from hiding their illicit activities and proceeds behind complex corporate structures. Countries shall ensure that information on beneficial ownership is available and up to date. In June 2021, the FATF issued a white paper for public consultation on strengthening its Recommendation 24 (transparency about the beneficial ownership of legal persons). The FATF announced the proposed changes to the language of Recommendation 24, its interpretive note, and the glossary on its official website. The FATF welcomes views on these proposed amendments from all members and the public.
4. [Mitigating the Unintended Consequences of the FATF Standards](#): In February 2021, the FATF launched a project to study and mitigate the unintended consequences resulting from the incorrect implementation of the FATF Standards. The first phase of this project sought to understand the possible unintended consequences of implementing the FATF Standards for de-risking, financial exclusion, undue targeting of non-profit organizations, and the curtailment of human rights. This plenary agreed to publish the results of the first phase. In the next phase of this project, the FATF will identify potential options to mitigate these unintended consequences.
5. [Progress in the Work on Environmental Crime](#): The FATF's reports on money laundering through illegal wildlife trade and broader environmental crimes respectively in 2020 and 2021. Both reports showed that there are significant differences across countries in how

<sup>1</sup> The Pandora Papers were revealed by the International Consortium of Investigative Journalists, including 14 offshore service providers around the globe and more than 12 million confidential documents. The documents exposed the public officials and wealthy individuals in many countries who have owned entities to purchase high-value assets (e.g., real estate or yachts) and evade taxes through complex financial schemes, some of which may involve financial crimes or money laundering.

they define environmental crimes, which may impact the extent to which countries pursue financial investigations for these crimes in line with their risks. The FATF Standards already require countries to criminalize money laundering related to environmental crimes. This plenary agreed to add several indicative examples of environmental crimes to the FATF glossary, so as to inform countries of the types of offences that may fall within this category.

6. Digital Transformation of AML/CFT for Operational Agencies: The FATF collaborated with the Egmont Group in studying how financial intelligence units can leverage technology to strengthen their operations. This plenary discussed the findings of that research report, including how these units find the right tools, optimize these tools for AML/CFT purposes, and overcome practical challenges.

## B. The Announcement of High-Risk Countries and Territories

This plenary issued a list of high-risk jurisdictions and a list of the jurisdictions under increased monitoring:

1. The high-risk jurisdictions subject to a call for action (i.e., “countries or regions where major flaws are detected in its money laundering prevention and counter-terrorism financing efforts” mentioned in “The Money Laundering Control Act” ): North Korea and Iran.
2. The jurisdictions under increased monitoring (i.e., “countries or regions where advice of international anti-money laundering organizations are not followed or not fully followed” mentioned in “The Money Laundering Control Act” )<sup>2</sup>: Albania, Barbados, Burkina Faso, Cambodia, Cayman Islands, Haiti, Jamaica, Jordan (newly included), Mali (newly included), Malta, the Kingdom of Morocco, Myanmar, Nicaragua, Pakistan, Panama, the Philippines, Senegal, South Sudan, Syria, Turkey (newly included), Uganda, Yemen, and Zimbabwe.

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<sup>2</sup> Botswana and Mauritius were removed from the list of the countries and territories that shall be placed under increased monitoring.

### III. AMLD Classroom

#### ◆ Basel Committee on Banking Supervision

The Basel Committee on Banking Supervision (BCBS), initially named the Committee on Banking Regulations and Supervisory Practices, was founded at the end of 1974 by the central bank governors of the G10 countries (i.e., Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States). Its headquarters are located in the Bank for International Settlements in Basel, Switzerland. The BCBS is composed of the officials from central banks and banking supervisors. Since its inception, its membership has expanded from the G10 to 45 institutions from 28 jurisdictions and 9 observers. Its first meeting took place in February 1975, and its meetings have been held regularly three or four times a year thenceforth. The BCBS comprises four groups, including the Risks and Vulnerabilities Assessment Group, the Supervisory Cooperation Group, the Policy and Standards Group, and the Basel Consultative Group. Currently, to undertake priority projects, the BCBS has also established two task forces, including the Task Force on Climate-related Financial Risks and the Task Force on Evaluations.

As the global standards setter for the prudential regulation of banks, the BCBS has set many bank-related supervision standards and guidelines, and provided better practices for its members' reference. The Basel Accords has undergone several revisions since its first issue in 1975. The BCBS has gradually established a series of international standards for bank regulation, among which the publication of the accords on capital adequacy represented its most significant landmark. The accords on capital adequacy are better known as the Basel Capital Accords, commonly termed Basel I, Basel II and, most recently, Basel III. Basel III is a set of internationally recognized measures in response to the financial crisis between 2007 and 2009, aiming to strengthen the regulation, supervision, and risk management of banks.

The BCBS per se has no legal power of transnational supervision. Its decisions are not legally binding, either. However, its decisions remain substantially influential because most of its members are major economic powers in the world. The BCBS expects all the countries to implement related financial supervision standards and guidelines progressively by making their domestic practice in alignment with the international trend and by adopting corresponding legislation and regulation, thereby achieving global financial stability.

## IV. AMLD Statistics

### A. Statistics of Suspicious Transaction Reports (STRs)<sup>3</sup>

1. There were 5,660 STRs in total from 1 July to 30 September 2021.

Reporting Entities	Number of STRs 2021.7.1 ~ 9.30	Reporting Entities	Number of STRs 2021.7.1 ~ 9.30
Domestic banks	4,459	Securities investment trust enterprises	10
Foreign banks / Banks of China	21	Securities finance enterprises	3
Trust investment companies	0	Securities investment consulting enterprises	0
Credit cooperatives	142	Centralized securities depository enterprises	3
Credit department of national farmers' associations	175	Futures commission merchants	37
Credit department of national fishermen's associations	6	Designated non-financial businesses and professions	17
Postal remittances and savings	426	Electronic payment and electronic stored value card issuers	15
Bills finance companies	0	Foreign currency collection/exchange agencies	0
Credit card companies	11	Fintech innovative experimentation businesses	0
Insurance companies	254	Finance leasing companies	0
Securities firms	58	Enterprises handling virtual currency platform or transaction	23

2. The Number of STRs from Designated Non-financial Businesses or Professions

Statistics of STRs from Designated Non-financial Businesses and Professions	
Businesses and Professions	2021.7.1 ~ 9.30
Accountants	7
Certified public bookkeepers, and bookkeeping and tax return filing agents	2
Jewelry stores/business	0
Notaries	2
Attorneys	0
Land administration agents	5
Real estate agencies	1
Total	17

<sup>3</sup> The AMLD checks the statistics of STRs with the reporting entities every six months. The data in the tables include those to be checked, which maybe a little bit different from those in the AMLD's Annual Reports. In case of any discrepancy between the two versions, the AMLD's Annual Reports shall prevail.

## B. The International Currency Transportation Report (ICTR) Notified by Customs

Statistics of ICTR Notified by Customs, 2021.7.1~2021.9.30			
Customs	Delivered items (incl. other similar methods)		Passengers (incl. crew members)
Taipei	Export	14,444	361
	Import	46,190	
Keelung	Export	44	14
	Import	359	
Kaohsiung	Export	122	303
	Import	240	
Taichung	Export	3	25
	Import	3	

## C. Statistics of Currency Transaction Report (CTR)<sup>4</sup>

Statistics of CTRs	
Reporting Entities	2021.7.1 ~ 9.30
Domestic banks	569,396
Foreign banks / Banks of China	1,481
Credit cooperatives	27,612
Credit departments of farmers' & fishermen's associations	59,398
Postal remittances and savings	65,080
Insurance companies	1,193
Jewelry stores	138
Securities investment trust and consulting enterprises	3
Electronic payment and electronic stored value cards issuers	0
Finance leasing companies	0
Virtual currency transaction	83
Designated Non-financial Businesses or Professions	58
Total	724,442

<sup>4</sup> In case of any discrepancy in data between the table and the AMLD's Annual Reports, those in the latter shall prevail.

## D. Statistics of International Intelligence Exchange

Statistics of International Intelligence Exchange, 2021.7.1~2021.9.30		
Types	Cases	Number of Reports
Requests from Overseas	15	54
Requests to Overseas	1	9
Spontaneous Exchanges from Overseas	10	18
Spontaneous Exchanges to Overseas	0	53
Questionnaires and Other Matters	0	116
Total	26	202

## V. Events and Activities

### ◆ Coordination meetings between the AMLD and the National Taxation Bureau of Taipei, Ministry of Finance

To strengthen the National Financial Intelligence Unit's support for the practical needs of taxation authorities and enhance the efficiency of financial intelligence utilization, the AMLD arranged a coordination meeting with the National Taxation Bureau of Taipei on 15 October 2021. Lan Chia-Jui, the AMLD director, talked about the AMLD's close cooperation with the taxation authorities around Taiwan and expressed his particular gratitude to the National Taxation Bureau of Taipei, as the point of contact of the Ministry of Finance, for establishing an inquiry mechanism for financial intelligence in collaboration with the AMLD, which enables the taxation bureaus in different districts to enhance their efficiency of tax case investigation. Chung I-Hsien, the senior executive officer of the National Taxation Bureau of Taipei, also pointed out that the bureau sets great store by the cooperation with the AMLD in tax case investigation. In addition to increasing the manpower and resources for tax investigation, the bureau incorporates the cooperation with the AMLD as one of its performance indicators. In the meeting, both parties engaged in in-depth, reciprocal exchange of views about the needs for their cooperation and implementation, expecting that they will continue to work together to maintain fair taxation and prevent tax crimes.



Coordination meeting between the AMLD and the National Taxation Bureau of Taipei on 15 October 2021

### ◆ Coordination meeting between the AMLD and the Investigation Branch of Coast Guard Administration, Ocean Affairs Council

The Investigation Branch of Coast Guard Administration is responsible for the investigation of firearms and drugs smuggling, illegal immigration, and other illegal activities. The investigation of smuggling and drug trafficking is significantly related to the prevention of money laundering-linked high-risk crime threats, while the immigration control is also an important border control measure against terrorism. To improve financial intelligence support and utilization, the AMLD and the Investigation Branch of Coast Guard Administration held a coordination meeting on 25 October 2021. Apart from having a further understanding about the Investigation Branch's priorities of criminal investigation, the AMLD also briefed on its duties and functions as the National Financial Intelligence Unit. Both parties expect to strengthen the bilateral cooperation in the coming year, improve the efficiency of criminal investigation, and collectively combat money-laundering and terrorist financing.



Coordination meeting between the AMLD and the Investigation Branch of Coast Guard Administration on 25 October 2021

## ◆ Coordination meeting between the AMLD and the Agency against Corruption, Ministry of Justice

To strengthen the coordination between the National Financial Intelligence Unit and law enforcement authorities, and to increase the efficiency of financial intelligence utilization, the AMLD and the Agency against Corruption held a coordination meeting on 29 October 2021. In the meeting, the AMLD firstly explained its tasks assigned by the Executive Yuan's Anti-Money Laundering Office and the Taiwan High Prosecutors Office, and requested the Agency against Corruption to provide relevant cases for the AMLD's compilation and submission to the two institutions. Besides, both parties exchanged views about the AMLD's recent reply to the Agency's application for current financial intelligence and the orientation of future cooperation, in order to meet the Agency's needs for criminal investigation and illegal funds flow tracking. By establishing the point of contact, the AMLD expects to foster inter-agency coordination and cooperation so that it can detect illegal activities in a timely manner.



Coordination meeting between the AMLD and the Agency against Corruption on 29 October 2021

## VI. Regulations

1. On 18 August 2021, the Executive Yuan designated third-party payment enterprises as the non-financial businesses or professions prescribed in Subparagraph 5, Paragraph 3, Article 5 of the “Money Laundering Control Act.” Paragraph 1, Article 9 of the Act, namely the regulation regarding the report of currency transactions equal to or above the designated threshold, is ergo not applicable to third-party payment enterprises. On 27 September 2021, the Ministry of Economic Affairs, as the competent authority, gave notice to commence a period of public comments for drafting the “Regulations Governing the Implementation and Report of Anti-Money Laundering and Countering the Financing of Terrorism for the Third-Party Payment Enterprises” which stipulates anti-money laundering measures including internal control and auditing, confirming client’s identity, preserving service records, and reporting suspicious transactions. (Please refer to the Executive Yuan Order, Yuan-Tai-Fa-Zi No. 1100181600, dated 18 August 2021; and the Ministry of Economic Affairs Notice, Jing-Shang-Zi No. 11002427410, dated 27 September 2021.)
2. On 18 August 2021, the Executive Yuan announced that land administration agents and real estate brokerages must report currency transactions equal to or above the designated threshold from 1 September 2021 onward under Article 9 of the “Money Laundering Control Act.” On 24 August 2021, the Ministry of the Interior, as the competent authority, announced that the amended “Regulations Governing Anti-Money Laundering and Counter-Terrorism Financing for Land Administration Agents and Real Estate Brokerages” will come into force on 1 September 2021. (Please refer to the Executive Yuan Order, Yuan-Tai-Fa-Zi No. 1100182535, dated 18 August 2021; and the Ministry of the Interior Notice, Tai-Nei-Di-Zi No. 1100264503, dated 24 August 2021.)
3. On 9 August 2021, the Financial Supervisory Commission designated foreign remittance companies that handle migrant workers’ small-amount remittance affairs as the financial institutions prescribed in Paragraph 1, Article 5 of the “Money Laundering Control Act.” They have the obligation to confirm client’s identity and report suspicious transactions according to the Act and the “Regulations Governing Anti-Money Laundering of Financial Institutions.” (Please refer to the Financial Supervisory Commission Order, Jin-Guan-Yin-Piao-Zi No. 11002724731, dated 9 August 2021.)

4. On 15 October 2021, the Ministry of Justice issued the amended “Regulations on Anti-Money Laundering & Countering the Financing of Terrorism Operations Matters Conducted by Attorneys,” incorporating the regulations concerning the circumstances that an attorney shall take into account when establishing the attorney-client relationship, the risk-based approach which shall be applied to verify the identity of the client, the use of new technologies, and supervision. (Please refer to the Ministry of Justice Order, Fa-Ling-Zi No. 11004528200, dated 15 October 2021.)



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