

Bankers Association of the Republic of China Amendment to Specimen of “Guidelines Governing Anti-Money Laundering and Combatting the Financing of Terrorism by the Banking Sector”

Approved by the Financial Supervisory Commission, Executive Yuan

with Letter

Chin-Kuan-Yin-Fa-Tze 09800415730 dated October 9, 2009

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Letter Chin-Kuan-Yin-Fa-Tze 10200247510 dated August 30,
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Article 1

The specimen is set up in accordance with Article 6 of the “Money Laundering Control Act”, “Regulations Governing Cash Transaction Reports (CTR) and Suspicious Transaction Reports (STR) by Financial Institutions” and “Guidelines Governing Anti-Money Laundering and Combatting the Financing of Terrorism by the Banking Sector” for the purpose of Anti-Money Laundering and Combatting the Financing of Terrorism (Abbreviated as AML/CFT hereafter).

Article 2

The bank shall establish a risk control mechanism or the internal control system in accordance with Article 35 of the “Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries” to include the following items:

I. ____ Set up policies and procedures to identify, evaluate and manage

the risks of money laundering and the financing of terrorism in accordance with “Guidelines Governing Money Laundering and Terrorist Financing Risk Assessment and Relevant Prevention Program Development by the Banking Sector” (see attachment) and also set up programs to prevent money laundering and combat the financing of terrorism in accordance with the Guidelines and results of risk assessment.

- II. Comply with the standard operating procedures in accordance with the Money Laundering Control Act and to include the self audit and internal audit items. Set up policies and procedures to identify, evaluate and manage the risks of money laundering and the financing of terrorism as stated in the previous paragraph, Subparagraph 1 “in accordance with Guidelines Governing Money Laundering and Terrorist Financing Risk Assessment and Relevant Prevention Program Development by the Banking Sector” by branches or subsidiaries of foreign financial organizations in Taiwan. If the parent group has established policies and procedures no less than, without violation of laws and regulations in our country, the branches or subsidiaries in Taiwan may apply the prescriptions of the parent group.

Article 3

Terms used in the specimen are defined as follows:

- I. The term “a certain amount” shall mean NT\$500,000 (including the foreign currency equivalent thereof).
- II. The term “cash transaction” shall mean cash receipt or payment in a single transaction (including all transactions recorded on cash deposit or withdrawal vouchers for accounting purposes), or currency exchange transactions.

Article 4

Rules must be complied with while checking and verifying the clients' identities:

- I. Time to check and verify the clients' identities:
 - (I) While establishing business relations with clients:
 - (II) While carrying out occasional transactions with respect to:
 1. Cash transactions above a certain amount:
 2. Domestic cash remittance of NT\$30,000 or more but less than a certain amount;
 - (III) Domestic account-transfer remittance of NT\$30,000 or more
 - (IV) There is a suspicion of money laundering or the financing of terrorism, or inward remittances from a country or region with high money laundering and terrorism financing risk, included but not limited to the countries or territories which fail to comply with the suggestions of the international money laundering prevention organizations as published by international money laundering organizations via the Financial Supervisory Commission, Executive Yuan, and countries or territories that are materially defective in the prevention of money laundering and combatting the financing of terrorism.
 - (V) When in doubt about the veracity or appropriateness of the previously obtained identification data
- II. Except as otherwise prescribed by the Financial Supervisory Commission, the following measures shall be taken to check and

verify clients' identities:

- (I) Identify and verify client's identity using reliable, independent source documents, data or information. In addition, copies of the client's identity documents or records of the relevant information shall be retained or recorded.
 - (II) Verify that any person purporting to act on behalf of the client to open account or carry on any transaction is so authorized. Check and verify their identity in accordance with method mentioned in the Preceding Item.
 - (III) Take reasonable measures to identify and verify the identity of the actual beneficiary of a client.
 - (IV) Enquire information on the purpose and intended nature of the business relationship when checking and verifying the client's identity
- III. According to Item (III) of the Preceding Subparagraph, the bank shall obtain the following information to identify the beneficial owners of the client when the client is a legal person or a trustee:
- (I) When the client is a legal person:
 - 1. The identity of the natural person who ultimately has a controlling ownership interest in a legal person (such as name, birth date, nationality and ID no). A controlling ownership interest refers to owning more than 25 percent of the legal person's shares or capital;
 - 2. To the extent that no natural person exerting control through ownership interests is identified or there is doubt as to whether the person(s) with the controlling ownership interest are the actual beneficiary, the bank shall inquire whether there exists any natural person to exercise control

of the client through other means, and if necessary, require a declaration from the client for checking and verifying the identity of the actual beneficiary.

3. If, as per prescriptions of the preceding two Points, no natural person with controlling interest is identified, the bank shall take reasonable measures to check and verify the identity of the relevant natural person who holds the position of senior managing official (such as chairman of the board, general manager or other natural person assuming similar roles).
- (II) For trustees: the bank shall check and verify the identities of the settler(s), the trustee(s), the trust supervisor, the beneficiaries, and any other person exercising ultimate effective control over the trust account;
- (III) Unless otherwise provided for in the Proviso of Paragraph one of Article 9, the bank shall not be required to inquire if there exists any beneficiary in relation to a client or one with controlling interest that is:
 1. A R.O.C government entity;
 2. An enterprise owned by the R.O.C government;
 3. A foreign governmental entity;
 4. A public company and its subsidiaries;
 5. An entity listed on a stock exchange outside of the R.O.C. that is subject to regulatory disclosure requirements of its principal shareholders, and the subsidiaries of such entity;
 6. A financial institution supervised by the R.O.C. government, and an investment vehicle managed by such institution;
 7. A financial institution incorporated or established outside

the R.O.C. that is subject to and supervised for compliance with the requirements for combatting money laundering and the financing of terrorism consistent with standards set by the FATF and an investment vehicle managed by such institution. Relevant certifying documents of the said financial institution and investment vehicle (such as public information audit records, regulations and articles with respect to anti-money laundering of the said financial institution, negative information inquiry records and the declaration of the financial institutions) shall be maintained.

8. The Public Service Pension Fund, Labor Insurance, Labor Pension Fund and Postal Savings of the R.O.C;

IV. The requirements that shall be complied with when checking and verifying the client's identity:

- (I) When establishing a business relationship or carrying out occasional financial transactions with a client, check and verify the client's identity with documents issued by the government or other identification documents and put them into records in case the transaction amount exceeds a certain amount or if there is any doubt about the client's information provided being insufficient for identifying the client's status.
- (II) Make special efforts to enhance the confirmation of the client's identity for discretionary accounts and transactions handled by professional intermediaries.
- (III) Pay special attention to a client who is not a local resident and find out why such client has decided to open an account overseas.

- (IV) To strengthen inspections of clients who are served by the personal wealth financial service department of the bank.
 - (V) To strengthen inspections of clients who have been in default and rejected by other banks for financial dealings.
 - (VI) For clients that do not conduct transactions face-to-face, the bank should put procedures in place to check and verify the client's identify that has the same effect as if the transaction is conducted face to face. The bank should also have special and adequate measures in place to reduce the risk thereto.
 - (VII) Provided that it is not in violation of the relevant regulations, if client's source of funding is known for a fact to be, or is assumed to be, from corruption or embezzlement, the bank should not accept a business relationship or should terminate said relationship with the client.
- V. If there exists any of the following situations, the bank shall politely decline to provide service to open accounts or carry on any transactions:
- (I) Where a client requests to open an account is suspected of using a false name, a dummy account, a shell business enterprise or a shell entity or corporation;
 - (II) Where a client refuses to provide the required documents for checking and verifying their identity, except for where the identity of the client has already been checked and verified to be correct;
 - (III) Where a client opens an account through a consignee or an agent, and it is difficult to check and verify the facts of consignment, the authority as well as identity of the related data;

- (IV) Where a client uses forged or altered identification certificates or the identification certificates submitted are all copies;
 - (V) Where any documents or information submitted are doubtful or illegible and no other supporting documents or information is provided or the provided documents or information are not verifiable;
 - (VI) Where a client unusually delays in providing necessary identification documents;
 - (VII) When receiving a request for opening an account, if, under any other unusual situations, the client fails to provide a reasonable explanation;
 - (VIII) Where a client is a terrorist or terrorist group affected by economic sanctions, identified or investigated by an international organization against money laundering.
- VI. If there are any of the following situations, they shall be handled in accordance with the agreed-upon contract:
- (I) Pursuant to Item (VIII) of the Preceding Subparagraph, the bank may refuse to conduct business with the client or simply close the account.
 - (II) For clients such as unwilling to coordinate with the routine review, refuse to provide actual beneficiaries or information about exercising the control over clients, or unwilling to explain the nature and purpose of the transaction and sources of the funds, and so on, the banks may temporarily suspend or terminate their business relationship with the client.

Article 5

Guidelines for opening accounts over the counter:

- I. When the teller accepts requests by a client for opening an account (including individual or non-individual), a double identification document check shall be conducted; copies of the first identification document(s) shall be kept while the secondary documents other than ID card and the registration certificate shall be able to show who the client is.
- II. Where the client is an individual, in addition to his/her ID documents, other documents which can verify his/her identity shall be supplemented, such as a National Health Insurance Card, passport, driver's license, student ID card, house-hold registration, a transcript of household registration. Records of organizations and schools can also serve as the secondary identification documents(s).

The bank should also make use of its self constructed database or externally obtained sources to confirm whether the clients are well-known politicians in foreign countries. If so, appropriate risk management measures shall be taken and routine review shall be conducted.

- III. Where the client is non-individual, to open an account the teller shall obtain incorporation registration, official documents or other supporting certificates and, in addition, the minutes of Board of Directors meeting, Articles of Incorporation or financial statements. The teller shall not accept tax payment certificates as the only source to verify identity. However, if the company's registration document has been collected, it may serve as the non-individual account representative's (or responsible person's)

secondary identification certificates. In the case of opening a corporate account, if the company's registration document has been collected and the search and recordation of the company's registration with the website of Ministry of Economic Affairs has been conducted by the bank, it is not necessary to request the minutes of directors' meetings and other related documents.

With respect to accounts opened through the internet, they shall be processed in accordance with the "specimen operations procedures for banks to accept requests to open stored value accounts through the internet" promulgated by the Bankers Association of the Republic of China and approved by the Competent Authority.

With respect to accounts opened through a consignee or agent where a client is not found to be suspicious until after the account has been opened, the teller shall reconfirm by phone, by letter or by on-the-spot interview.

With respect to accounts opened by mail, the teller shall reply with an official letter through registered mail after the account opening procedures are completed so as to verify the case.

Other matters with respect to opening an account shall be processed in accordance with the internal operational regulations of the bank.

Article 6

Guidelines for the ongoing monitoring of accounts and transactions:

- I. The bank shall conduct ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the bank's knowledge of the

clients, their business and risk profile, including, where necessary, the source of funds.

- II. The bank shall routinely review and identify the adequacy of identification information obtained with respect to clients and beneficiaries and ensure that the information is kept up to date, particularly for higher risk categories of clients.
- III. The bank is entitled to rely on the identification and verification steps that it has already undertaken, therefore the bank is allowed not to repeatedly identify and verify the identity of each client every time that a client conducts a transaction unless it has doubts about the veracity of that information. Examples of situations that might lead a banking business to have such doubts could be where there is a suspicion of money laundering or the financing of terrorism in relation to that client, or where there is a material change in the way that the client's account is operated that is not consistent with the client's business profile.

Article 7

Declaration of cash transactions above a certain amount:

- I. The tellers should check and verify clients' identities and keep transaction records in archives.
- II. The bank shall take measure to check and verify the identity of the client in accordance with Subparagraph II, Paragraph one of Article 4.
- III. The bank shall, except in situations described in Paragraph two and three of this Article, file a report via electronic media within five (5) business days (See attachment 1 for file format) after the completion of the transaction to the Investigation Bureau,

Ministry of Justice. The bank may file such a report in written copy (see attachment 2 for format) provided it is unable to file the report via electronic media with good cause and has acquired the approval of the Investigation Bureau, Ministry of Justice.

A bank is not required to file a report on any of the following cash transactions above a certain amount with the Investigation Bureau, Ministry of Justice, provided that the bank verifies the identity of the client and keeps the transaction record thereof:

- I. Receivables and payables arising from the transactions with government agencies, state-run enterprises, institutions acting with governmental power (within the scope of mandate), public and private schools, public enterprises and government funds established where relevant regulations or contractual relationships so provide.
- II. Transactions and funding arrangements between financial institutions. Notwithstanding the foregoing, payables to another bank's customer paid through an inter-bank deposit account, such as a customer cashing a check issued by another bank, shall be handled as required, provided that the cash transaction of the same customer exceeds a certain amount.
- III. Lottery ticket purchases by lottery merchants.
- IV. Payments collected on behalf of a third party (excluding payments deposited in designated stock subscription accounts) where the payment notice expressly bears the name, ID Card number (including the code which enables tracking of counterparty's identity), and type and amount of transaction. Nevertheless, the duplicate copy of the payment notice shall be

kept as the transaction record.

In case of non-individual accounts such as those opened by department stores, hypermarket, supermarket chains, gas stations, hospitals, transportation businesses and hotels and restaurants which must constantly or routinely deposit cash amounting to over a certain amount in line with business needs, the bank may, after verifying the actual business needs, submit the name list to the Investigation Bureau, Ministry of Justice for recordation. Verification and reporting of transactions on a case-by-case basis may be waived for such an account unless the Investigation Bureau, Ministry of Justice responds to the contrary within ten days from the receipt of the name list. The bank shall examine the counterparties to the transactions exempted from reporting at least once every year and report to the Investigation Bureau, Ministry of Justice for recordation if there are no longer business dealings with the counterparties as mentioned in this Paragraph.

For the transactions as mentioned in the preceding two Paragraphs, if there is a situation regarding suspected money laundering or the financing of terrorism, it shall be handled in accordance with Article 8 of the Money Laundering Control Act.

Article 8

The bank shall pay special attention to the following situations, in case there is a suspected money laundering and financing of terrorism transaction, it shall, pursuant to the specimen, check and verify the identity of the client, keep the transaction record, and file a suspicious transaction report (STR) thereof within ten business days after the transaction is noticed with the Investigation Bureau,

Ministry of Justice:

- I. Where the total cash deposits or withdrawals into or from the same account on the same business day cumulatively reaches above a certain amount and the transactions do not appear to be commensurate with the account holder's status and income or are unrelated to the nature of the client's business;
- II. Where a client's makes multiple cash deposits or withdrawals at the same counter, which cumulatively reach above a certain amount and the transactions do not appear to be commensurate with the client's status and income or are unrelated to the nature of the client's business;
- III. Where a client's at the same counter at one time uses cash to make multiple outward remittances, or requests the drawing of negotiable instruments (e.g., bank check, due-from-bank check, and bank draft), purchases NCD, traveler's checks, or other valuable securities, which in total exceeds a certain amount and the customer is unable to reasonably explain the purposes of those transactions;
- IV. Where a client makes multiple cash deposits or withdrawals at different counters, with each deposit or withdrawal not reaching (or reaching) the threshold to declare a suspected money laundering and financing of terrorism transaction, and the total amount cumulatively reaches above a certain amount and the transactions do not appear to be commensurate with the client's status and income or are unrelated to the nature of the client's business;
- V. When a client suddenly receives a deposit(s) in an extraordinarily large amount (e.g., by depositing many

promissory notes, checks into the same account) which is apparently not commensurate with the client's identity and income background and irrelevant to the nature of the client's business;

- VI. When an inactive client or account suddenly has a large amount of cash input or output (e.g., depositing large-amount check(s) to apply for financing) and that amount is quickly transferred out;
- VII. Immediately after the opening of an account, there are large amounts deposited or remitted in and quickly transferred out. The deposit and withdrawal amounts are apparently not commensurate with the client's identity and income and are irrelevant to the nature of the client's business;
- VIII. The account has multiple small deposits in a short period of time and these funds are immediate withdrawals in a large amount or in a scattered manner and leave only a nominal balance in the account. The deposit and withdrawal amounts are apparently incommensurate with the client's identity or income and irrelevant to the nature of the client's business;
- IX. When a client is found to have frequently transferred large amounts of funds within the relevant accounts or requests to proceed with his/her transaction in cash (nominally to withdraw cash, but the real purpose is to transfer money within accounts);
- X. When each deposit and withdrawal are of similar amounts and the transactions are made almost back to back;
- XI. When the transaction is an inward remittance from certain countries or territories with a high risk of money laundering

and the financing of terrorism, and where the transaction is found apparently incommensurate with the client's identity or income and irrelevant to the nature of the client's business. The names of the countries or territories in this Subparagraph shall be updated in line with the countries or territories which fail to comply with the suggestions of international money laundering prevention organizations as published by the international money laundering organizations via the Financial Supervisory Commission, and those that are materially defective in the prevention of money laundering and the combatting of the financing of terrorism in any other countries or territories;

- XII. When, in a case of transactions involving foreign exchange, traveler's checks, draft in foreign currencies or other bearer's financial tools in a large amount, the client fails to clarify its purposes or origin, or where the transaction proves to be nonconforming with the client's identity or business;
- XIII. Where a client is found to have frequently converted small denomination bank notes into large denomination ones or vice versa;
- XIV. Where a client is found to have frequently deposited/withdrawn large amounts into/out of a specific account for others or through different third parties;
- XV. Where a client is found to have scattered transactions through the same account and frequently deposited into or withdrew out of an account amounts marginally below the threshold for declaration.
- XVI. Where a client is found to have abruptly repaid large amounts

of doubtful loans but could not reasonably explain the origin of the funds;

- XVII. Any other obviously unusual transactions, e.g., sales of financial bonds in large volumes and requesting cash payment; frequent use of traveler's checks or foreign currency checks in a large volume without justifiable reasons; opening L/Cs in a large amount for transactions where the client is unable to provide reasonable information, or opening an account in large amounts (tens of millions of New Taiwan Dollars) with another financial institution's check that is suspected to be a money-laundering or terrorism financing transaction;
- XVIII. Where the ultimate beneficiary or transaction party is a terrorist or terrorist group as advised by the Financial Supervisory Commission based on information provided by foreign governments or a terrorist organization identified or investigated by an international organization against money laundering; or where the transaction is suspected of, or bears reasonable reason to be suspected of, having been linked with a terrorist activities, terrorist organizations, or the financing of terrorism;
- XIX. Where the deposit, withdrawals and remittance transactions are engaged by an individual that is suspected to have been involved in any special serious cases reported by television, newspapers, magazines, the internet or other media;
- XX. Where several people team up with one another to conduct deposits, withdrawals or remittances with the same bank;

The Bank shall report to the Investigation Bureau, Ministry of Justice the potential money laundering and financing of terrorism

transactions other than those identified in the preceding Paragraphs (including cash and transfer transactions), regardless of the amount of transactions.

If the transactions referred in the preceding two Paragraphs are incomplete, the bank shall also report them to the Investigation Bureau, Ministry of Justice.

Article 9

The bank shall determine the extent of applying the measures to check and verify the identity of the client and the ongoing monitoring measures under Subparagraph II, Paragraph one of Article 4 as well as Article 6 using a risk-based approach to determine the degree of enforcement. The enhanced measures for checking and verifying the identity of client and the ongoing monitoring shall be applied to those circumstances with higher risk while the simplified measures are allowed where a lower risk has been identified. However, simplified measures are not allowed in the following circumstances:

- I. Where the clients are from or in countries and territories, including but not limited to those countries or territories which fail to comply with the suggestions of international money laundering prevention organizations, as published by the international money laundering organizations via the Financial Supervisory Commission, and those that are materially defective in the prevention of money laundering and combatting the financing of terrorism in any other countries or territories.
- II. Where the bank has sufficient reason to suspect there are

money laundering or terrorism financing activities involved with the client or in the transaction.

The simplified measures that are allowed to be adopted by the bank:

- I. To reduce frequency in terms of updating the information regarding the client's identity;
- II. To reduce the level of ongoing monitoring measures and adopt a reasonable threshold as a basis to review the transaction;
- III. If the purpose and nature of a transaction can be inferred by the transaction type or existing business relationship, there is no need to collect specific information or carry out specific measures to understand the purpose and the nature of the business relationship.

The bank shall review its existing clients in terms of their importance to the bank and their risk profiles. The bank shall also consider the time the previous review is conducted and the adequacy of the information obtained from that review to determine the appropriate time to conduct review for the existing business relationship.

Article 10

The bank shall keep records on all business relations and transactions with its clients in accordance with the following provisions:

- I. The bank shall maintain, for at least five years, all necessary records on transactions, both domestic and international. The bank shall ensure compliance with the requests of the Competent Authority to provide relevant information and to reconstruct each individual transaction as evidence to

prosecute a crime. The aforementioned necessary records include:

- (I) Names, account numbers or identification numbers of all parties in the transactions;
 - (II) Transaction date;
 - (III) Type of currency and amounts;
 - (IV) The method to deposit or withdraw the funds, such as with cash or checks;
 - (V) The destination of the funds;
 - (VI) The method of instruction or authorization;
- II. For cash transactions reaching a certain amount, the verified records and transaction vouchers shall be archived for at least five years in the original manner. On the method of recording procedures to verify clients, the bank will take into account the principle of unanimity for the entire bank and select one method to record.
- III. For the declaration of suspected money laundering or terrorism financing transactions, the declaration records and transaction vouchers shall be archived for at least five years in the original manner.
- IV. The bank shall keep the following information for at least five years after the business relationship has ended, or after the date on which the occasional transactions have ended:
- (I) All records obtained through the measures of checking and verifying the identity of client, such as passports, identification cards, driver's licenses, copies of similar official documents or records;
 - (II) Account files;

- (III) Business correspondence including inquiries to establish the background and purpose of complex, unusual transactions and the results of any analysis undertaken;

Article 11

The anti-money laundering and combatting the financing of terrorism risk control mechanism and the internal control procedures;

I. Ongoing control over accounts and transactions:

- (I) The bank shall utilize the information system step by step to assist in discovering the suspected transactions.
- (II) The bank shall strengthen control over an account of a higher risk.
- (III) The bank shall exercise extraordinary diligence over complicated transactions, transactions of large amounts or unusual transactions which are done without economic or legal purpose; the bank shall, as far as possible, look into the backgrounds and motivations behind the aforementioned transactions and set up documented data on all findings.

II. In case of the existence of any of the following situations regarding the client, the teller shall politely decline to provide service and report to his/her immediate supervisor:

- (I) The client insists not to provide relevant information when being notified that he is to provide such information to prove his identity as required by law;
- (II) Any individual or group uses force or intends to use force to prevent the teller from filing the transaction record or the declaration template.

- (III) The client attempts to persuade the teller not to fill out the information that is required for completing the transaction
 - (IV) The client inquires into the possibility of avoiding the filing of the report.
 - (V) The client anxiously explains the legality of the sources of funds or that there is no money laundering activity involved.
 - (VI) The client insists that the transaction be completed immediately without justifiable reason.
 - (VII) The client's description is obviously not consistent with the dealing itself.
 - (VIII) The client attempts to provide benefits to the teller in order to obtain the services of the bank.
- III. The bank shall establish a proper employee selection process under careful consideration, including the review on the integrity of character of employees intending to hire and the professional knowledge required to perform their duties, especially on any potential conflict of interest between employees and their duties of the implementation of prevention and control of money laundering and combating the financing of terrorism.
- IV. A teller shall be subject to random checks on the business he is in charge of in any of the following situations. The audit office shall render support as necessary when requested:
- (I) The teller lives a luxurious life which is not commensurate with his or her income.
 - (II) The teller refuses to take leave which he or she is entitled to under the bank's regulations.
 - (III) The teller is unable to reasonably explain the large

transactions in and out of his or her account.

V. Dedicated personnel and relevant procedures to declare:

- (I) The Bank shall appoint the Vice President (or a person of or higher than the equivalent rank) to serve as the designated officer to coordinate with and oversee the enforcement of the specimen. The Bank shall further designate a Degree I unit to serve as the unit in charge. The Vice President so appointed shall be the one who has satisfactorily completed the educational & training programs on the Money Laundering Prevention Act. All newcomers shall complete the same educational & training programs within six months of the date of hiring.
- (II) All branches shall appoint senior managers to undertake the task of supervision in the prevention of the task.
- (III) Declaration procedures of the suspected money laundering and financing of terrorism transaction
 - 1. The person in charge in all departments shall immediately report to the responsible supervisor whenever abnormalities are noticed in transaction.
 - 2. The responsible supervisor shall promptly resolve whether or not the case should be declared.
 - 3. If it is ruled that the case should be declared, the original Person in Charge shall immediately fill out the written declaration form based on the format shown in Attachment 3.
 - 4. The declaration form shall be approved by the head of the respective department and forwarded to the head office (headquarters).

5. After the approval of designated officer of the responsible department of the Bank, the declaration shall be made to the Investigation Bureau, Ministry of Justice forthwith.
- (IV) For obvious, significant and urgent suspected money laundering or financing of terrorism transactions, the bank should report the declaration to the Investigation Bureau, Ministry of Justice promptly by fax or other feasible means and follow it up with a written report. The bank is not required to submit a follow-up written report, provided the Investigation Bureau, Ministry of Justice has acknowledged the receipt of the fax report by sending a reply by fax (See Attachment 4). In such event, the bank shall keep the fax confirmation reply.
- VI. Regulation with respect to the confidentiality of the materials and relevant information for declaration:
 - (I) Employees at all levels shall keep the reporting of the declaration information pursuant to Article 8 in strict confidence and shall not make disclosure without authorization.
 - (II) All documents pertinent to the declaration process shall be classified as confidential and shall be subject to the relevant regulations on any possible disclosure.
 - (III) The personnel designated for anti-money-laundering, personnel in charge of legal compliance, or audit personnel may, in line with the needs of the implementation of duties, shall timely obtain the client data and transaction records, however they must still faithfully comply with the non-disclosure obligations.

- VII. Requirement to routinely review whether the internal controls are adequate to prevent money laundering:
- (I) The bank shall conduct routine review with respect to the effectiveness of the specimen with regard to the prevention of money laundering.
 - (II) The type and extent of control measures taken by the bank should be proportional to the risks of money laundering and terrorist financing, as well as the scale of businesses.
 - (III) Where a specific bank may have many branches distributed widely, it shall call up relevant personnel for meetings for the review of the status of enforcement in the prevention of money laundering for sharing points of view.
- VIII. The responsibilities of the audit functions of the bank with respect to the tasks are as follows:
- (I) The audit function of the bank shall conduct routine audits in accordance with the internal regulations as instituted for internal control, and tests on the effectiveness of the money laundering and terrorist financing risk assessment and relevant prevention program and the risks management quality of banking operations, departments and branches.
 - (II) Where the audit function may discover the noncompliance of specific departments with internal regulations for the prevention of money laundering, it should regularly report to the vice president responsible for the supervision of such task or relevant personnel. This information may be used as reference for the training of employees.
 - (III) In the event that the respective auditors failed to report any material breach of the internal regulations and attempted to

conceal such facts, competent authority of the bank shall take appropriate actions.

- (IV) The audit function of the bank shall designate personnel responsible for conducting audits on transactions in large amounts at random and understand the legitimacy of such transactions.
- IX. In the event that the Bank concurrently operates business, such department in concurrent business operation shall be subject to the specimen of the Guidelines for Money Laundering Prevention and combatting the financing of terrorism that are equally applicable to the business concerned. In the event that the Bank concurrently operates a bills business, the Bills Division shall be equally subject to the specimen of Guidelines on the Money Laundering Prevention and Financing of Terrorists on Bills Dealers.
- X. In relation to cross-border correspondent banking and other similar relationships, financial institutions should enact specified policies and procedures, including at least the following:
 - (I) Gather sufficient publicly available information to fully understand the nature of the correspondent bank's business and to determine the reputation of the correspondent bank and the quality of supervision, including whether it has complied with the regulatory actions of anti-money laundering or combatting the financing of terrorism.
 - (II) Assess whether the correspondent bank has control policy and effective measures of the anti-money laundering and combatting of terrorism financing transactions, and

ascertain that they are adequate and effective.

- (III) The Bank should obtain approval from senior management before establishing relationships with other correspondent banks.
 - (IV) Document the respective anti-money laundering and combatting of the financing of terrorism responsibilities of each institution.
 - (V) Where a correspondent relationship involves the maintenance of “payable-through accounts”, it is necessary to identify that the correspondent bank has strictly identified the client’s identity and provided the relevant information about the identification, if necessary.
 - (VI) The bank is prohibited from establishing the correspondent relationship with any shell banks or any foreign financial organizations permitting any shell banks to use their accounts.
- XI. To the extent permitted by foreign laws and regulations, the bank shall ensure that its foreign branches and subsidiaries comply with the same strict measures for Anti-Money Laundering and Combatting the Financing of Terrorism (AML/CFT) as used in Taiwan. Where the minimum requirements of the countries where its headquarters and branches or subsidiaries are located are different, the branch or subsidiary shall choose to follow the criteria which are higher. However, in case there is any doubt regarding the determination of higher or lower criteria, the determination by the competent authorities of the place in which the

headquarters of the bank are located shall prevail. If it is unable to adopt the same criteria as the headquarters due to prohibitions from foreign laws and regulations, appropriate additional measures should be taken to manage risks of money laundering and terrorist financing, and a report shall be made to the Financial Supervising Commission.

Article 12

The bank should routinely take part in or organize training programs in the prevention of money laundering and combatting the financing of terrorism.

- I. Pre-service educational & training programs
Programs on the legal rules against money laundering and the legal responsibilities of personnel in the financial services profession shall be provided for new recruits of the bank so that they can understand relevant requirements and their responsibilities.
- II. On the job training:
 - (I) Initial promulgation of laws and regulations:
After the Money Laundering Control Act has come into full force or amended, the bank shall educate the employees on the applicability of such law within the shortest possible time and discuss the relevant measures of the bank for cooperation. The department responsible for the task of preventing money laundering shall be responsible for the planning and organizing of related matters, and then hand it

over to the department responsible for teller training to implement the program.

(II) Routine on-the-job training:

1. The department responsible for teller training shall routinely organize relevant programs for the training of tellers to strengthen their judgment for properly enforcing the prevention of money laundering, as well as the combatting the financing of terrorism and avoiding the violation of the law. The said training may be arranged with external professional bodies for joint training programs.
2. The training programs may be lectured by internal tutors or by experts and scholars engaged externally.
3. The training programs shall contain legal content and case studies so that the tellers can understand the characteristics of money laundering and combatting the financing of terrorism and the types of suspicious transactions through the training, and so that they can detect “transactions suspected of involving money laundering and terrorist financing”.
4. The department responsible for the planning and supervision of teller training shall routinely review and understand the effect of the training and urge those who did not participate in the training programs to attend relevant training.
5. Further to internal on the job training, the bank may send relevant tellers to attend training organized by external training agencies.

(III) Speech on selected topics: The bank shall organize speeches

given on selected topics so that the tellers can better understand applicable legal rules for the prevention of money laundering. Scholars or experts in the field may be invited to give speeches.

Article 13

Tellers shall be awarded on their contribution to the prevention of money laundering or combatting the financing of terrorism specified as follows:

- I. Tellers who have discovered cases allegedly involved in money laundering or terrorist financing, have made a report to the competent authority in accordance with application rules on the prevention of money laundering and led to the crackdown of money laundering by the police and prosecution authorities.
- II. Tellers who have participated in seminars or conferences on the prevention of money laundering or combatting the financing of terrorism with outstanding performance or who have successfully gathered legal rules or information in foreign countries valuable for banks in their work on the prevention of money laundering.

Article 14

The specimen shall be put into force after being approved by the board of directors (or the responsible department authorized by delegation) and shall be reported to the Financial Supervisory Commission for record. The specimen shall be reviewed each year. The same applies to any amendment thereto.

(Large Cash Transaction File Layout)

Client Information:				
Column Name	Column Length	Column Type	Explanation	Note
Transaction Account	23	Character	Headquarter(3)-Branch(4)-Account(16) With respect to the transaction account, if there are any blanks in front of the branch or account number please place "0" in the blanks, such as 001-0241-0000000123456789	
Account (client) Name	40	Character	Align to the left, fill out the remaining space with blanks	
Account Opening Date	8	Character	Use "Year, Month, Day" in sequence. For example: "20030116" represents "2003 January 16 th "	
Unified VAT Number	11	Character	ID Card, Company Unified VAT Number, Passport Number, align to the left, fill out the remaining space with blank	
Date of Birth	8	Character	Use "Year, Month, Day" in sequence. For example: "20030116" represents "2003 January 16 th "	
Telephone Number	20	Character	Align to the left, fill out the remaining space with blanks	
Nationality	20	Character	Align to the left, fill out the remaining space with blanks	
Address	80	Character	Align to the left, fill out the remaining space with blanks	
(On Behalf) Transaction Party				
Column Name	Column Length	Column Type	Explanation	Note
Name	40	Character	Align to the left, fill out the remaining space with blanks	
Unified VAT Number	11	Character	ID Card, Passport Number align to the left, fill out the remaining space with blanks	
Date of Birth	8	Character	Use "Year, Month, Day" in sequence. For example: "20030116" represents "2003 January 16 th "	
Telephone Number	20	Character	Align to the left, fill out the remaining space with blanks.	
Transaction Details:				
Column Name	Column Length	Column Type	Explanation	Note
Date and Time of	12	Character	Use "Year, Month, Day, Hour, Minute" in sequence.	

Transaction			For example: “200301161230” represents “2003 January 16 th 12:30”.	
Transaction Amount (equivalent to New Taiwan Dollars)	12	Character	Align Amount to the right, fill out “0” in the front without hyphen in between	
Transaction Banks	7	Character	Headquarter (3)-Branch(4) If there are blanks in front of the branch account number please place “0” in the blanks	
Transaction Type	2	Character	01 Withdrawal 02 Deposit 03 Exchange bank notes, 99 Others	
Cumulative Amounts	12	Character	Align Amount to the right, fill out “0” in the front without a hyphen in between	
Person to receive the amount	40	Character	For the transaction of cash remittance align to the left, fill the remaining space with blanks	
Account to receive the amount	23	Character		
Note	10	Character	Self note, if necessary, by the financial institution (align to the left, fill the remaining spaces with blanks)	

Note Every column is of the same fixed length. “|” (pipe line) is a symbol used to divide between columns. There is no dividing symbol before the first column. There is a dividing symbol after the last column.

The total length of each record is 427 bytes (containing information of 407 bytes and the column dividing symbol (“|”) is of 20 bytes.

The Chinese Code uses the Big-5 Code.

The file saving format has adopted the MS-DOS pure character format file (There are the CR “0D” & LF “0A” symbols after each record.)

Declaration Institution Large Cash Transaction

Declaration Date: Year Month Date

I Client Basic Data	
Column Name	Explanation to fill out the form
Transaction Account	Headquarter (3)-Branch(4)-Account (16) With respect to the transaction account, if there are any blanks in front of the branch or account number please place "0" in the blanks, such as 001-0241-0000000123456789
Account (client) Name:	Name or Company Name
Account Opening Date:	Example: 2003/1/16 (Year/Month/Date)
Unified VAT Number:	ID Card, Company Unified VAT Tax Number, Passport Number
Date of Birth:	Example: 2003/01/16 (Year/Month/Date)
Phone Number:	
Nationality:	
Address:	
II (On Behalf) Transaction Party Basic Information	
Column Name	Explanation to fill out the form
Name:	
Unified VAT Number:	ID, Passport Number
Date of Birth:	Example: 2003/01/16 (Year/Month/Date)
Phone:	
III Detail Information	
Column Name	Explanation to fill out the form
Date and Time of Transaction:	Example: 2003/01/16 12:30 (Year/Month/Date Hour:Minute)
Transaction Amount (equivalent to New Taiwan Dollars) :	Fill out with numbers
Transaction Banks:	Headquarter(3)-Branch(4) substitution number

Transaction Type:	01 Withdrawal 02 Deposit 03 Exchange bank notes, 99 Others (Please explain by adding notes)
Cumulative Amounts:	Fill out with numbers
Person to receive the amount:	For use of cash and remittance transaction
Account to receive the amount:	
Note:	Self note, if necessary, by the financial institution
IV Name of financial institution (Headquarters) declaring large cash transaction Personnel in Charge: (Or designated personnel) : Phone and Fax Number: Address:	

(Declaration Entity)

Suspicious Transaction Report

Number in sequence_____ (3 digits)

Year Month Day

I Client Basic Information: (Maximum 10 clients, the table can be extended if required)

(1) Name/Name of legal Organization:_____

(2) Birthday/Registration Date:_____

(3) Type:____(1. Male; 2. Female; 3. Domestic Company; 4. Foreign Company; 5. Non-Legal Organization or sole proprietorship; 6. Others)

(4) Type of Client:____(1. Regular Deposit Account; 2. Credit Card Account; 3. Wealth Management Account; 4. Credit Account; 5. Security Account; 6. Trust Account; 7. Foreign Exchange Account; 8. The insurance policy holder; 9. Insurance Account; 0. Others; A: ATM Transaction without client information)

(5) Foreign Well Known Politician (PEP):__ (0:No; 1:Yes)

(6) Unified VAT Tax Number:_____ (7) Passport Number:_____

(8) ARC Number:_____ (9) Nationality:_____

(10) Nationality (0: R.O.C National; 1: Foreigner with ARC; 2: Foreigner without ARC; 3: People from Mainland China who have ARC; 4: People from Mainland China without ARC)

(11) Profession:_____ (12) Telephone:_____

(13) Address:_____

II Basic information of the entrusted person: (Maximum 10 persons, table can be extended if required)

(1) Name/Name of legal Organization:_____

(2) Birthday/Registration Date:_____

(3) Type (1. Male; 2. Female; 3. Domestic Company; (4) Foreign Company; (5) Non-Legal Organization or sole proprietorship; (6) Others

(4) Unified VAT Tax Number:_____ (5) Passport Number:_____

(6) Nationality (0: R.O.C National; 1. Foreigner with ARC; 2. Foreigner without ARC; 3. People from Mainland China who have ARC; 4. People from Mainland China without ARC) (7) Nationality

(8) Occupation:_____

(9) Telephone Number:_____

(10) Location of Transaction:_____

(11) Address:_____

(12) Relationship with the client:_____ (1. Spouse; 2. Direct (side) blood; 3. Other relatives other than those specified in 1 and 2; 4. Employment; 5. Friend; 6. Responsible Person of non-individual account; 7: Insurance Applicant; 8. Beneficiary; 9. Not known; 0: Others_____)

III Transaction Detail Information

(1) Whether the transaction is completed (0: Not yet; 1. Completed)

(2) Transaction Type

Bank:_____ (01: Cash disbursements; 02: Cash deposit; 03: Transfer disbursement; 04: Transfer Receipt; 05: Outward remittance; 06: Inward Remittance; 07: Bills Disbursement; 08: Bills Receipts; 09: Electronic Transaction Disbursement; 10: Electronic Transaction Receipts; 11: Foreign Currency Disbursement; 12. Foreign Currency Receipts; 13. Settlement Disbursement; 14. Settlement receipts; 99: Others_____)

Other Financial Institution or Designated Declaration Entity

_____.

(Description)

(3) Opening Bank: _____ (4) Trading Bank: _____

(5) Initial Date of suspicious transactions: _____

(6) End date of suspicious transactions: _____

(7) Category of Currency: _____

(8) Transaction Amount: _____

(9) Equivalent in New Taiwan Dollars: _____

IV Transaction Account (maximum input of 10 account numbers. Table can be extended if required)

1: _____ 2: _____

V Reason for Suspicion: _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

VI Coincide with No ____ Paragraph of the characteristics of the suspicious transactions

VII Attached with relevant information to open account for a total of ____ Pages

VIII Name of the financial institution declaring the suspicious transaction (headquarters)

Designated Officer (Responsible Person):

Contact Person:

_____ Telephone Number of
the Contact Person:

Fax Number of the Contact Person:

Responsible Person of the Branch (Branch
Office):

_____ Telephone Number of Responsible Person of the
Branch (Branch Office):

_____ Fax Number of the Contact Person of the Branch
(Branch Office):

Receipt of the fax report

Fax Department			
Fax Date			
Document No.			
Total Pages			Official Seal of the Department
Contact Person			
Phone Number			
Fax Number			

Receiving Department		Official Seal of the Department
Receiving Date		
Person in Charge		
Phone Number		
Fax Number		