



Abstract

The Financial Action Task Force (FATF) held the first plenary meeting of its 32nd Plenary on October 21, 2020. The meeting emphasized on responding to the COVID-19 pandemic, strengthening FATF's Global Network, and enhancing the prevention of WMD proliferation financing. The Anti-Money Laundering Division (AMLD) hereby presents relevant conclusions on these issues in this newsletter for reference. In addition, the Asia/Pacific Group on Money Laundering (APG) has completed the global review process of the Chinese Taipei's 3rd round of the Mutual Evaluation Report (MER) and published it in October 2019. According to the MER, Chinese Taipei is placed under regular follow-up and required to submit a progress report by October 2021. For this reason, this newsletter would highlight the current condition, the assessment and follow-up procedure of the mutual evaluation in APG. Although Chinese Taipei got great assessment ratings during this mutual evaluation, there is still room for improvements on the work of anti-money laundering (AML) and countering the financing of terrorism (CFT) for financial institutions and designated non-financial businesses and professions (DNFBPs) in Chinese Taipei. In response to this, the Anti-Money Laundering Office and the competent authorities of DNFBPs are continuously working on amendment drafts for relevant regulations. At the same time, it's preannounced that the relevant regulations would be amended for some industries, such as certified public accountants, certified public bookkeepers, and bookkeepers/tax return filing agents. The other industries will follow as well. The definition of DNFBP and amendment information

of relevant regulations are described in the “AMLDF Classroom” and “Regulatory Information” sections in this newsletter.

Highlights of this issue

◆ Key topics in the first plenary and work group meeting of the FATF's Plenary

Due to the COVID-19 pandemic, the first plenary and work group meeting for the 32nd Plenary of FATF took place virtually during October 21 to 23, 2020. The key topics and important conclusions were proposed as follows:

I. Major strategic initiatives:

1. The risk of money laundering (ML) / terrorist financing (TF) and the FATF's policy responding to COVID-19 pandemic: The COVID-19 pandemic continues to ravage the world and impact the economic development around the world. It also resulted in criminal activities such as medical products counterfeiting, investment fraud, internet scamming, or fraud cases related to economic revitalization plan. Each jurisdiction should work actively to identify, evaluate, and understand the relevant criminal patterns. According to the survey across FATF Global Network, the COVID-19 pandemic has impacted the authority's ability to detect, prevent, and investigate criminal activities related to ML/TF. FATF urges countries to fully and effectively implement the 40 Recommendations and adopt a risk-based approach to ensure that the relevant measures are sufficient to mitigate current ML / TF risks.
2. Strengthening the FATF Global Network: FATF prioritizes strengthening the cooperation among FATF-Style Regional Bodies (FSRBs) and enhancing the implementation of its 40 Recommendations by members in each regional body. Despite the impact of the pandemic, FSRBs have been pro-actively supporting their members in conducting mutual evaluations. The FATF plenary encouraged members to formulate solutions to support FSRBs conducting mutual evaluation work effectively.
3. Enhancing measures of preventing the financing of proliferation of Weapons of Mass Destruction (WMD): The FATF approved the revised Recommendation 1 and 2 and their Interpretive notes. These recommendations require countries and the private sectors to comprehensively identify, assess, manage, and mitigate risks related to proliferation financing and evasion of targeted financial sanctions, as well as to strengthen the coordination, cooperation, and information exchange among the competent authorities within each country. (For the amended recommendations, see: <http://www.fatf-gafi.org/>)

publications/fatfrecommendations/documents/fatf-recommendations.html)

II. Progress of mutual evaluations and publication of high-risk countries/regions:

Due to the pandemic, FATF resolved to postpone the schedule of the mutual evaluation and follow-up deadlines in April 2020. Since the pandemic still had not subsided by October, FATF adopted flexible procedures such as online meetings to maintain the objective standards, procedures, and the quality of evaluation process. Furthermore, FATF approved to remove Iceland and Mongolia from the increased monitoring list due to their significant progress in the strategic AML/CFT deficiencies. And the lists of high-risk jurisdictions and jurisdictions under increased monitoring are announced as follows:

1. 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", according to the Money Laundering Control Act): Democratic People's Republic of Korea (DPRK) and Iran.
2. Jurisdictions under Increased Monitoring (i.e., "countries or regions not follow or not fully follow the recommendations of international anti-money laundering organizations, according to the Money Laundering Control Act): Albania, Bahamas (removed from the list by FATF on December 18, 2020), Barbados, Botswana, Cambodia, Ghana, Jamaica, Mauritius, Myanmar, Nicaragua, Pakistan, Panama, Syria, Uganda, Yemen, Zimbabwe.

◆ Latest News of the Asia/Pacific Group on Money Laundering (APG)

I. Current status

Currently, APG has 41 members and 32 observers and appoints 2 Co-Chairs. The current permanent Co-Chair is Ian McCartney currently, Deputy Commissioner of the Australian Federal Police. The rotating Co-Chair is appointed every two years from the members. On July 24, 2020, Marzunisham Omar, Deputy Governor of Bank Negara Malaysia is pointed as the rotating chair for the 2020-2022 term.

II. Current status of mutual evaluations

Due to the COVID-19 pandemic, the 23rd annual meeting of the APG, originally scheduled for July 2020, was canceled. The APG Secretariat held an online meeting instead to discuss the issues, including the recognition of the follow-up reports on Cambodia, Mongolia, Myanmar, Pakistan, the Philippines, and Thailand, and the amendments to 2020 APG mutual evaluation procedures. In addition, due to travel restrictions around the world, the APG has

suspended the mutual evaluation procedure of Japan, New Zealand, Tonga, and Vietnam, and will re-initiate face-to-face meetings as long as the pandemic subsides.

III. Submitting the follow-up report of Chinese Taipei in 2021

Chinese Taipei's 3rd Round of Mutual Evaluation Reports (MER) was published in October 2019. According to the 3rd round mutual evaluation procedure, Chinese Taipei is required to submit a follow-up report in October 2021, which must detail the progress on the laws, regulations, guidelines, and other regulatory measures following the adoption of Chinese Taipei's MER. In addition, Chinese Taipei could request for re-ratings in some categories of Technical Compliance which is Partially Compliant (PC) or Non-Compliant (NC). The review team not only examines the remedies to key weaknesses but also reviews the level of compliance of Chinese Taipei in accordance with FATF's up-to-date recommendations. For this reason, the public and private sectors in Chinese Taipei could prepare ahead of time for better performance.

AMLD Classroom

◆ Designated Non-Financial Business or Profession

Following the FATF recommendation 22 and 23, the Money Laundering Control Act (hereinafter referred to as “the Act”) of Chinese Taipei stipulates that DNFBPs including **jewelry businesses, land administration agents and real estate brokerage, lawyers, notaries, accountants, and trust and company service providers** must comply with the regulations on customer due diligence, transaction record retention, and suspicious transaction reports (STRs) as specified in the Act. In addition, Article 5, Paragraph 3, Subparagraph 5 of the Act also empowers the Ministry of Justice to consult with the central competent authorities of relevant industries and seek approval from the Executive Yuan to designate transaction patterns to which the Act is applicable, so as to create regulatory flexibility.

Since lawyers, accountants, **bookkeepers, and bookkeeper/tax return filing agents** sometimes provide trust and company services, the Executive Yuan has promulgated an executive order that designates lawyers, accountants, bookkeepers, and bookkeeping and tax return filing agents as the DNFBPs referred to in Article 5, Paragraph 3, Subparagraph 5 of the Act (Executive Yuan Order Yuan-Tai-Fa-Zi No. 1080085454 by the Executive Yuan on April 9, 2019).

According to the regulatory framework of the Act, DNFBPs must comply with the regulations and important notices on authorization established by the central competent

authorities of relevant industries (see the table below for details) to implement AML and CFT duties, which is equal to financial institutions. However, the legal obligations of DNFBPs are still lightly different from that of financial institutions. For example, among DNFBPs, only jewelry businesses have an obligation to report currency transactions exceeding a certain amount (CTR; the CTR duties of land administration agents and real estate brokerage are still being formulated). In addition, in the early period of its enactments, the Act (amended on June 28, 2017) has authorized its sub-laws to specify suspicious ML/TF transactions that must be reported after the competent authorities of DNFBPs met and discussed with representatives from associations of various industries. However, there is still much room for judgment on whether specific transactions meet statutory requirements. The effective implementation of the Act thus depends on the establishment of an AML/CFT culture by relevant professional institutions and practitioners, supervision and guidance of the competent authorities of DNFBPs, and feedback and assistance from agencies, including law enforcement authorities and Financial Intelligence Unit (FIU).

Regulations Governing the Authorization of Designated Non-Financial Businesses or Professions by Competent Authorities to Implement Anti-Money Laundering		
Reporting Entities	Competent authority	Regulations Governing the Authorization of Anti-Money Laundering by Competent Authorities
Jewelry businesses	Ministry of Economic Affairs	Regulations Governing the Implementation and Reporting of Anti-Money Laundering and Counter-Terrorism Financing for Jewelry Businesses
Land administration agents and real estate brokers	Ministry of the Interior	Regulations Governing Anti-Money Laundering and Counter-Terrorism Financing for Land Administration Agents and Real Estate Brokerages
Lawyers	Ministry of Justice	Regulations Governing Anti-Money Laundering and Counter-Terrorism Financing for Lawyers
Notaries	Judicial Yuan	Regulations Governing Anti-Money Laundering and Counter-Terrorism Financing for Notaries
Accountants	Financial Supervisory Commission	Regulations Governing Anti-Money Laundering and Counter-Terrorism Financing for Accountants
Bookkeepers, bookkeeping and tax return filing agents	Ministry of Finance	Regulations Governing Anti-Money Laundering and Counter-Terrorism Financing for Bookkeepers, Bookkeeping and Tax Return Filing Agents

AMLCD statistics

I. STR statistics: The total number of STR cases from July 1 to November 30, 2020 stood at 10,492.

Reporting Entities	No. of cases from Jul. 1 to Nov. 30, 2020	Reporting Entities	No. of cases from Jul. 1 to Nov. 30, 2020
Domestic banks	8303	Securities investment trust enterprises	15
Foreign bank branches	14	Securities finance enterprises	5
Credit cooperatives	231	Securities investment consulting enterprises	1
Credit departments of farmers' associations	303	Centralized securities depository enterprises	3
Credit departments of fishermen's associations	26	Futures merchants	55
Chunghwa Post	736	DNFBPs	55
Credit card companies	19	Electronic payment service providers	66
Insurance companies	533	Financial leasing	5
Securities firms	121	Innovative experimentation service providers	1

Note 1: Bills finance companies, trust and investment enterprises, and foreign currency exchange counters have made 0 STRs in this period.

2: See the table below for details of STRs from DNFBPs.

3: STR statistics is verified with reporting institutions on a half-yearly basis. The numbers in this table include some unverified numbers. The correct statistics shall be based on those specified in the AMLD's annual report.

Statistics of STRs from DNFBPs (unit: no. of cases)		
Reporting Entities	2020.1.1~6.30	2020.7.1~11.30
Accountants	16	18
Bookkeepers, bookkeeping and tax return filing agents	0	5
Jewelry businesses	0	0
Notaries	12	19
Lawyers	0	1
Land administration agents	2	7
Real estate brokers	3	5
Total	33	55

II. Statistics of money laundering prevention items in International Cash and Security Transportation Reports (ICTRs)

Statistics reported by customs from Jul. 1 to Nov. 30, 2020 (unit: no. of cases)			
Customs reporting	Cargo shipments (including other similar methods)		Passengers (including providers of transportation services)
Taipei	Outbound	22,982	650
	Inbound	103,005	
Keelung	Outbound	39	15
	Inbound	874	
Kaohsiung	Outbound	15	478
	Inbound	224	
Taichung	Outbound	42	42
	Inbound	8	

III. Statistics of reports on currency transactions exceeding a certain amount (CTRs):

CTR statistics (unit: no. of cases)		
Reporting institution	2020.1.1~6.30	2020.7.1~11.30
Domestic banks	1,208,618	973,154
Foreign banks	4,498	3,208
Credit cooperative associations	58,654	47,534
Credit departments of farmers' and fishermen's associations	128,152	100,683
Post offices	130,474	109,893
Insurance companies	2,960	2,144
Jewelry businesses	98	139
Others	3	6
Total	1,533,457	1,236,761

IV. Statistics of international intelligence exchange

Statistics of international intelligence exchange (Period: Jul. 1 to Nov. 30, 2020)		
Matter	No. of cases	No. of reports
Foreign entities requests	23	78
Chinese Taipei requests	17	53
Foreign entities provided	26	53
Chinese Taipei provided	1	3
other matters	0	130
Total	67	317

Event Highlights

◆ Meetings between the AMLD and regulatory, taxation, and law enforcement agencies

To strengthen the capacity of the FIU in supporting the practical demands of law enforcement and regulatory agencies, which include improving the effectiveness of using financial intelligence, and respond to the recommendations offered by the APG regarding mutual evaluations. The AMLD actively exchanged ideas with competent authorities and law enforcement agencies in the second half of 2020. The AMLD organized several meetings as followings: meeting with National Taxation Bureau of the Northern Area on August 4; meeting with Criminal Investigation Bureau on September 17; meeting with National Taxation Bureau of Taipei on September 25; meeting with Agency Against Corruption on October 13; meeting with National Taxation Bureau of the Central Area on October 23; and meeting with Financial Supervisory Commission on December 18. The AMLD also plans to visit the National Taxation Bureau of Kaohsiung and National Taxation Bureau of the Southern Area on December 28 and 29 respectively. The aforementioned meetings not only improved the mechanisms of information sharing among the agencies, but also allowed agencies to reach a consensus on continuous collaboration to provide the private sector with information on ML-related risks. In doing so, it is hoped that the public and private sectors' identification of illegal activities and the efficacy of their coordination and cooperation can be enhanced



Attendees to the meeting between the AMLD and Criminal Investigation Bureau on September 17, 2020



Attendees to the meeting between the AMLD and Agency Against Corruption on October 13, 2020

◆ 2020 Conference on Criminal Money Flow and Anomalous Transaction Patterns

The AMLD and the Banking Bureau of the Financial Supervisory Commission co-organized “Conference on Criminal Money Flow and Anomalous Transaction Patterns” on December 10, 2020, so as to enhance information sharing on ML, TF, and proliferation financing related risks. The conference opened with remarks from Leu Weng-Jong, Director-General of the Investigation Bureau, Ministry of Justice (MJIB), and Huang Kuang-Hsi, Deputy Director of the Banking Bureau. Lin Ling-Lan, Deputy Director-General of the Investigation Bureau, also attended the conference. The conference was attended by 140 supervisors and specialists from 86 financial institutions. Invited speakers included the following individuals from the MJIB: Chen Hsi-Chieh, senior special agent at the National Security Division; Chen Ya-Wen, special agent at the Anti-Corruption Division; Chang Chieh-Chen, section chief at the Economic Crime Prevention Division; Li Wei-Chun, senior special agent at the Drug Enforcement Division; and Chen Chi-Ming, special agent at the AMLD. And a guest speaker-- Captain Chao Shang-Chen of the Criminal Investigation Bureau. The speakers shared important cases in law enforcement agencies, and illustrated trend of criminal activities, moreover, the speakers pointed out the emphasis of 2019 annual reports,

and future enforcement focuses of their respective units. The AMLD Director Wu Jung-Chun hosted symposium panel discussion, in which attendees raised questions and brought up some interesting discussions, thereby gaining deeper understanding of criminal and AML methods. Hopefully professionals in relevant industries can advance their ability to identify suspicious transaction patterns and optimize the efficacy of report mechanisms through the conference.



Hosting officers at the 2020 Conference on Criminal Money Flow and Anomalous Transaction Patterns (From left to right: Section Chief Chen Chi-Chen; Deputy Director-General Lin Ling-Lan; Director-General Leu Weng-Jong; Deputy Director Huang Kuang-Hsi; Director Wu Jung-Chun; and Deputy Director Duan Chi-Kai)



Scene of the 2020 Conference on Criminal Money Flow and Anomalous Transaction Patterns

◆ AMLD organized a symposium among entry-level dedicated personnel from supervisory agencies and financial institutions

The AMLD organized a communication symposium for entry-level AML/CFT specialists at financial institutions on October 14, 2020, which aimed to facilitate exchanges and coordination among AML and CFT departments in public and private sectors. The supervisory agency FSC, compliance officers from financial institutions, and AML specialists from self-governing organizations were invited to the event to exchange and discuss relevant businesses, thus substantially advancing the partnership between public and private sectors.

Regulatory Information

- I. On December 17, 2020, the FSC announced that the amendments to Article 7 and Article 8-1 of the "Regulations Governing the Prevention of Money Laundering and Terrorist Financing by Certified Public Accountants" will soon be published. The key details of the amendments are as follows (see also FSC's news release on December 17, 2020):
 - (I) New regulations on timing for verifying customer identity: It is stipulated that, before completing due diligence of customers, certified public accountants may not establish business relationships or conduct transactions with those customers. However, this restriction does not apply to those who can effectively manage ML/TF risks, avoid interfering with the normal operation of customer business, and quickly complete the verification of customers and beneficial owners' identities under reasonable and viable circumstances.
 - (II) New regulations on establishing watch list filtering: It is stipulated that certified public accountants must apply risk-based methods to establishing the policies and procedures of watch list filtering for customers and related parties of transactions. They are also required to record the implementation and retain the records.
- II. On October 20, 2020, the Ministry of Finance noticed in advance the amendment draft of the Regulations Governing Anti-Money Laundering and Counter-Terrorist Financing for Certified Public Bookkeepers and Bookkeeping and Tax Return Filing Agents (the end date of advance draft announcement is December 21, 2020). Key amendments in this draft include: amended regulation on customer identity verification; deleted regulation on cases in which customer identity verification is not required; and added the obligation to implement continuous customer due diligence and entrust a third party to implement customer identity review, and regulation on watch list filtering for customers and beneficial owners who are involved in circumstances specified in the Counter-Terrorism Financing Act. For more details, see announcement Tai-Cai-Shui-Zi No. 10904657930 from the Ministry of Finance on October 20, 2020.

III. On December 16, 2020, the Criminal Grand Chamber under the Supreme Court ruled: an actor offered the debit card and password for a financial account does not meet the criteria of money laundering as specified in Article 2 of the Money Laundering Control Act. If the actor subjectively deemed the account to be potentially purposed for receiving and withdrawing specific illegal proceeds, then a withdrawal performed by another person will immediately generate the effect of disrupting the tracking of money flow to evade state prosecutions and punishments. Therefore, such conduct is still based on an intent (which includes types of indeterminate intent such as recklessness and indirect intent) to assist with the crime, and the actor shall be considered an accessory to the money laundering crime as specified in Article 14, Paragraph 1 of the Act. (See the news release from the Supreme Court on December 16, 2020).

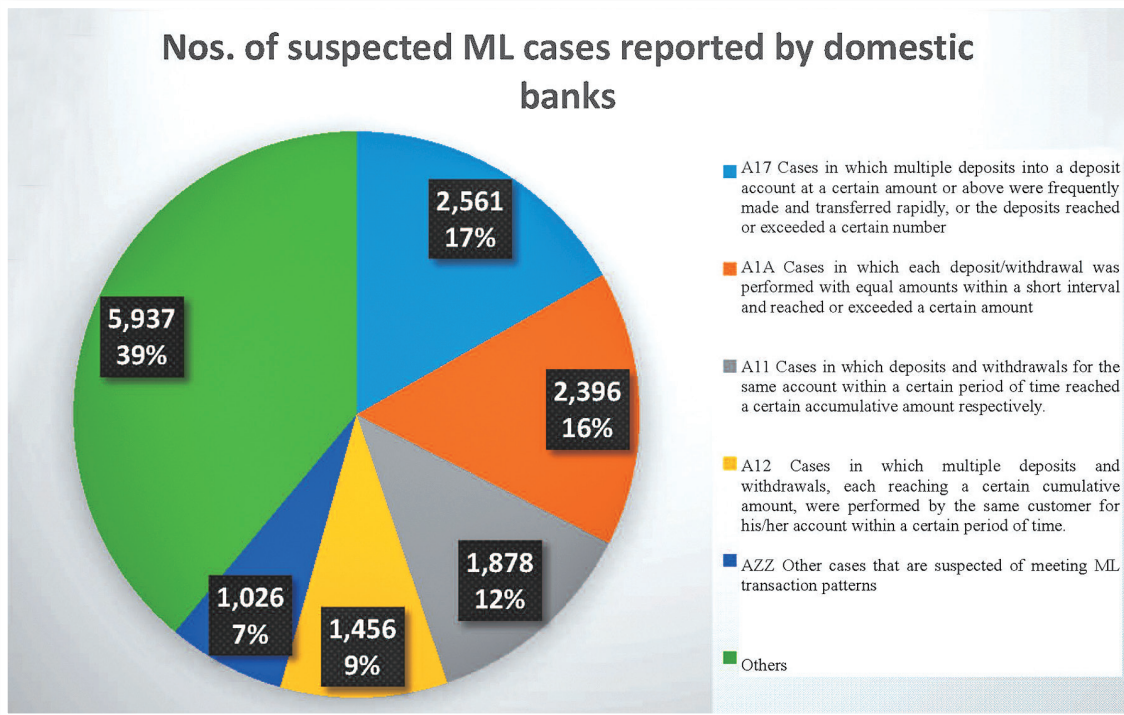
Event Preview

In response to the trends of increasing liberalization and technological advancement in international finance, the constantly updated ML methods, and the varied laws and regulations among countries around the world, which lead to difficulties in uncovering ML activities, the Taiwan Academy of Banking and Finance and Association of Certified Anti-Money Laundering Specialists (ACAMS) are co-organizing the ACAMS Annual Conference to take place on January 21, 2021. Experts and academics in AML practice are invited to the conference to share on relevant issues, including: COVID-19 response experience sharing; trends and latest developments of AML supervision in the Asia-Pacific region; eKYC; and combating financial crimes, including public-private partnership (PPP) and case investigations and best practices of enterprise-wide risk assessment, which might be helpful to professionals in relevant industries align with global AML trends. For the agenda, please visit the following website: <https://web.tabf.org.tw/page/2021AML/default.htm>.

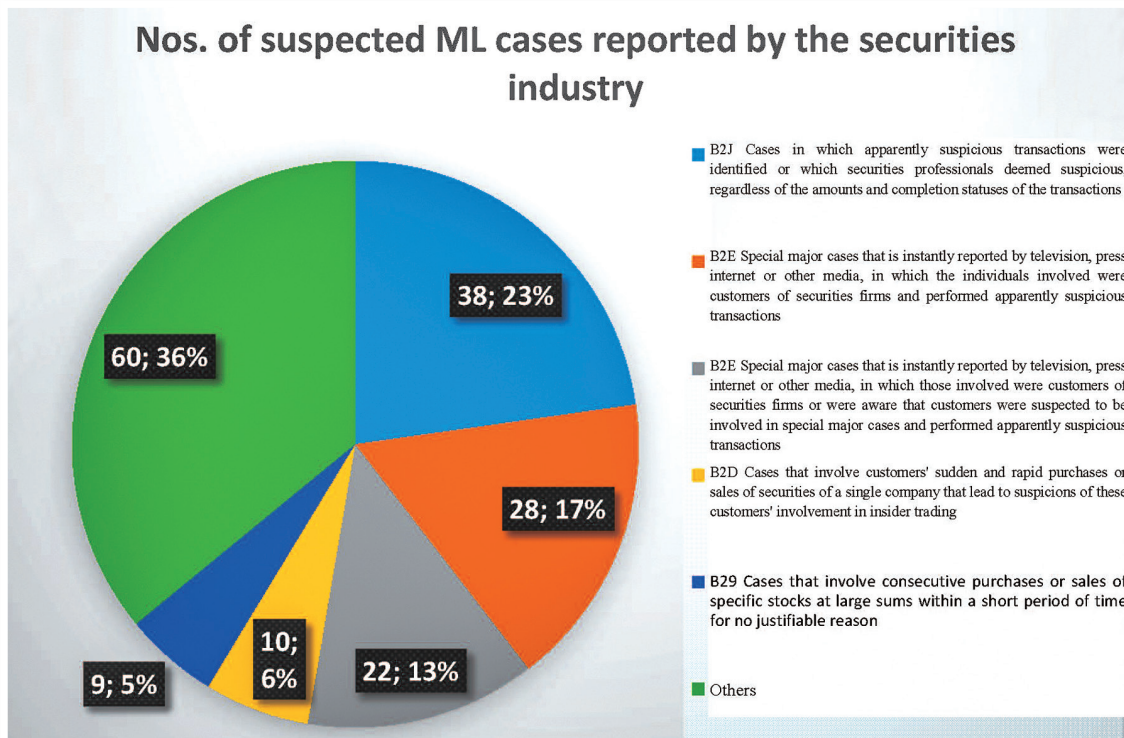
Appendix

I. Supplementary AMLD statistics: patterns reported in suspicious transaction reports (STRs)

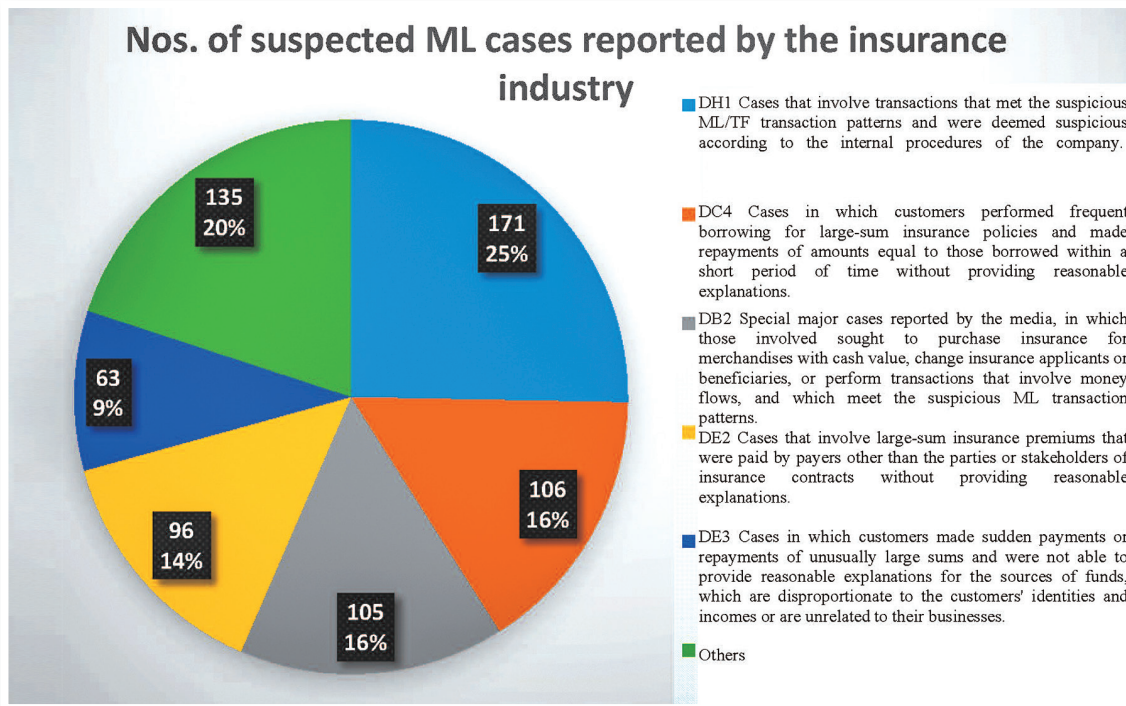
(I) Domestic banks (period: July 1 to November 30, 2020)



(II) Securities industry (period: July 1 to November 30, 2020)



(III) Insurance industry (period: July 1 to November 30, 2020)



II. Summary of patterns and details in STRs the AMLD received from the futures industry

(I) Statistics of STRs from the futures industry: The futures industry made 53 STRs in 2018; 49 STRs in 2019; and 78 STRs as of November 30 in 2020.

(II) Statistics of suspicious ML/TF transaction patterns reported by the futures industry: For each STR made by a financial institution there may be selected two or more suspicious ML/TF transaction patterns. The statistics of selected suspicious ML/TF transaction patterns in STRs that the AMLD received from the futures industry in 2018, 2019, and the period from the beginning of 2020 to November 30 of 2020 are detailed as follows:

- In 2018, a total of 61 suspicious ML/TF transaction patterns were selected in the 53 STRs that the AMLD received from the futures industry. The three most frequently selected patterns were:
 - Special major cases that is instantly reported by television, press, internet or other media, in which the individuals involved conducted apparently suspicious transactions in futures/leverage trading firms (approx. 32%);
 - Cases in which apparently suspicious transactions were identified or which futures professionals deemed suspicious, regardless of the amounts or completion statuses of these transactions (approx. 14%);
 - Cases in which transactions for multiple accounts were performed by the same agent (approx. 9%).
- In 2019, a total of 65 suspicious ML/TF transaction patterns were selected in the 49 STRs that the AMLD received from the futures industry. The three most frequently

selected patterns were:

- (1) Special major cases that is instantly reported by television, press, internet or other media, in which those involved conducted apparently suspicious transactions in futures/leverage trading firms (approx. 38%);
- (2) Cases in which apparently suspicious transactions were identified or which futures professionals deemed suspicious, regardless of the amounts or completion statuses of these transactions (approx. 21%);
- (3) Cases in which customers refused to provide required information or cooperate with due diligence or ongoing monitoring procedures without justifiable reasons (approx. 12%).

3. From the beginning of 2020 to November 30 of 2020, a total of 93 suspicious ML/TF transaction patterns were selected in the 78 STRs that the AMLD received from the futures industry. The three most frequently selected patterns were:

- (1) Cases in which apparently suspicious transactions were identified or which futures professionals deemed suspicious, regardless of the amounts or completion statuses of these transactions (approx. 49%);
- (2) Special major cases that is instantly reported by television, press, internet or other media, in which those involved conducted apparently suspicious transactions in futures/leverage trading firms (approx. 24%);
- (3) Cases in which transactions for multiple accounts were entrusted to the same agent (approx. 5%).

(III) After receiving STRs, the AMLD will first use its system to rank their priorities based on the levels of their respective STR risks. Next, dedicated personnel will examine each STR based on the standards for determining whether legal elements for illegal activities are fulfilled, in conjunction with transaction risks, customer identities (including occupations, criminal records, or previous cases), and transaction contents. They will then prioritize important STRs, for which analysts will be appointed to conduct operational analyses and produce value-added financial intelligence to be distributed to competent authorities for reference and processing. AMLD's improvement suggestions for main contents of reported STRs from the futures industry in 2020 are summarized as follows:

1. Customers evaded identity reviews or provided inconsistent information for identity reviews. For example: "the customer visited the branch office in OO but made separate applications for a Taiwan stock account and a futures account. The basic information the customer provided for the two accounts were inconsistent. Furthermore, the inward transfers did not come from the customer's accounts. These behaviors are at odds with transaction conventions, and the accounts are thus suspected to be dummy accounts." For another example: "the customer worked in Kaohsiung but was unwilling to provide information of work contents and main workplace as required." It is advised that, apart from describing the unreasonableness and inconsistencies in customer identities, reports of this nature may also analyze and

- explain details of the customers' transactions to improve the comprehensiveness of STRs.
2. Customers were suspected to have engaged in manipulation. For example: "Customers A and B simultaneously appointed customer C as their agent to trade futures products. C engaged in reverse trading of TXO products that reached mutual deals." Or: "Customer A engaged in merchandise transactions of low activity and liquidity with accounts operated by A under the owners' authorization. The quantities, prices, and transaction times are consistent, while the trades were in the reverse direction. The profits customer A gained in a specific period of time were equal to the losses in these accounts." In addition: "members of a specified group open accounts collectively and frequently traded foreign futures. The numbers of members who have/have not signed authorization letters were O/O, respectively. A total of O accounts were opened. All orders were placed at No. OO, OO Road, OO City. All transactions of the group's accounts are performed by the agent Li OO (numbers of members/accounts under Li's agency: OO/OO). Li OO opened 60 accounts under his/her name, with 26 related persons in total." It is advised that, in addition to describing the contents and targets of transactions, a report of this nature may analyze and explain the reasons for suspicion based on the relationship between the customer and the trustee as well as on in-depth cross-comparisons between their identities, occupations, scopes of activity, IP addresses where orders are placed, and transaction habits, thereby helping the AMLD and law enforcement agencies to identify the real trader.
 3. Customers were involved in frequent deposits and withdrawals of equal amounts within a short period of time without completing a transaction. For example: "the customer mostly conducted trading of MTX and TXO with frequent deposits and withdrawals. It is not certain whether these actions involve money laundering, but the report was nonetheless submitted in accordance with applicable regulations." Or: "the deposits into and withdrawals from the customer's account during a specific period of time reached a certain amount without completing any transaction, thus meeting the suspicious transaction patterns to be reported in accordance with applicable regulations." Such reports were made mostly because the cases meet suspicious transaction patterns despite that the purposes of the transactions is unknown. It is therefore advised that, before submitting a report of this nature, circumstances including the customer's identity, occupation, financial resources, transaction details, historical transactions, IP addresses where orders are placed, and any power of attorney may be analyzed for overall judgment. Information obtained through this process may be submitted alongside the reasons provided for the STR or attached materials to present the main reason(s) for suspicion according to the reporting financial institution's judgment, so as to assist the AMLD and law enforcement agencies to determine the real reasons for suspicion.
 4. Customers were involved in special major cases that received unfavorable real-time news coverage by television, newspapers, magazines, or the Internet. For example:

"The 3 customers were involved in the same illegal fundraising cases as reported by Internet news and mentioned in their conversations with sale representatives with whom they were currently making bitcoin investments. As such information meets the criteria of unfavorable news coverage, their application for account opening were immediately rejected." Or: "Huang OO, who had been reported to engage in stock manipulation and obtained profits in 2018, was the emergency contact and spouse of the customer." Or: "An negative news pointed out that the customer was involved in smuggling and was sentenced to imprisonment of 1 year and 2 months with a 3-year probation period." A report of this nature is advised not only to give importance to the timeliness of reporting but also focus on making connections between unfavorable news and customer transactions. If such connections cannot be determined, it is still advised that the report conducts an integrative analysis of the customer's identity, occupation, financial resources, transaction details, historical transactions, IP addresses where orders are placed, and any power of attorney, related parties or related accounts for overall judgment and analysis. These details may be presented alongside the explanation of the reasons for the suspicious transactions or attached materials.

5. Customers were involved in illegal operation of transactions on behalf of account owners. For example: "the transaction data within a specific period of time retrieved from the customer's futures account was found inconsistent with the publicly available details and profit and loss in the customer's transactions performed via electronic trading platforms. It is therefore suspected that fake bills were produced and false information of profits was disseminated, thus tricking people into purchasing his fiduciary services." Such report is a more common type of STR from the futures industry in 2019, while being relatively rare in 2020. If the trustee that operates accounts on the trustor's behalf is an illegal and unlicensed corporate or individual investment consultant, such situation often causes heavy losses to investors and no channels for compensation claims are available. In order to effectively detect and prevent such crimes, the process of customer identity verification and transaction review should be duly implemented.



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