

National AML/CFT/CPF Action Plan

August 19, 2021

Adopted at Inter-Ministerial Council for Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), and Countering Proliferation Financing (CPF) Policy

| 1. Understanding of Risks and National AML/CFT/CPF Coordination | | | | |
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| | Outcome | Actions | Time frame | Authorities in Charge |
| (1) | Renewing the National Risk Assessment (NRA) | Renew the NRA by taking measures such as improving the risk assessment methodology to enhance stakeholders' understanding of money laundering (ML), terrorist financing (TF) and proliferation financing (PF). | By the end of 2021 | National Police Agency (NPA), Ministry of Finance (MOF), Financial Services Agency (FSA), Ministry of Justice (MOJ), Ministry of Foreign Affairs (MOFA), other relevant authorities |
| (2) | Establishing the Inter-Ministerial Council for AML/CFT/CPF Policy | Establish the "Inter-Ministerial Council for AML/CFT/CPF Policy" for the development and implementation of national AML/CFT/CPF policies. | In progress | NPA, MOF, FSA, MOJ, MOFA, Cabinet Secretariat, other relevant authorities |
| (3) | Developing a national policy | Develop a national AML/CFT/CPF policy informed by the risks identified in the renewed NRA. | By spring 2022 | NPA, MOF, FSA, MOJ, MOFA, Cabinet Secretariat, other relevant authorities |
| 2. Preventive measures by Financial Institutions (FIs) and Virtual Currency Exchange Providers (VCEPs) and Supervision | | | | |
| | Outcome | Actions | Time frame | Authorities in Charge |
| (1) | Strengthening supervision of AML/CFT/CPF measures | Enhance coordination among financial supervisors for FIs' and VCEPs' implementation of AML/CFT/CPF | By autumn 2022 | FSA, other financial supervisory authorities |

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| | taken by FIs and VCEPs | measures, develop an appropriate supervisory regime, and strengthen risk-based supervision and inspection. | | |
| (2) | Enhancing FIs' and VCEPs' understanding of risks and ensuring their appropriate risk assessments | Enhance FIs' and VCEPs' risk understanding and ensure that they conduct their own risk assessment by updating/developing supervisory guidelines and raising their awareness on AML/CFT/CPF obligations. | By autumn 2022 | FSA, other financial supervisory authorities |
| (3) | Fully implementing ongoing customer due diligence by FIs and VCEPs | Enhance risk-based AML/CFT/CPF preventive measures taken by FIs and VCEPs, including ongoing customer due diligence, by setting a clear and prescriptive deadline for its implementation and by strengthening transaction monitoring. | By spring 2024 | FSA, other financial supervisory authorities |
| (4) | Operationalizing a new shared information system for transaction screening and monitoring | Operationalize a new shared information system for transaction screening and monitoring to strengthen and further enhance the quality of verification at the time of transactions and customer due diligence measures, and also promote public understanding by utilizing the Government's public relations platforms. | By spring 2024 | FSA |
| 3. Preventive measures by Designated Non-Financial Businesses or Professions (DNFBPs) and Supervision | | | | |
| | Outcome | Actions | Time frame | Authorities in Charge |
| (1) | Developing supervisory guidelines and strengthening risk-based supervision. | Update/develop supervisory guidelines for AML/CFT and develop an appropriate supervisory regime and strengthen risk-based supervision and inspection. | By autumn 2022 | NPA, DNFBPs supervisors |

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| (2) | Requiring DNFBPs to conduct risk assessments and strengthen CDD | Enhance DNFBP's understanding on AML/CFT risks by raising their awareness robustly on AML/CFT obligations. In addition, strengthen the implementation of AML/CFT measures with a specific focus on ongoing CDD requirements, enhanced due diligence (EDD) measures, and improving the quality of suspicious transaction reporting (STR). | By autumn 2022 | NPA, DNFBPs supervisors |
| 4. Prevention of misuse of legal persons and arrangements | | | | |
| | Outcome | Actions | Time frame | Responsible Authorities/Authorities in Charge |
| (1) | Preventing misuse of legal persons and arrangements | Conduct appropriate risk assessment on legal persons and arrangements to enhance understanding of their risk in order to prevent them from being misused for ML and TF. | By spring 2022 | MOJ, NPA |
| (2) | Enhancing transparency of beneficial ownership (BO) information | Enhance BO information sources including by requiring all FIs and DNFBPs to verify BO information of existing customers within the prescriptive deadline. | By spring 2024 | MOJ, NPA, supervisory authorities for FIs and DNFBPs |
| | | Operationalize a new system of commercial registries for BO information by the end of the fiscal year (i.e. March 2022) and promote its use through interagency coordination, and work to establish a mechanism to manage BO information in a centralized manner. | By autumn 2022 | |
| (3) | Access and accuracy of BO information relating to civil trusts and foreign trusts | Consider and implement measures to make BO information available and ensure its accuracy in relation to civil trusts and foreign trusts, in particular trusts that | By autumn 2022 | MOJ, other relevant authorities |

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| | | are not created or administered by trust companies. | | |
| (4) | Developing guidance relevant to legal persons and trusts | Develop guidance for law enforcement agencies (LEAs), such as prefectural police and the National Tax Agency (NTA), on timely access to legal persons and trusts BO information | By autumn 2022 | NPA, MOF, other relevant authorities |
| (5) | Ensuring DNFBBPs' implementation of CDD | Consider that all DNFBBPs are subject to CDD obligations including verification of BO information and take necessary measures as appropriate. | By autumn 2022 | NPA, DNFBBPs supervisors |
| 5. ML/TF investigation and prosecution | | | | |
| | Outcome | Actions | Time frame | Authorities in Charge |
| (1) | Increasing the statutory sentence for ML | Consider the amendment of the Act on Punishment of Organized Crimes and Control of Proceeds of Crime (APOC) and take necessary measures as appropriate. | By summer 2022 | MOJ, Cabinet Secretariat |
| (2) | Enhancing ML investigation and prosecution | Take measures such as establishing a task force and issuing directives to investigators and prosecutors to conduct further investigations and prosecutions of serious and/or complex ML cases as well as increase the prosecution rate of ML cases. | By autumn 2022 | MOJ, NPA |
| (3) | Enhancing investigation and confiscation | In relation to high risk areas, strengthen asset tracing investigations, confiscation, collection of equivalent value, active use of provisional measures and execution of confiscation orders in order to appropriately conduct the seizure, confiscation of proceeds of crime and | By autumn 2022 | MOJ, NPA |

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| | | instruments of crime, and collection of equivalent value in relation to ML. | | |
| (4) | Enhancing the response by Customs | Fully empower Customs to restrain cash and BNI at the border and further promote information sharing with NPA in relation to cross-border cash movement. | In progress | MOF |
| (5) | Increasing the statutory sentence for TF | Consider amendment of the Act on Punishment of Financing to Offences of Public Intimidation of Crime (TF Act) and take necessary measures as appropriate. | By summer 2022 | MOJ, Cabinet Secretariat |
| (6) | Enhancing TF investigation and prosecution | Establish a task force to promote coordination among relevant authorities for TF investigation and prosecution. Also disseminate useful information to raise awareness of relevant authorities and all FIs and DNFBPs on the risks associated with TF. | By autumn 2022 | MOJ, NPA, other relevant authorities |

6. Asset freezing and prevention from abusing the NPO sector

| | Outcome | Actions | Time frame | Authorities in Charge |
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| (1) | Clarification (and expansion if appropriate) of the scope of asset freezing measures | Clarify the scope of asset freezing measures under the Foreign Exchange and Foreign Trade Act (FEFTA) by issuing a public notice to make clear asset freezing regime applied to transactions involving entities controlled by designated parties. Also consider clarifying the scope of asset freezing measures under the Terrorist Asset Freezing Act (TAFA) and take necessary measures as appropriate. | By summer 2022 | [Foreign Exchange and Foreign Trade Act] MOF, Ministry of Economy, Trade and Industry (METI) [Terrorist Asset Freezing Act (TAFA)] Cabinet Secretariat, NPA, other relevant authorities |
| (2) | Asset freezing measures | Streamline the administrative procedures to implement | In progress | MOFA, MOF, NPA |

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| | without delay | asset freezing measures without delay upon designation of persons and entities by UN Security Council or the relevant UN Sanctions Committee. | | |
| (3) | Enhancing implementation of asset freezing measures by FIs and DNFBPs | Employ measures such as monitoring of all FIs and DNFBPs to reinforce the enforcement of asset freezing measures including the prevention of transactions indirectly involving designated parties. | By autumn 2022 | MOF, supervisory authorities for FIs and DNFBPs |
| (4) | Ensuring that asset freezing could be implemented in relation to domestic transfers between two Japanese residents engaged in proliferation of weapons of mass destruction (WMD) | Consider legislative reforms to ensure that asset freezing could be implemented in relation to domestic transfers between two Japanese residents (where one party is designated by UNSCRs or the relevant UN sanctions Committee) engaged in proliferation of WMD and take necessary measures. | By summer 2022 | Cabinet Secretariat, NPA, MOFA, MOF, METI, other relevant government authorities |
| (5) | Risk assessment and monitoring of NPO sectors | Conduct risk assessment of NPO sectors being at risk of TF abuse and monitor such NPOs on a risk basis. | By spring 2022 | Cabinet Office, Ministry of Education, Culture, Sports, Science and Technology (MEXT), Ministry of Health, Labor and Welfare (MHLW), MOFA, NPA, MOF |
| (6) | Outreach to NPO sectors | Conduct outreaches to NPOs regarding TF risks and good practices for maintaining the integrity of NPOs' activities in higher-risk regions. | By spring 2022 | Cabinet Office, MEXT, MHLW, MOFA, NPA, MOF |