

Reference Cases on Suspicious Transactions

*Specified business operators other than deposit taking institutions, insurance companies, financial instruments business operators and virtual currency exchange service providers shall refer to the reference cases for deposit taking institutions, insurance companies, financial instruments business operators and virtual currency exchange service providers.

(General notes)

The following reference cases are examples of the types of transactions to which financial institutions, etc. should pay special attention as transactions which are likely to fall under suspicious transactions, in performing the obligation to report suspicious transactions as prescribed in Article 8 of the Act on Prevention of Transfer of Criminal Proceeds. Financial institutions, etc. should determine whether or not each individual transaction falls under suspicious transaction by comprehensively taking account of the various specific information they hold with regard to the relevant transaction, such as customer attributes and the circumstances at the time of the transaction while updating such information.

Therefore, it should be noted that: these cases serve as references for financial institutions, etc. to detect or extract suspicious transactions in the course of routine transactions, but transactions that technically correspond to these cases do not necessarily fall under suspicious transactions; and transactions that do not correspond to these cases may be subject to reporting if financial institutions, etc. determine that they fall under suspicious transactions.

I. Deposit taking institutions

No. 1 Cases focused on the pattern of cash usage

- (1) Transactions in which deposits and withdrawals (including purchase and sale of securities, remittance and money exchange; the same applies hereinafter) are made using large amounts of cash (including foreign currency; the same applies hereinafter) or checks. In particular, large-sum transactions which are inadequate with respect to the income or assets, etc. of the customer and transactions in which deposits and withdrawals are made by deliberately using cash even in cases where it is found appropriate to use remittance or bank cashier's checks.
- (2) Transactions conducted on a frequent basis in a short period of time, where the total amount of deposits and withdrawals made using cash or checks is large. The same applies to cases where transactions are conducted in an amount slightly below the threshold.
- (3) Transactions in which deposit or money exchange is conducted using large quantities of fractional currency (including foreign currency).
- (4) Transactions related to a deposit of a large amount of cash into a night deposit or a rapid increase in the usage amount.

No. 2 Cases focused on the possibility of concealing the true account holder

- (1) Deposits and withdrawals using an account which is suspected to be opened under a fictitious name or another person's name.
- (2) Deposits and withdrawals using an account which the account holder is suspected to be a shell company.

- (3) Deposits and withdrawals using an account related to a customer who requests to have the cash card, etc. sent to a point of contact different from his/her address or who chooses not to receive notices.
- (4) Deposits and withdrawals using an account related to a customer who is found to hold a number of accounts. Cases of customers who hold a number of accounts in different names using those containing a trade name, etc., are included.
- (5) Deposits and withdrawals using an account related to a customer who has no clear reason for conducting transactions at the relevant branch.
- (6) Transactions which are accessed from the same IP address although they are conducted by customers with different names and addresses.
- (7) Transactions where no rationality can be found in the facts that the IP address used at the time of login is a foreign IP address or that the browser language is a foreign language although the customer resides in Japan.
- (8) Transactions wherein the tracking of the IP address is made difficult.
- (9) Account opening transactions wherein the address obtained upon verification at the time of transaction and the IP address, etc. of the computer operated are different.
- (10) Cases where the same cell-phone number is registered as the point of contact of multiple accounts or customers.

No. 3 Cases focused on the pattern of account usage

- (1) Transactions related to an account where deposits and withdrawals are made in large amounts or on a frequent basis in a short period of time after opening the account, followed by closing the account or stopping transactions.
- (2) Transactions related to an account wherein deposits and withdrawals are frequently made in large amounts.
- (3) Transactions wherein refunding is made in cash from the account immediately followed by remittance of such cash refunded (including cases where such transactions are treated as being made in cash in processing vouchers). In particular, cases where remittance is made by using, as the remitter, a name different from the name of an account to which refunding was made.
- (4) Transactions related to an account wherein remittance is frequently made to a number of persons. In particular, cases where deposits are made in large amounts into the account immediately before remittance is made.
- (5) Transactions related to an account which receives remittance frequently from a number of persons. In particular, cases where remittance or withdrawal is made in large amounts from the relevant account immediately after receiving remittance.
- (6) Transactions related to an account which receives remittance made under anonymity or a name which is presumed to be fictitious.

- (7) Transactions related to an account wherein deposits and withdrawals are abruptly made in large amounts although normally, there are no movements in funds.
- (8) Transactions which are unusual from the viewpoint of economic rationality. For example, cases where the customer refuses high-yielding products without reasonable grounds although a large amount of money is deposited.
- (9) Transactions conducted in unusual patterns or frequency in light of the purpose of transactions, occupation or business verified at the time of opening the account.
- (10) Transactions wherein accounts are suspected to be managed by third parties for reasons such that deposits and withdrawals from multiple accounts of different names are frequently made in the same period of time or by using the same ATM.
- (11) Transactions wherein the amount of salary paid by bank transfer is unusual in light of the business scale, etc. verified at the time of opening the account.

No. 4 Cases focused on the pattern of purchase and sale of bonds, etc.

- (1) Sale transactions wherein a large volume of bonds, etc. are brought in and are delivered on condition that payment is made in cash.
- (2) Transactions wherein purchase and sale of bonds, etc. are settled by checks written by a third party or remittance from a third party.
- (3) Transactions related to a customer who does not use the safe custody system and requests delivery of the relevant bond without reasonable grounds, in purchasing large amount of bonds in cash or by checks.

No. 5 Cases focused on safe custody and safe-deposit box

- (1) The cases prescribed in “No. 2 Cases focused on the possibility of concealing the true account holder” also apply to cases focused on the possibility of concealing the person who is actually conducting transactions related to safe custody or a trust.
- (2) The cases prescribed in “No. 2 Cases focused on the possibility of concealing the true account holder” also apply to cases focused on the possibility of concealing the true user of the safe deposit box.
- (3) Frequent use of safe-deposit box.

No. 6 Cases focused on transactions with foreign countries

- (1) Transactions related to a customer who provides information suspected to be false or ambiguous information in making remittance to foreign countries (including non-residents of Japan; the same applies hereinafter). In particular, transactions related to a customer who provides information which cannot be found to have reasonable grounds with respect to such matters as the recipient, purpose or source of remittance.

- (2) Transactions wherein remittance is frequently made to foreign countries in a short period of time and the total amount of such remittance is large.
- (3) Transactions wherein remittance is made to foreign countries in large amounts for purposes that have no economic rationality.
- (4) Transactions wherein remittance in large amounts that have no economic rationality is received from foreign countries.
- (5) Transactions wherein traveler's checks or remittance checks (including those in foreign currency) are frequently prepared or used in large amounts.
- (6) Transactions related to the issuance of letters of credit in large amounts. In particular, transactions related to a customer who provides information which cannot be found to have reasonable grounds with respect to such matters as the export (producer) country, import volume and import price.
- (7) Transactions conducted by a customer who is based in a country or region that is non-cooperative with measures for anti-money laundering and combating the financing of terrorism ("AML/CFT measures"), or a country or region of export of illicit drugs.
- (8) Transactions conducted by a customer with a person (including a legal entity) who is based in a country or region that is non-cooperative with AML/CFT measures, or a country or region of export of illicit drugs.
- (9) Transactions related to a customer introduced by a person (including a legal entity) who is based in a country or region that is non-cooperative with AML/CFT measures, or a country or region of export of illicit drugs.
- (10) Transactions which are suspected of exporting products that do not conform to the technical level of the country of export destination.
- (11) Transactions wherein information such as the name, legal entity name, address and final destination stated in the trade document or transaction telegram is inconsistent.
- (12) Transactions wherein small companies export products with high technical specialties which are unusual in light of their details of business.
- (13) Transactions wherein the descriptions such as the product name made in the trade documents are unspecific.
- (14) Transactions wherein remittance is repeatedly made in small amounts to a person who is presumed to be a relative in a country or region with high risks of human trafficking.

No. 7 Cases focused on loans and repayment thereof

- (1) Transactions wherein an unscheduled repayment of a delinquent loan is made.
- (2) Application for loans wherein assets held by a third party other than the customer who is the borrower are pledged as collateral.

No. 8 Other cases

- (1) Cases where public officials or company employees conduct a large-sum transaction that is inadequate with respect to their income.
- (2) Transactions related to multiple stand-alone customers who visit a branch simultaneously and make requests for cash transactions or foreign exchange transactions in large amounts to different tellers.
- (3) Transactions for which verification at the time of transaction cannot be completed due to the customer's uncooperativeness although such transactions had been conducted prior to completion of verification at the time of transaction. For example, cases where documents related to verification at the time of transaction which were to be submitted at a later date are not submitted. The same applies to cases where an agent is uncooperative.
- (4) Transactions related to a customer who refuses to provide explanation or submit materials although verification of the beneficial owner or other true beneficiary was requested due to suspicion as to whether or not the customer is acting for him/herself. The same applies to transactions conducted by an agent where a person other than the customer him/herself is suspected of gaining benefits.
- (5) Transactions wherein the beneficial owner or other true beneficiary of the customer who is a legal entity is likely to be related to criminal proceeds. For example, cases where the beneficial owner is suspected to be a shell company.
- (6) Transactions conducted by the bank's own employee or a person related thereto wherein the person who gains benefits from such transaction is unclear.
- (7) Transactions in which the bank's own employee is suspected of committing crimes prescribed in Article 10 (Concealment of Criminal Proceeds) or Article 11 (Receipt of Criminal Proceeds) of the Act on Punishment of Organized Crimes and Control of Crime Proceeds.
- (8) Transactions wherein deposits are made using counterfeit currency, counterfeit securities, stolen currency or stolen securities and the counterparty to the transaction is suspected of knowing that the relevant currency or securities are those counterfeited or stolen.
- (9) Transactions related to a customer who unnaturally emphasizes the confidentiality of the transaction or a customer who tried requesting, compelling or bribing not to report.
- (10) Transactions related to an organized crime group member or person related to an organized crime group.
- (11) Transactions conducted in an unusual pattern or those related to a customer who is found to have shown an unusual attitude or movement, etc., in light of the knowledge and experience, etc. of the employee.
- (12) Transactions conducted with a non-profit organization that are found to have no reasonable grounds with respect to the source or final use of funds.
- (13) Transactions wherein remittance is made to a country or region or a third party that is found

to have no reasonable relation with the activities of the non-profit organization verified at the time of opening the account.

- (14) Transactions conducted with a foreign politically exposed person (“foreign PEP”) that are found to have no reasonable grounds with respect to such matters as the recipient or purpose of remittance.
- (15) Transactions conducted with a foreign PEP that are found to have no reasonable grounds with respect to the assets or source of transactions.
- (16) Transactions conducted with a foreign PEP of a country or region which corruption level is considered high.
- (17) Transactions conducted with a foreign PEP based in a country or region that: has not signed or ratified international conventions related to anti-corruption such as the United Nations Convention against Corruption and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; or is uncooperative with activities based on international conventions related to anti-corruption.
- (18) Cases where an agent is suspected of conducting a transaction to open accounts for the purpose of receiving salary without obtaining the consent from the relevant person him/herself, including transactions conducted with a foreigner such as a technical intern.
- (19) Transactions for which inquiries or reports have been made from external parties such as public organizations for being likely to be related to criminal proceeds.

II. Insurance companies

No. 1 Cases focused on the pattern of cash usage

- (1) Transactions related to a policyholder who pays insurance premiums using large amounts of cash (including foreign currency; the same applies hereinafter) or checks. In particular, cases where large-sum insurance premiums which are inadequate with respect to the income or assets, etc. of the policyholder are paid.
- (2) Transactions related to a customer who requests payment be made using cash or checks although the amount of insurance proceeds to be paid or insurance premiums to be refunded is large.
- (3) Payment of insurance premiums made with respect to multiple insurance contracts in a short period of time, where the total amount of payments using cash or checks is large. The same applies to cases where transactions are conducted in an amount slightly below the threshold.
- (4) Transactions in which insurance premiums are paid using a large quantities of fractional currency (including foreign currency).

No. 2 Cases focused on the possibility of concealing the true policyholder

- (1) Transactions related to an insurance contract which is suspected to have been concluded using a fictitious name or another person's name.
- (2) Transactions related to an insurance contract which the policyholder is suspected to be a shell company.
- (3) Transactions related to a policyholder who requests to have certificates such as insurance policy certificates sent to a point of contact different from his/her address.
- (4) Transactions related to a policyholder who is found to have concluded a number of insurance contracts.
- (5) Transactions related to an offeror who intends to conclude an insurance contract on payment of insurance premiums in large amounts. In particular, cases where the payment method of the insurance premiums is annual payment or lump-sum payment.
- (6) Transactions related to a customer who has no clear reasons for applying for an insurance contract at the relevant branch.
- (7) Transactions which are accessed from the same IP address although they are conducted by policyholders with different names and addresses.
- (8) Transactions where no rationality can be found in the facts that the IP address used at the time of login is a foreign IP address or that the browser language is a foreign language although the policyholder resides in Japan.
- (9) Transactions wherein tracking of IP address is made difficult.
- (10) Application for contracts wherein the address obtained upon verification at the time of transaction and the IP address, etc. of the computer operated are different.
- (11) Cases where the same cell-phone number is registered as the point of contact of multiple policyholders.

No. 3 Cases focused on the circumstances after the conclusion of contracts

- (1) Transactions which are unusual from the viewpoint of economic rationality. For example, cases where contracts are terminated at an unusually early stage.
- (2) Transactions related to a policyholder who abruptly changed the payment method of insurance premiums from monthly payments in small amounts to annual payments or lump-sum payments.
- (3) Transactions related to a policyholder who abruptly changed his/her insurance contract to a large-sum insurance where insurance premiums must be paid in large amounts.
- (4) Transactions conducted in an unusual pattern or frequency in light of the purpose of transactions, occupation or business verified at the time of conclusion of the contract.

No. 4 Cases focused on the purchase and sale of bonds, etc.

- (1) Sale transactions wherein a large volume of bonds, etc. are brought in and are delivered on

condition that payment is made in cash.

- (2) Transactions wherein purchase and sale of bonds, etc. are settled by check written by third parties or remittance from third parties.

No. 5 Cases focused on transactions with foreign countries

- (1) Transactions related to a beneficiary who requests to receive insurance proceeds or a policyholder who requests to receive refunds in a country or region that is non-cooperative with measures for anti-money laundering and combating the financing of terrorism (“AML/CFT measures”) or a country or region of export of illicit drugs.
- (2) Transactions related to a policyholder who is based in a country or region that is non-cooperative with AML/CFT measures or a country or region of export of illicit drugs.
- (3) Transactions related to a policyholder introduced by a person (including a legal entity) who is based in a country or region that is non-cooperative with AML/CFT measures or a country or region of export of illicit drugs.

No. 6 Cases related to loans

- (1) Transactions wherein unscheduled repayment of a delinquent loan is made.
- (2) Application for loans wherein assets held by a third party other than the customer who is the counterparty to the loan are pledged as collateral.

No. 7 Other cases

- (1) Cases where public officials or company employees pay large-sum insurance premiums that are inadequate with respect to their income.
- (2) Insurance contracts where a company or organization is the policyholder and confirming intention of subscription of each insured is difficult while unusually large-sum insurance premiums are paid or the contract is terminated at an early stage.
- (3) Transactions for which verification at the time of transaction cannot be completed due to the customer’s uncooperativeness although such transactions had been conducted prior to completion of verification at the time of transaction. For example, cases where documents related to verification at the time of transaction which were to be submitted at a later date are not submitted. The same applies to cases where an agent is uncooperative.
- (4) Transactions related to a policyholder who refuses to provide explanation or submit materials although verification of the beneficial owner or other true beneficiary was requested due to suspicion as to whether or not the policyholder is acting for him/herself. The same applies to transactions conducted by an agent where other party is suspected of gaining benefits.
- (5) Transactions wherein the beneficial owner or other true beneficiary of the customer who is a legal entity is likely to be related to criminal proceeds. For example, cases where the beneficial

owner is suspected to be a shell company.

- (6) Transactions conducted by the insurance company's own employee or a person related thereto wherein the person who gains benefits from such transaction is unclear.
- (7) Transactions in which the insurance company's own employee is suspected of committing crimes prescribed in Article 10 (Concealment of Criminal Proceeds) or Article 11 (Receipt of Criminal Proceeds) of the Act on Punishment of Organized Crimes and Control of Crime Proceeds.
- (8) Transactions wherein deposits are made using counterfeit currency, counterfeit securities, stolen currency or stolen securities and the counterparty to the transaction is suspected of knowing that the relevant currency or securities are those counterfeited or stolen.
- (9) Transactions related to a customer who unnaturally emphasizes the confidentiality of the transaction or a customer who tried requesting, compelling or bribing not to report.
- (10) Transactions related to an organized crime group member or person related to an organized crime group.
- (11) Transactions conducted in an unusual pattern or those related to a policyholder who is found to have shown an unusual attitude or movement, etc., in light of the knowledge and experience, etc. of the employee.
- (12) Transactions conducted with a non-profit organization that are found to have no reasonable grounds with respect to the source or final use of funds.
- (13) Transactions related to a country or region or a third party that is found to have no reasonable relation with the activities of the non-profit organization verified at the time of conclusion of the contract.
- (14) Transactions conducted with a foreign politically exposed person ("foreign PEP") that are found to have no reasonable grounds with respect to such matters as the purpose of transaction.
- (15) Transactions conducted with a foreign PEP that are found to have no reasonable grounds with respect to the assets or source of transactions.
- (16) Transactions conducted with a foreign PEP of a country or region which corruption level is considered high.
- (17) Transactions conducted with a foreign PEP based in a country or region that: has not signed or ratified international conventions related to anti-corruption such as the United Nations Convention against Corruption and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; or is uncooperative with activities based on international conventions related to anti-corruption.
- (18) Transactions for which inquiries or reports have been made from external parties such as public organizations for being likely to be related to criminal proceeds.

Others

III. Financial instruments business operators

No. 1 Cases focused on the pattern of cash usage

- (1) Transactions in which investments in stocks, bonds or investment trusts, etc. are made using large amounts of cash (including foreign currency; the same applies hereinafter) or checks. In particular, large-sum transactions which are inadequate with respect to the income or assets, etc. of the customer.
- (2) Investments made in stocks, bonds or investment trusts, etc. on a frequent basis in a short period of time, where the total amount of transactions conducted using cash or checks is large. The same applies to cases where transactions are conducted in an amount slightly below the threshold.
- (3) Transactions in which investments in stocks, bonds or investment trusts, etc. are made using large quantities of fractional currency (including foreign currency).

No. 2 Cases focused on the possibility of concealing the person who is actually conducting transaction

- (1) Investments in stocks, bonds or investment trusts, etc. using an account which is suspected to be opened under a fictitious name or another person's name.
- (2) Investments in stocks, bonds or investment trusts, etc. using an account which the accountholder is suspected to be a shell company.
- (3) Investments in stocks, bonds or investment trusts, etc. using an account related to a customer who requests to have documents such as transaction reports sent to a point of contact different from his/her address.
- (4) Investments in stocks, bonds or investment trusts, etc. using an account related to a customer who is found to hold a number of accounts.
- (5) Investments in stocks, bonds or investment trusts, etc. using an account related to a customer who has no clear reason for conducting transactions at the relevant branch.
- (6) Transactions which are accessed from the same IP address although they are conducted by customers with different names and addresses.
- (7) Transactions where no rationality can be found in the facts that the IP address used at the time of login is a foreign IP address or that the browser language is a foreign language although the customer resides in Japan.
- (8) Transactions wherein the tracking of the IP address is made difficult.
- (9) Account opening transactions wherein the address obtained upon verification at the time of transaction and the IP address, etc. of the computer operated are different.
- (10) Cases where the same cell-phone number is registered as the point of contact of multiple accounts or customers.

No. 3 Cases focused on the pattern of investment

- (1) Transactions related to an account wherein investments are abruptly made in large amounts although normally, no transactions are conducted.
- (2) Transactions related to deposit (transfer) of a large volume of the customer's own stocks or another person's stocks from other securities companies, etc. without reasonable grounds.
- (3) Transactions wherein stocks are deposited (transferred) from other securities companies, etc. and are sold and withdrawn (transferred) in a repetitive manner on a frequent basis without reasonable grounds.
- (4) Transactions wherein settlement is made using checks written by a third party or remittance from a third party.
- (5) Transactions conducted in unusual patterns or frequencies in light of the purpose of transactions, occupation or business verified at the time of conclusion of contract.

No. 4 Cases related to safe custody

- (1) The cases prescribed in "No. 2 Cases focused on the possibility of concealing the person who is actually conducting transaction" also apply to cases focused on such matters as the circumstances at the time of conclusion of the safe custody contract.
- (2) Transactions related to a customer who transfers stocks or bonds in large amounts to other securities companies, etc. without reasonable grounds after purchasing them.

No. 5 Cases focused on transactions with foreign countries

- (1) Transactions related to a customer who is based in a country or region that is non-cooperative with measures for anti-money laundering and combating the financing of terrorism ("AML/CFT measures") or a country or region of export of illicit drugs.
- (2) Transactions related to a customer who intends to designate a bank account based in a county or region that is non-cooperative with AML/CFT measures or a country or region of export of illicit drugs, as the bank account for transfer of sales proceeds.
- (3) Transactions related to a customer introduced by a person (including a legal entity) who is based in a country or region that is non-cooperative with AML/CFT measures, or a country or region of export of illicit drugs.

No. 6 Cases focused on business related to issuance of securities

- (1) Issuance of securities by a company which is suspected to have persons involved in management separately from the nominal manager.
- (2) Issuance of securities with respect to which an organized crime group member or person related to an organized crime group, etc. is suspected to be involved in any of such persons concerned as the major shareholder, officer, standing proxy, major creditor, major trading partner or arranger.

- (3) Issuance of securities by a company whose relation between the usage of funds it intends to procure from the issuance of securities and its businesses is unusual.
- (4) Issuance of securities by a company for which there are doubts such that the change in business contents or establishment of new business made after the previous issuance of securities is found to have no relation with the company's previous businesses.
- (5) Issuance of securities which will result in a significant (extreme) scale of capital increase in comparison to the number of issued stocks, net sales and assets, etc. prior to the capital increase.
- (6) Issuance of securities in significant amounts that is repeatedly made in a short period of time.
- (7) Issuance of securities by a company wherein officers or financial auditors are frequently replaced or wherein resignation or removal of officers or financial auditors is made in an unusual manner.
- (8) Issuance of securities through such means as capital increase by way of third party allotment of stocks wherein a fund, etc. which is registered or based in a country or region that is non-cooperative with AML/CFT measures, or a country or region of export of illicit drugs is the allottee.
- (9) Issuance of securities through such means as capital increase by way of third party allotment of stocks wherein a fund, etc. whose substantial investor, underwriting funds and other economic reality remain unclear is the allottee.
- (10) Issuance of securities through such means as capital increase by way of third party allotment of stocks wherein, superficially, there are multiple allottees, but in reality, the persons or funds, etc. that are suspected to be substantially the same is the allottee.
- (11) Act of depositing a large volume of securities wherein an investment partnership is a third party allottee.

No. 7 Other cases

- (1) Cases where public officials or company employees conduct a large-sum transaction that is inadequate with respect to their income.
- (2) Transactions for which verification at the time of transaction cannot be completed due to the customer's uncooperativeness although such transactions had been conducted prior to completion of verification at the time of transaction. For example, cases where documents related to verification at the time of transaction which were to be submitted at a later date are not submitted. The same applies to cases where an agent is uncooperative.
- (3) Transactions related to a customer who refuses to provide explanation or submit materials although verification of the beneficial owner or other true beneficiary was requested due to suspicion as to whether or not the customer is acting for him/herself. The same applies to transactions conducted by an agent where a person other than the customer him/herself is suspected of gaining benefits.
- (4) Transactions wherein the beneficial owner or other true beneficiary of the customer who is a

legal entity is likely to be related to criminal proceeds. For example, cases where the beneficial owner is suspected to be a shell company.

- (5) Transactions conducted by the financial instruments business operator's own employee or a person related thereto wherein the person who gains benefits from such transaction is unclear.
- (6) Transactions in which the financial instruments business operator's own employee is suspected of committing crimes prescribed in Article 10 (Concealment of Criminal Proceeds) or Article 11 (Receipt of Criminal Proceeds) of the Act on Punishment of Organized Crimes and Control of Crime Proceeds.
- (7) Transactions wherein deposits are made using counterfeit currency, counterfeit securities, stolen currency or stolen securities and the counterparty to the transaction is suspected of knowing that the relevant currency or securities are those counterfeited or stolen.
- (8) Transactions related to a customer who unnaturally emphasizes the confidentiality of the transaction or a customer who tried requesting, compelling or bribing not to report.
- (9) Transactions related to an organized crime group member or person related to an organized crime group.
- (10) Transactions conducted in an unusual pattern or those related to a customer who is found to have shown an unusual attitude or movement, etc., in light of the knowledge and experience, etc. of the employee.
- (11) Transactions conducted with a non-profit organization that are found to have no reasonable grounds with respect to the source or final use of funds.
- (12) Investments made in a country or region or a third party that is found to have no reasonable relation with the activities of the non-profit organization verified at the time of opening the account.
- (13) Transactions conducted with a foreign politically exposed person ("foreign PEP") that are found to have no reasonable grounds with respect to such matters as the purpose of transactions.
- (14) Transactions conducted with a foreign PEP that are found to have no reasonable grounds with respect to the assets or source of transactions.
- (15) Transactions conducted with a foreign PEP of a country or region which corruption level is considered high.
- (16) Transactions conducted with a foreign PEP based in a country or region that: has not signed or ratified international conventions related to anti-corruption such as the United Nations Convention against Corruption and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; or is uncooperative with activities based on international conventions related to anti-corruption.
- (17) Transactions for which inquiries or reports have been made from external parties such as public organizations for being likely to be related to criminal proceeds.

Others

IV. Virtual currency exchange service providers

No. 1 Cases focused on the pattern of cash usage

- (1) Transactions in which purchase and sale of virtual currency is conducted using large amounts of cash (including foreign currency; the same applies hereinafter). In particular, large-sum transactions which are inadequate with respect to the income or assets, etc. of the customer and transactions in which purchase and sale of virtual currency is conducted by deliberately using cash even in cases where it is found appropriate to use remittance.
- (2) Transactions conducted on a frequent basis in a short period of time, where the total amount of purchase and sale of virtual currency conducted using cash is large. The same applies to cases where transactions are conducted in an amounts lightly below the threshold.
- (3) Transactions in which purchase of virtual currency is conducted using large quantities of fractional currency (including foreign currency).

No. 2 Cases focused on the possibility of concealing the true account holder

- (1) Deposits and withdrawals of money or virtual currency, purchase and sale of virtual currency or exchange with other virtual currency using an account which is suspected to be opened under a fictitious name or another person's name.
- (2) Deposits and withdrawals of money or virtual currency, purchase and sale of virtual currency or exchange with other virtual currency using an account which the account holder is suspected to be a shell company.
- (3) Deposits and withdrawals of money or virtual currency, purchase and sale of virtual currency or exchange with other virtual currency using an account related to a customer who requests to have the transaction documents, etc. sent to a point of contact different from his/her address or who chooses not to receive notices.
- (4) Deposits and withdrawals of money or virtual currency, purchase and sale of virtual currency or exchange with other virtual currency using an account related to a customer who is found to hold a number of accounts. Cases of customers who hold a number of accounts in different names using those containing a trade name, etc., are included.
- (5) Deposits and withdrawals of money or virtual currency, purchase and sale of virtual currency or exchange with other virtual currency by a customer who has no clear reason for conducting face-to-face transactions with the relevant service provider or conducting transactions using the relevant automatic virtual currency exchange machine.
- (6) Transactions wherein the customer has used anonymization technology in depositing virtual currency into an account.
- (7) Transactions which are accessed from the same IP address although they are conducted by

customers with different names and addresses.

- (8) Transactions where no rationality can be found in the facts that the IP address used at the time of login is a foreign IP address or that the browser language is a foreign language although the customer resides in Japan.
- (9) Transactions wherein the tracking of the IP address is made difficult.
- (10) Account opening transactions wherein the address obtained upon verification at the time of transaction and the IP address, etc. of the computer operated are different.
- (11) Cases where the same cell-phone number is registered as the point of contact of multiple accounts or customers.

No. 3 Cases focused on the pattern of account usage

- (1) Transactions related to an account where deposits and withdrawals of money or virtual currency are made in large amounts or on a frequent basis in a short period of time after opening the account, followed by closing the account or stopping transactions.
- (2) Transactions related to an account wherein deposits and withdrawals of money or virtual currency are frequently made in large amounts.
- (3) Transactions related to an account wherein virtual currency is frequently sent to a number of addresses. In particular, cases where deposit of virtual currency is made in large amounts into the account immediately before withdrawal of virtual currency is made.
- (4) Transactions related to an account which receives virtual currency frequently from a number of addresses. In particular, cases where withdrawal of virtual currency is made in large amounts from the relevant account immediately after receiving the virtual currency.
- (5) Transactions related to an account which receives remittance of money or virtual currency made under anonymity or a name which is presumed to be fictitious.
- (6) Transactions related to an account wherein deposits and withdrawals of money or virtual currency are abruptly made in large amounts although normally, there are no movements in funds.
- (7) Transactions conducted in an unusual patterns or frequency in light of the purpose of transactions, occupation or business verified at the time of opening the account.

No. 4 Cases focused on the pattern of transaction

- (1) Transactions related to an account where purchase and sale of virtual currency or exchange with other virtual currency is abruptly made in large amounts although normally, no transactions are conducted.
- (2) Sale transaction wherein a large volume of virtual currency is delivered on condition that payment is made in cash.

- (3) Transactions related to a large volume of virtual currency which is so large that it leads to suspicion as to whether the customer him/herself is holding them.
- (4) Sale transaction wherein virtual currency is delivered on condition that payment is made in cash, conducted on a frequent basis in a short period of time.
- (5) Transactions related to a customer who intends to designate a bank account held under the name of a third party as the bank account for deposit of money or transfer of sales proceeds.

No. 5 Cases focused on transactions with foreign countries

- (1) Transactions related to a customer who is based in a country or region that is non-cooperative with measures for anti-money laundering and combating the financing of terrorism (“AML/CFT measures”) or a country or region of export of illicit drugs.
- (2) Transactions related to a customer who intends to designate a bank account based in a country or region that is non-cooperative with AML/CFT measures or a country or region of export of illicit drugs as the bank account for deposit of money or transfer of sales proceeds.
- (3) Transactions related to a customer introduced by a person (including a legal entity) who is based in a country or region that is non-cooperative with AML/CFT measures or a country or region of export of illicit drugs.

No. 6 Other cases

- (1) Cases where public officials or company employees conduct a large-sum transaction that is inadequate with respect to their income.
- (2) Cases where multiple customers visit a branch simultaneously and conduct transactions in such manner that the amount of purchase and sale of virtual currency per person slightly falls below the amount (stipulated by law or the service provider’s own rules) that would be subject to the verification at the time of transaction.
- (3) Cases where the same customer visits the same or nearby branch or automatic virtual currency exchange machine on the same day or days in close proximity several times and conducts transactions in such manner that the amount of transaction falls slightly below the amount (stipulated by law or the service provider’s own rules) that would be subject to verification at the time of transaction.
- (4) Transactions for which verification at the time of transaction cannot be completed due to the customer’s uncooperativeness although such transactions had been conducted prior to completion of verification at the time of transaction. For example, cases where documents related to verification at the time of transaction which were to be submitted at a later date are not submitted. The same applies to cases where an agent is uncooperative.
- (5) Transactions related to a customer who refuses to provide explanation or submit materials although verification of the beneficial owner or other true beneficiary was requested due to suspicion as to whether or not the customer is acting for him/herself. The same applies to transactions conducted by an agent where a person other than the customer him/herself is suspected of gaining benefits.

- (6) Transactions wherein the beneficial owner or other true beneficiary of the customer who is a legal entity is likely to be related to criminal proceeds. For example, cases where the beneficial owner is suspected to be a shell company.
- (7) Transactions conducted by the virtual currency exchange service provider's own employee or a person related thereto wherein the person who gains benefits from such transaction is unclear.
- (8) Transactions in which the virtual currency exchange service provider's own employee is suspected of committing crimes prescribed in Article 10 (Concealment of Criminal Proceeds) or Article 11 (Receipt of Criminal Proceeds) of the Act on Punishment of Organized Crimes and Control of Crime Proceeds.
- (9) Transactions wherein deposits are made using counterfeit currency, stolen currency or stolen virtual currency and the counterparty to the transaction is suspected of knowing that the relevant currency is counterfeit or stolen or that the relevant virtual currency is stolen.
- (10) Transactions related to a customer who unnaturally emphasizes the confidentiality of the transaction or a customer who tried requesting, compelling or bribing not to report.
- (11) Transactions related to an organized crime group member or person related to an organized crime group.
- (12) Transactions conducted in an unusual pattern or those related to a customer who is found to have shown an unusual attitude or movement, etc., in light of the knowledge and experience, etc. of the employee.
- (13) Transactions conducted with a non-profit organization that are found to have no reasonable grounds with respect to the source or final use of funds.
- (14) Transactions related to a country or region or a third party that is found to have no reasonable relation with the activities of the non-profit organization verified at the time of opening the account.
- (15) Transactions conducted with a foreign politically exposed person ("foreign PEP") that are found to have no reasonable grounds with respect to such matters as the purpose of transactions.
- (16) Transactions conducted with a foreign PEP that are found to have no reasonable grounds with respect to the assets or source of transactions.
- (17) Transactions conducted with a foreign PEP of a country or region which corruption level is considered high.
- (18) Transactions conducted with a foreign PEP based in a country or region that: has not signed or ratified international conventions related to anti-corruption such as the United Nations Convention against Corruption and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; or is uncooperative with activities based on international conventions related to anti-corruption.
- (19) Cases where the address used by a customer as the address to transfer or receive the virtual currency has anonymized in whole or in part the virtual currency transactions on the blockchain.

(20) Cases where another address, which is suspected to have a strong relation to the address used by a customer as the address to transfer or receive the virtual currency due to facts such that transactions are conducted on a frequent basis between such address, has anonymized in whole or in part the virtual currency transactions.

(21) Transactions with a customer who has an address which: receives virtual currency from a number of addresses; or sends virtual currency to a number of addresses on the blockchain.

(22) Transactions for which inquiries or reports have been made from outsiders such as public organizations for being likely to be related to criminal proceeds.

Others