

Japan Action Plan to prevent the misuse of companies and legal arrangement

Japan fully recognizes a vital importance of implementing AML/CFT measures in accordance with the revised FATF standards with a view to enhancing global cooperation in combatting illicit activities and terrorism. Increasing corporate transparency is one of the crucial elements in this joint endeavor. In this respect and in a spirit of strengthened collaboration among G8 countries, Japan is committed to taking the following actions:

1. Creating a mechanism, from the viewpoint of preventing the misuse of companies and legal arrangements in activities such as money laundering and terrorist financing and by enhancing the current scheme, which is based on the premise that companies identify who owns and controls them, and through which the beneficial ownership information on companies becomes accessible to relevant authorities.
2. Designing a mechanism, based on a national risk assessment (described below), which is based on the premise that trustees of trusts should know the beneficial ownership of the trusts, including information on beneficiaries and settlors, and which enables relevant authorities to have access to this information, as well as sharing such information with foreign counterparties upon request;
3. Conducting a national risk assessment on money laundering and terrorist financing by the end of 2014, through setting up a working group consisting of the FIU-competent National Police Agency and other relevant ministries and agencies including Financial Services Agency, and aiming to substantially upgrade the Annual Report of the Japan Financial Intelligence Center (i.e., Japan's FIU) which is currently prepared and published in accordance with the relevant laws;
4. Reaffirming that the appropriate measures have been taken to prevent the misuse of financial instruments and certain shareholding structures which may obstruct transparency;
5. Enhancing the supervision and law enforcement of company service providers operating in Japan;
6. Ensuring that appropriate sanctions are available and enforced, in accordance with the provisions of the relevant laws and regulations, for financial institutions as well as designated non-financial businesses and professions that do not comply with their respective obligations of anti-money laundering and counter terrorist financing in Japan, including those regarding customer due diligence;
7. Strengthening our international cooperation, including timely and effective exchange of basic information of company and of beneficial ownership information.