



## **I. Summary**

The Plenary and Working Group Meeting of the Financial Action Task Force on Money Laundering (FATF) was held from 21 to 25 June 2021. It discussed the issues concerning virtual assets and the virtual assets service provider, preventing money laundering from environmental crime, combating the financing of ethnically or racially motivated terrorism, strengthening the preventative measures against the financing of the proliferation of weapons of mass destruction (WMD), and improving the FATF standards on beneficial ownership of legal persons. The Anti-Money Laundering Division (AMLD), Ministry of Justice Investigation Bureau (MJIB) summarized the meeting conclusions in this Newsletter for the readers' reference. In addition, the Basel Institute on Governance released the Basel AML Index-9<sup>th</sup> Public Edition in 2020, which not only offered the risk scores of money laundering and terrorist financing in 141 countries, but also pointed out the risks and weaknesses of different regions. Associated information will be listed in the section of "AMLD Classroom." Furthermore, the "Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Enterprises Handling Virtual Currency Platform or Transaction" was issued by the Financial Supervisory Commission on 30 June 2021. Furthermore, the competent authorities have revised and issued the regulations of anti-money

laundering and combating the financing of terrorism (AML/CFT) for the designated non-financial businesses or professions (DNFBPs) since December 2020. For updated information of relevant laws and regulations, please refer to the section of “Regulations.”

## II. Focal Points: Key Issues in the 4th Plenary and Working Group Meeting of the FATF’s 32<sup>nd</sup> Plenary

The Plenary and Working Group Meeting of the FATF was held from 21 to 25 June 2021. The key issues and conclusions are as follows:

### A. Major Initiatives

1. [Exploring the opportunities and challenges of digital transformation of AML/CFT](#): On 1 July 2021, the FATF published two reports, “Opportunities and Challenges of New Technologies for AML/CFT” and “Stocktake on Data Pooling, Collaborative Analytics and Data Protection,” discussing and sharing the practical application of advanced analysis and machine learning to assess the risks of money laundering (ML) and terrorist financing (TF) and to detect suspicious activities in this regard.
2. [Adopting the “Second 12-Month Review of Revised FATF Standards—Virtual Assets and Virtual Asset Service Providers \(VA/VASPs\)”](#): This review report, released on 5 July 2021, pointed out that at least 58 jurisdictions (out of 128 reporting jurisdictions) have implemented the revised FATF Standards on VA/VASPs so far. However, the majority of jurisdictions haven’t implemented the “travel rule” yet.<sup>1</sup> Although there has been progress in the development of technological solutions to enable the implementation of the “travel rule” for VASPs in both private and public sectors, the gaps in the implementation of the revised standards indicate that there is not yet a global regime to prevent the misuse of VA for money laundering or terrorist financing. The FATF calls on all jurisdictions to comply with relevant Standards as soon as possible, and it will finalize the revision of its guidance on VA/VASPs by October 2021.

<sup>1</sup> According to the “Guidance for A Risk-Based Approach: Virtual Assets and Virtual Asset Service Providers” promulgated by the FATF in June 2019, VASPs are obliged to obtain, hold, and transmit the information of originator and beneficiary when conducting VA transfers (Recommendation 16) (the “travel rule”).

3. [Preventing money laundering from environmental crime](#): Environmental crime includes illegal mining, illegal logging, and illegal waste trafficking. As a low-risk, high-reward criminal type, it generates billions of dollars of illicit profits every year. On 28 June 2021, the FATF released the report “Money Laundering from Environmental Crime”, seeking to raise the global awareness of environmental crime and highlight that environmental criminals frequently launder proceeds through trade-based fraud and shell companies. It recommended that each country’s competent authorities should collaborate with environmental crime investigators, environmental protection agencies, non-traditional partners, and their foreign counterparts.
4. [Ethnically or racially motivated terrorism financing](#): The FATF published the report “Ethnically or Racially Motivated Terrorism Financing” on 30 June 2021. Ethnically or racially motivated terrorism is also known as extreme right-wing terrorism (ERW). The attacks carried out by ERW have increased in recent years. Most of the funds come from legal sources such as donation, membership fees, and commercial activities. And there are increasingly complex ways to move or use the funds and growing transnational links among different ERW groups. This report also pointed out that the challenges for combating ERW financing and preventing terrorist attacks lie in the differences in legal regulations regarding ERW activities in different countries. On top of that, very few countries designate ERW group as terrorists. The FATF appeals to all countries for deepening the understanding about this type of transnational crime. The public and private sectors shall work in tandem to identify the risks of ethnically or racially motivated terrorism financing.
5. [Tackling the operational challenges associated with asset recovery](#): Recovering the illicit proceeds is one of the keys to AML/CFT. Asset recovery is at the core of FATF’s Recommendations. However, a majority of assessed countries in the current cycle of mutual evaluations achieved only low or moderate levels of effectiveness in their ability to confiscate the proceeds of criminal activities. The FATF finalized the report “Operational Challenges Associated with Asset Recovery”, assisting all jurisdictions to understand the obstacles to asset recovery and the corresponding countermeasures.
6. [Strengthening the identification and mitigation of the risks of proliferation financing](#): In October 2020, the FATF revised the Recommendation 1 and the Interpretive Note to Recommendation 1 (INR 1), demanding all countries, financial institutions, and DNFBPs to identify, assess, mitigate the risks of proliferation financing. On 29 June 2021, the FATF

issued the “Guidance on Proliferation Financing Risk Assessment and Mitigation” , so as to assist countries in implementing related risk assessment and mitigation measures. The FATF also updated the INR 15, clarifying that VA/VASPs also applies to the new obligations to identify, assess, take actions to mitigate the proliferation financing risks.

7. Reinforcing FATF Standards on the transparency of beneficial ownership: The transparency of the information about true beneficial owners is vital to crime prevention. The FATF issued the Recommendation 24 on beneficial ownership in 2003. However, the countries remain unable to effectively prevent the misuse of corporations by criminals so far according to the FATF’ s mutual evaluations. The G7 Ministers have acknowledged and agreed to reinforce the registries of beneficial ownership of companies in their respective jurisdictions. To reinforce the transparency regarding the beneficial ownership of legal persons, the FATF is currently considering potential amendments to the Recommendation 24. It also issued a white paper for public consultation, seeking comments for the FATF meeting in October 2021.

## B. The Progress of Mutual Evaluations and the Announcement of Jurisdictions under increased monitoring

The plenary concluded the mutual evaluation submitted by the Republic of South Africa and Japan. The mutual evaluation reports will be published in August 2021. In addition, the FATF issued two lists regarding high-risk jurisdictions and jurisdictions under increased monitoring:

- (a). 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.
- (b). 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, Botswana, Burkina Faso, Cambodia, Cayman Islands, Haiti (newly included), Jamaica, Malta (newly included), Mauritius, the Kingdom of Morocco, Myanmar, Nicaragua, Pakistan, Panama, the Philippines (newly included), Senegal, South Sudan (newly included), Syria, Uganda, Yemen, and Zimbabwe.

<sup>2</sup> Ghana is no longer subject to increased monitoring because it has made significant progress in AML/CFT regime.

### III. AMLD Classroom

#### ◆ Basel Institute on Governance

Established in 2003 as an associated institute of the University of Basel, the Basel Institute on Governance is a non-profit think tank dedicated to working with public and private partners around the world to prevent and combat corruption. Its programs of work include asset recovery, collective action, corporate governance and compliance, public governance, green corruption, and public finance management in Peru.

The Basel Institute on Governance has published the Basel AML Index annually since 2012. It provides risk scores based on data from 16 publicly available sources such as the FATF, the Transparency International, the World Bank, and the World Economic Forum. The risk scores cover five domains: “Quality of ML/TF Framework” , “Bribery and Corruption” , “Financial Transparency and Standards” , “Public Transparency and Accountability” , and “Legal and Political Risks” . The purpose of the index is not so much offering a detailed comparative analysis of the countries as helping the readers understand the degree of risks for ML/TF in different countries or jurisdictions as well as the progress of these countries or jurisdictions in minimizing their respective risks and weaknesses.

In 2020, the Basel Institute on Governance released “Basel AML Index: 9<sup>th</sup> Public Edition” , which covers 141 countries to calculate a reliable ML/TF risk score.<sup>3</sup> If ranked in order of risk score from the highest to the lowest,<sup>4</sup> the top five countries with relatively high risk scores are Afghanistan, Haiti, Myanmar, Laos, and Mozambique, whereas the top five countries with relatively low risks are Estonia, Andorra, Finland, Bulgaria, and Cook Islands. Taiwan is ranked 111<sup>th</sup>.

If assessed on the regional basis,<sup>5</sup> the risk score of East Asia and Pacific is slightly higher than average due to the poor quality of the AML/CFT regulatory framework and the underperformance in public transparency and accountability. In this region, the top five countries with relatively high risk scores are Myanmar, Laos, Cambodia, Vietnam, and China. By way of comparison, South Asia<sup>6</sup> has the highest overall risk score. Its major deficiencies include the

<sup>3</sup> Some of the 141 countries haven’ t finished the 4th round of mutual evaluation. Therefore, the relevant data are non-comparable and provided for reference only.

<sup>4</sup> The country ranked 1st has the highest risk, whilst the country ranked 141st has the lowest risk.

<sup>5</sup> The “Basel AML Index: 9th Public Edition” categorizes the world into 8 regions, including European Union and Western Europe, Europe and Central Asia, East Asia and Pacific, Latin America and Caribbean, Middle East and North Africa, North America, South Asia, and Sub-Saharan Africa.

<sup>6</sup> Afghanistan, Sri Lanka, Pakistan, Bangladesh, and India.

poor quality of AML/CFT regulatory framework and very high levels of corruption and bribery. Furthermore, South Asia as well as Europe and Central Asia face high risks of human trafficking.

The “Basel AML Index: 9<sup>th</sup> Public Edition” shows that the global risk of money laundering remains high. As many as 35 countries do less well than they did in 2019 in relevant assessment items, even though a few countries have made substantial progress in addressing these risks. Overall, the supervisory quality of AML/CFT is the major item poorly performed across these countries, which is why this report reiterates that the supervisory quality of competent authorities over financial institutions, DNFBPs, and virtual asset service providers is essential for the endeavor of preventing ML/TF.

## IV. AMLD Statistics

### A. Statistics of Suspicious Transaction Reports (STRs)<sup>7</sup>

1. There were 5,373 STRs in total from 1 April to 30 June 2021.

Reporting Entities	Number of STRs 2021.4.1 ~ 6.30	Reporting Entities	Number of STRs 2021.4.1 ~ 6.30
Domestic banks	4,114	Securities investment trust enterprises	14
Foreign banks/ Banks of China	15	Securities finance enterprises	0
Trust investment companies	0	Securities investment consulting enterprises	0
Credit cooperatives	133	Centralized securities depository enterprises	1
Credit department of national farmers' associations	146	Futures commission merchants	19
Credit department of national fishermen's associations	3	Designated non-financial businesses and professions	19
Postal remittances and savings	494	Electronic payment and electronic stored value card issuers	24
Bills finance companies	5	Foreign currency collection/exchange agencies	0
Credit card companies	8	Fintech innovative experimentation businesses	0
Insurance companies	304	Finance leasing companies	0
Securities firms	74		

<sup>7</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.

## 2. The Number of STRs from DNFBPs

Statistics of STRs from DNFBPs	
Businesses and Professions	2021.4.1-6.30
Accountants	9
Certified public bookkeepers, and bookkeeping and tax return filing agents	0
Jewelry stores/business	0
Notaries	6
Attorneys	0
Land administration agents	4
Real estate agencies	0
Total	19

## B. Statistics of the International Currency and Securities Transportation Report (ICTR) Notified by Customs

Statistics of ICTR Notified by Customs, 2021.4.1~2021.6.30			
Customs	Delivered items (incl. other similar methods)		Passengers (incl. crew members)
Taipei	Export	14,679	341
	Import	63,643	
Keelung	Export	873	30
	Import	1,260	
Kaohsiung	Export	85	290
	Import	155	
Taichung	Export	1	32
	Import	1	

### C. Statistics of Currency Transaction Report (CTR)<sup>8</sup>

Statistics of CTRs	
Reporting Entities	2021.4.1~6.30
Domestic banks	556,776
Foreign banks	1,664
Credit cooperatives	27,336
Credit departments of farmers' & fishermen's associations	59,145
Postal remittances and savings	62,898
Insurance companies	1,101
Jewelry stores	120
Securities investment trust and consulting enterprises	4
Electronic payment and electronic stored value cards issuers	0
Finance leasing companies	1
Total	709,045

### D. Statistics of International Intelligence Exchange

Statistics of International Intelligence Exchange, 2021.4.1~6.30		
Types	Cases	Number of Reports
Requests from Overseas	7	26
Requests to Overseas	4	11
Spontaneous Exchanges from Overseas	10	20
Spontaneous Exchanges to Overseas	2	3
Questionnaires and Other Matters	0	77
Total	23	137

<sup>8</sup> In case of any discrepancy in data between the table and the AMLD's Annual Reports, those in the latter shall prevail.



## V. Events and Activities

### ◆ Participating in the APG Regional Webinar Series – DNFBP Regulation: FATF International Standards and Implementation

To enhance the supervision for DNFBPs, the Asia/Pacific Group on Money Laundering (APG), in partnership with Malaysia, initiated a DNFBP supervisors’ platform for APG members to continuously share expertise and experience of DNFBP supervision as well as to solve the challenges arising from AML/CFT. Through the webinar series, the DNFBP supervisors’ platform is intended to inform DNFBP supervisors of the risks of ML/TF to DNFBP as well as how to assess the effectiveness of relevant preventive measures.

On 28 April 2021, the APG organized the “Regional Webinar Series – DNFBP Regulation: FATF International Standards and Implementation.” In addition to APG members, delegates from agencies in charge of the policy development, regulation, supervision, investigation, and enforcement concerning DNFBP were invited to the webinar. To assist the APG in organizing the webinar so as to facilitate the exchange among competent authorities and strengthen the communication between the AMLD and the competent authorities on DNFBP, the AMLD also invited a total of 11 delegates from the Ministry of Justice, Financial Supervisory Commission, Ministry of the Interior, Ministry of Economic Affairs, Ministry of Finance, and Anti-Money Laundering Office of the Executive Yuan, and the AMLD per se to join the webinar.

The webinar started with the reports by the FATF Secretariat and the APG Secretariat, briefly introducing the supervision guidance on DNFBPs in the “Guidance on Risk-Based Supervision” promulgated by the FATF in March 2021. Then the officials from the Central Bank of Malaysia, the Department of Internal Affairs of New Zealand, and the Financial Intelligence Unit of Sri Lanka were invited to share their respective DNFBP supervision measures, effectiveness and challenges, with the aim of enhancing APG members’ efficiency in DNFBP supervision via experience sharing and exchange.



The scene of the “APG Regional Webinar Series – DNFBP Regulation: FATF International Standards and Implementation” in April 2021

## VI. Regulations

A. On 30 June 2021, the Financial Supervisory Commission issued the “Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Enterprises Handling Virtual Currency Platform or Transaction” which was enacted from 1 July 2021 onwards. To facilitate the operation of the AML/CFT reporting system for enterprises handling virtual currency platform or transactions, the AMLD not only offered associated enterprises the transaction patterns suspected to be money laundering or terrorist financing and relevant amendment proposal at the draft consultative meeting held by the Financial Supervisory Commission on 7 May 2021, but also actively promoted and negotiated with associated enterprises through online meetings on suspicious transactions and reporting practices for transactions above a certain amount during the notice period of the regulations. Moreover, the AMLD has requested the MJIB’s Information and Communication Security Division to revise the reporting system, so as to collaboratively smooth the associated enterprises’ implementation of the AML mechanisms as well as the reporting system on STR and CTR after the regulations enter into force.

B. The updated DNFBP competent authorities and authorized AML regulations

Businesses and Professions	Competent authorities	AML regulations authorized by Money Laundering Control Act
Jewelry stores	Ministry of Economic Affairs	Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Jewelry Businesses <sup>9</sup> (The amended regulations were issued and enacted on 26 April 2021.)
Land administration agents and real estate brokerages	Ministry of the Interior	Regulations Governing Anti-Money Laundering and Counter-Terrorism Financing for Land Administration Agents and Real Estate Brokerages <sup>10</sup> (The amended regulations were issued on 21 June 2021, while the date of enactment is to be decided.)
Attorneys	Ministry of Justice	Regulations on Anti-Money Laundering and Countering the Financing of Terrorism Operations Matters Conducted by Attorneys (in preparation)
Notaries	Judicial Yuan	Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Notaries <sup>11</sup> (The amended regulations were issued and enacted on 25 January 2021.)

<sup>9</sup> <https://law.moea.gov.tw/EngLawList.aspx?id=FL057792>

<sup>10</sup> <https://www.land.moi.gov.tw/lawfile/new/20210622101802-p.pdf>

<sup>11</sup> <https://law.judicial.gov.tw/FLAW/dat01.aspx?lsid=FL089909>

Businesses and Professions	Competent authorities	AML regulations authorized by Money Laundering Control Act
Accountants	Securities and Futures Bureau, Financial Supervisory Commission	Regulations Governing Anti-Money Laundering and Countering the Financing of Terrorism for Certified Public Accountants <sup>12</sup> (The amended regulations were issued and enacted on 24 December 2020.)
Certified public bookkeepers, and bookkeeping and tax return filing agents	Ministry of Finance	Regulations Governing Anti-Money Laundering and Counter-Terrorist Financing for Certified Public Bookkeepers and Bookkeeping and Tax Return Filing Agents <sup>13</sup> (The amended regulations were issued and enacted on 11 January 2021.)

<sup>12</sup> <https://law.fsc.gov.tw/EngLawList.aspx?id=GL002148>

<sup>13</sup> <https://docs.google.com/a/cpb.org.tw/viewer?a=v&pid=sites&srcid=Y3BiLm9yZy50d3x3d3d8Z3g6MTRiOTljYWQ0YjQ0MmNmMw>