



## I. Summary

The 3rd Plenary of the Financial Action Task Force (FATF) took place from 21 to 23 June 2023. This plenary decided that the suspension of the membership of the Russian Federation continues to stand and reiterated that all jurisdictions should be vigilant to all sorts of risks therefrom.

The issues concluded by this Plenary include the enhancement of the implementation of the FATF Recommendations on the international standards of virtual assets (VAs) and virtual assets service providers (VASPs), as well as the action on FATF Recommendation 15. Besides, FATF Members discussed the issues concerning asset recovery, combating corruption, the unintended consequences of the incorrect implementation of the FATF Standards, and preventing the misuse of non-profit organizations (NPOs) for terrorist financing. Furthermore, this plenary added the Republic of Cameroon, the Republic of Croatia, and the Socialist Republic of Vietnam to the list of jurisdictions under increased monitoring (i.e. “countries or territories where advice of international anti-money laundering organizations is not followed or not fully followed” under Article 11, Paragraph 2, Subparagraph 2 of the Money Laundering Control Act).

The President of the Republic of China (Taiwan) promulgated the amendments to the Money Laundering Control Act on 14 June 2023 (amendments to Article 16, and adding Paragraphs 1 and 2 to Article 15). For details, please refer to VI. Regulations in this e-newsletter.

## II. Focal Points: Key Issues in the Third Plenary of the FATF under the Presidency of T. Raja Kumar of Singapore

The 3rd FATF Plenary took place from 21 to 23 June 2023. Delegates from more than 200 jurisdictions of the Global Network and observers from international organizations participated in this plenary at the FATF headquarters in Paris, France. The key issues and conclusions are as follows:

### A. FATF Statement on the Continuous Suspension of Russia's Membership

The FATF reiterates its deepest sympathies to the people of Ukraine for the loss of life and destruction of infrastructure and society as a result of the Russian Federation's ongoing military invasion of Ukraine. The Russian Federation's aggression against Ukraine continues to run counter to FATF's principles of promoting the safety and integrity of the global financial system. The FATF strongly condemns the Russian Federation's attack on Ukraine's crucial infrastructure, approves United Nations (UN) General Assembly Resolution ES-11/1<sup>1</sup>, and pays close attention to cyberattacks from the Russian Federation and the arms trade between the Russian Federation and the UN-sanctioned jurisdictions.

The Russian Federation's military operation has violated not only the FATF's core principles but also the commitment to international cooperation and mutual respect upon which FATF members have agreed to implement and support the FATF Standards. The suspension of the membership of the Russian Federation continues to stand, and the Russian Federation is still obliged to meet the FATF Standards. Nonetheless, the Russian Federation retains the rights as a member of the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG). FATF Members will discuss the necessity of imposing limitations on the Russian Federation's rights in the next plenary.

The FATF reiterates that all jurisdictions should be alert to the threat of the Russian

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<sup>1</sup> This resolution was approved on 22 March 2022, requiring the Russian Federation immediately, completely, and unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders.

Federation's military operation to the integrity of the international financial system, and be vigilant to the emerging risks from their sanctions against the Russian Federation. All jurisdictions should take measures to reduce the risks when necessary.

## B. The Fifth Round of FATF Mutual Evaluations

FATF members continued their preparations for the fifth round of mutual evaluations, which includes the development of the Universal Procedures that will apply to all assessments conducted in the next round. Delegates heard updates on the assessor training program that aims to ensure that each mutual evaluation in the next round is carried out by a fully trained assessment team of experienced experts in anti-money laundering (AML) and combating the financing of terrorism (CFT). This plenary also discussed the preparation by the FATF-Style Regional Bodies (FSRBs) for the next round of mutual evaluations.

## C. Major Initiatives

### 1. FATF Targeted Update on the FATF Standards on VAs/VASPs

More than four years after the FATF established its standards on VAs/VASPs, global implementation of these standards remains relatively poor. According to the FATF mutual evaluations and follow-up reports, nearly three quarters of all jurisdictions either partially or do not comply with the FATF's requirements at all. Many of the jurisdictions have not yet met the fundamental requirements, and more than half of the survey respondents have not taken any steps towards implementing the Travel Rule, a key requirement of the FATF to prevent funds from being transferred to sanctioned individuals or entities.

On 27 June, the FATF published a report urging all jurisdictions to swiftly implement the FATF Recommendations on VAs/VASPs (incl. the Travel Rule, etc.) to close these loopholes. The report also highlighted emerging risks, including those from North Korea's illicit VA-related activities intended to finance their weapon of mass destruction (WMD) program, as well as those from peer-to-peer transactions.

The FATF will continue to drive all jurisdictions to act in compliance with the standards, and, in the first half of 2024, the FATF will publish the survey results showing what steps FATF members and other jurisdictions with VA activities have taken towards the implementation of Recommendation 15.

## 2. Asset Recovery

The FATF has devoted itself to revising the FATF Standards concerning asset recovery in line with its priority to strengthen countries' measures to deprive criminals of their ill-gotten gains. The FATF aims to provide a new suite of tools for countries to effectively freeze, seize, and confiscate criminal proceeds, both domestically and through international cooperation. This plenary also reached a key milestone to advance the reforms, that is, the FATF aims to fully approve the amendments to Recommendations 4 and 38 in October 2023.

## 3. Combating Corruption

The FATF's work makes a valuable contribution to the combat against corruption. This plenary adopted an internal tool to facilitate the assessment of Recommendation 36 that requires countries to implement the United Nations Convention against Corruption (UNCAC) and improves the consistency of these assessments across the Global Network. FATF members were also updated on the progress of the ongoing project titled "Misuse of Citizenship and Residency by Investment Schemes," which will also greatly facilitate the members' work on combating corruption.

## 4. Unintended Consequences of the Incorrect Implementation of the FATF Standards

Since 2021, the FATF has focused on mitigating the unintended consequences of incorrect implementation of the FATF Recommendations, which can lead to de-risking, financial exclusion, and the undue targeting of NPOs.

## 5. Combating the Abuse of NPOs for Terrorist Financing

At this plenary, delegates discussed the revisions to Recommendation 8, which aims to protect NPOs from potential terrorist financing abuse. The revisions address the problem of over-application of preventive measures to the NPO sector in some countries, and recognize the negative impact that these measures can have on legitimate NPO activities.

Delegates also discussed an update of the FATF Best Practices Paper on Combating the Abuse of Non-Profit Organizations, which aims to help countries, financial institutions, and NPOs effectively implement risk-based measures to protect NPOs from potential abuse for terrorist financing without disrupting legitimate NPO activities.

This plenary agreed to release the revised Best Practices Paper and the revisions to Recommendation 8 for public consultation. Both documents are results of the extensive consultation with stakeholders (incl. the private sector and civil society) at the Private

Sector Consultative Forum held this May. The FATF welcomes further views on this issue and expects to finalize the revisions at its next plenary scheduled to take place this October.

## 6. Assessing Unintended Consequences

The FATF’s mutual evaluation process plays a crucial role in identifying and addressing the “incorrect implementation of the FATF Recommendations.” This plenary agreed on amendments to the methodology for the 5th round of mutual evaluations, so as to ensure that each assessment in the next round considers the “unintended consequences” of the incorrect implementation of the FATF Recommendations.

## 7. FATF Vice-Presidency

This plenary is grateful to the outgoing vice-president Ms. Elisa de Anda Madrazo from Mexico for her leadership and invaluable contributions to the combat against money laundering and terrorist financing. Her successor Mr. Jeremy Weil from Canada will assume the vice-presidency of the FATF on 1 July 2023.

## D. The Announcement of High-Risk Jurisdictions

This plenary issued a list of high-risk jurisdictions requiring increased monitoring:

1. High-Risk Jurisdictions subject to a call for action (i.e. “countries or territories where major flaws are detected in its money laundering prevention and counter-terrorism financing efforts” stipulated in the Money Laundering Control Act):
  - (1) The jurisdictions having significant deficiencies in AML/CFT against which the FATF calls on its members to adopt countermeasures according to Recommendation 19: North Korea and Iran.
  - (2) The jurisdictions having several deficiencies in AML/CFT, into which the FATF calls on its members to employ appropriate and enhanced due diligence investigations: Myanmar.
2. The jurisdictions that shall be placed under increased monitoring: Albania, Barbados, Burkina Faso, Cameroon (newly added), Cayman Islands, the Democratic Republic of the Congo, Croatia (newly added), Gibraltar, Haiti, Jamaica, Jordan, Mali, Mozambique, Nigeria, Panama, the Philippines, Senegal, South Africa, South Sudan, Syria, Tanzania, Turkey, Uganda, the United Arab Emirates, Vietnam (newly added), and Yemen.

### III. AMLD Classroom

#### ◆ Egmont Group (EG)

Recognizing the importance of international cooperation in AML/CFT, a group of financial intelligence units (FIUs) met at the Egmont-Arenberg Palace in Brussel, Belgium in 1995 and decided to establish the EG as a global cooperative network. The EG aims to facilitate international cooperation through joint consultation, especially that in intelligence exchange, training, and technique sharing, serving as a safe platform for financial intelligence exchange among jurisdictions in the world. The official documents of the EG include the “Egmont Group Charter” and the “Principles for Information Exchange between Financial Intelligence Units” that facilitate the FIUs to work together under EG’s regulations.

The EG comprises 170 member FIUs. Registered as “AMLD, Taiwan,” the AMLD joined the EG on behalf of Taiwan at the 6th annual meeting in June 1998. The EG holds committee meetings, working group meetings, and annual meetings on a regular basis. The EG Secretariat established its permanent headquarters in Ottawa, Canada.

In addition to its Secretariat, the EG has 4 Working Groups and 8 Regional Groups:

#### A. Working Groups

1. Information Exchange Working Group (IEWG)
2. Policy and Procedures Working Group (PPWG)
3. Membership, Support, and Compliance Working Group (MSCWG)
4. Technical Assistance and Training Working Group (TATWG)

#### B. Regional Groups

1. Americas Regional Group: 39 member states such as the United States and Mexico
2. Asia and Pacific Regional Group: 29 member states such as Japan, Hong Kong, Australia and Taiwan
3. Eastern and Southern Africa Regional Group: 10 member states such as Angola and Zambia
4. Eurasia Regional Group: 7 member states such as the Republic of Tajikistan
5. Europe I Regional Group: 29 member states such as France
6. Europe II Regional Group: 24 member states such as the United Kingdom
7. Middle East and Northern Africa Regional Group: 14 member states such as Egypt
8. West and Central Africa Regional Group: 14 member states such as Senegal

## IV. AMLD Statistics

(Period: March 1 to June 30, 2023)

### A. Statistics of Suspicious Transaction Reports (STRs)<sup>2</sup>

(a) From Financial Business and Professions

Reporting Entities	Numbers of STRs	Reporting Entities	Numbers of STRs
Domestic Banks	8,403	Securities investment trust enterprises	7
Foreign banks, including banks from China	3	Securities finance enterprises	0
Trust investment companies	0	Securities investment consulting enterprises	0
Credit cooperatives	169	Centralized securities depository enterprises	6
Credit department of national farmers' associations	254	Futures commission merchants	22
Credit department of national fishermen's associations	12	Designated non-financial businesses and professions	50
Postal remittances and savings	516	Electronic payment and electronic stored value card issuers	99
Bills finance companies	1	Foreign currency collection/exchange agencies	4
Credit card companies	21	Foreign Worker's Remittance Enterprises	3
Insurance companies	538	Finance leasing companies	4
Securities firms	78	Virtual Asset Service Provider	146
<b>Total</b>	<b>10,336</b>		

<sup>2</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) From Designated Non-Financial Businesses or Professions

Statistics of STRs from Designated Non-Financial Businesses and Professions	
Business	Numbers of STRs
Certified Public Accountants	17
Certified public bookkeepers, and bookkeeping and tax return filing agents	0
Jewelry stores/business	1
Notaries	5
Attorneys	0
Land registration agents	19
Real estate agencies	1
Third-Party Payment enterprises	7
<b>Total</b>	<b>50</b>

B. Statistics of Currency Transaction Report (CTR)<sup>3</sup>

Statistics of CTRs	
Reporting Entities	Numbers of STRs
Domestic banks	853,653
Foreign banks, including banks from China	1,703
Credit cooperatives	39,478
Credit departments of farmers' & fishermen's associations	87,749
Postal remittances and savings	104,531
Insurance companies	1,274
Jewelry stores	116
Securities investment trust and consulting enterprises	3
Electronic payment and electronic stored value cards issuers	0
Finance leasing companies	0
Virtual currency transaction	602
Designated Non-Financial Businesses or Professions	283
<b>Total</b>	<b>1,089,392</b>

<sup>3</sup> In case of any discrepancy in data between the table and the AMLD's Annual Reports, those in the latter shall prevail.



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

Statistics of ICTR Notified by Customs, (2023.3.1 ~ 6.30)			
Customs	Delivered items (incl. other similar methods)		Passengers (incl. crew members)
Taipei	Outbound	24,680	9,496
	Inbound	118,422	
Keelung	Outbound	148	23
	Inbound	1,172	
Kaohsiung	Outbound	143	1,639
	Inbound	484	
Taichung	Outbound	24	39
	Inbound	4	

### D. Statistics of International Intelligence Exchange

Statistics of International Intelligence Exchange		
Types	Cases	Number of Reports
Requests from Overseas	14	60
Requests to Overseas	11	40
Spontaneous Exchanges from Overseas	9	17
Spontaneous Exchanges to Overseas	1	1
Questionnaires and Other Matters		177
<b>Total</b>	<b>36</b>	<b>294</b>

## V. Events and Activities

### ◆ The AMLD participated in the 29th annual Egmont Group Plenary in Abu Dhabi

The 29th annual Egmont Group Plenary was held from 3 to 7 July 2023 in Abu Dhabi, the capital of the United Arab Emirates. This event saw the participation of around 450 heads of FIUs from 108 countries or territories and 10 international organization observers such as Interpol and World Customs Organizations (WCO). AMLD Director Lan Chia-Jui and Senior Special Agent Hsu Ting-Zhen participated in the plenary on behalf of Taiwan. They had several bilateral talks with the FIU representors from different jurisdictions, not only discussing future modes of cooperation and MOU signing, but also exchanging ideas about FIU organization structure, staffing construction, and emerging crime patterns, so as to expand their cooperative network and strengthen their professional relationships. They also learned the methods for tackling emerging patterns of money laundering and grasped the latest international standards on AML/CFT from the plenary.



A group photo of AMLD Director Lan Chia-Jui, EG chair Ms. Xolisile, and EG executive-secretary Mr. Beaumont

### ◆ Coordination meeting between the AMLD and the taxation authorities

Hsueh Pao-Shu (Chief of Investigation Office) and Chen Li-Mei (head of Sales Tax Division) from the National Taxation Bureau of Taipei, Ministry of Finance respectively led their staff to visit the AMLD on 28 March and 19 July this year. Both parties not only exchanged views on the cases, patterns, and regulations of taxation, but also explored better ways in analyzing and compiling financial intelligence regarding receipts issued by third-party payment enterprises and online shopping platform operators. As the FIU of Taiwan, the AMLD is devoted to supporting the practical needs that law enforcement and taxation authorities express, thereby enhancing the effective use of financial intelligence. In addition to making full use of the financial intelligence from the AMLD in tax audits, the National Taxation Bureau of Taipei actively gave its feedback that greatly facilitated the reorientation of the collection and analysis of financial intelligence. The bilateral, concerted cooperation effectively prevents tax crimes and achieves fairness and justice in terms of tax burden. It epitomizes the best practice of the cooperation between the FIU and the competent authorities, as well as the two-way communication and information sharing in the financial intelligence circle.



AMLD Director Lan Chia-Jui participated in the coordination meeting between the AMLD and the National Taxation Bureau of Taipei, Ministry of Finance on 28 March 2023.

## VI. Regulations

The Amendments to the Money Laundering Control Act was promulgated by the President of R.O.C. (Taiwan) (Presidential Order Hua-Zong-Yi-Yi-Zi No. 11200050491) on 14 June 2023, which include the amendments to Article 16 and the newly added Paragraphs 1 and 2 to Article 15. For further details, please visit the official website of the AMLD:

<https://www.mjib.gov.tw/EditPage/?PageID=d3175791-04c8-4073-86fd-b6ab3b81c239>

金融情報中心

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