

The Bankers Association of the Republic of China
“Model Guidelines for Credit Cards Companies' Anti-Money Laundering
and Counter Terrorism Financing Policies and Procedures”

The document was amended in accordance with FSC Banking (IV) No. 0938011300 Letter of the Financial Supervisory Commission of the Executive Yuan dated July 20, 2004 and approved to be filed for future reference.

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Article 1

The Guideline is enacted in accordance with the “Money Laundering Control Act,” the **“Counter-Terrorism Financing Act,”** the **“Regulations Governing Anti-Money Laundering of Financial Institutions,”** and **“Directions Governing Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Banking Business, Electronic Payment Institutions and Electronic Stored Value Card Issuers.”**

Article 2

The institutions engaging in credit card business shall establish an internal control system in accordance with Article 33 of the “Rules Governing the Institutions Engaging in Credit Card Business” that **shall be approved by the Board of Directors (Executives), same for the amendments. Its contents** shall include the following matters:

- I. **Enact** the money laundering and terrorism financing risk identification, assessment, and management related policies and procedures **in accordance with the “Guidelines**

for Credit Cards Companies Regarding Assessment of Money Laundering and Terrorism Financing Risks and Adoption of Prevention Programs” (Annex).

II. **Enact the** anti-money laundering **and countering** terrorism financing programs **in accordance with the Guidelines and the risk** assessment results **and the scale of business operations to manage and reduce the identified risks and to adopt intensive control measures for the higher risks.**

III. **Supervise and control the** compliance of **Anti-Money Laundering and Countering Terrorism Financing regulations** and the standard operating procedures of anti-money laundering and countering terrorism financing programs, included in the self-examination and internal audit **and shall be implemented forcefully when necessary.**

The money laundering and terrorism financing risk identification, assessment, and management in Section 1 of the preceding paragraph shall at least include the customer, regions, product and service, transaction or payment channels, etc., and shall be handled in accordance with the following provisions:

I. **Prepare the risk assessment report.**

II. **Consider all risk factors to determine the overall risk levels and the appropriate measures for risk reduction.**

III. **Enact the mechanism for updating the risk assessment report in order to ensure the update of the risk data.**

IV. **The composed or updated risk assessment report shall be submitted to the Financial Supervisory Commission (hereinafter referred to as the “FSC”) for future reference.**

The Anti-Money Laundering and Countering Terrorism Financing Program referred to in Paragraph 1, Section 2 shall include the following policies, procedures, and control measures:

I. **Confirm the identity of the customer.**

II. **Examine the name and title of the customer.**

III. **Monitor credit card accounts and transactions continuously.**

IV. Keep records.

V. Report any cash collection of an overpayment for an amount more than NT\$500,000 (including the equivalent value in foreign currency) in one transaction.

VI. Report suspected money laundering or terrorism financing transactions in accordance with the Terrorism Financing Prevention Act.

VII. Designate the functional head for the compliance matters related to anti-money laundering and countering terrorism financing.

VIII. Employee Recruitment and Appointment Procedures

IX. Continue an employee training program.

X. An independent audit function for testing the effectiveness of anti-money laundering and countering terrorism financing system

XI. Other matters enacted in accordance with the Money Laundering Control Act, Terrorism Financing Prevention Act, and the requirements of the Financial Supervisory Commission

For branch offices or subsidiaries of foreign credit card companies in Taiwan that are to have the money laundering and terrorism financing risk identification, assessment, and management related policies, procedures, and anti-money laundering and countering terrorism financing program related policies, procedures, and control mechanism to be enacted in accordance with the “Guidelines for Credit Cards Companies Regarding Assessment of Money Laundering and Terrorism Financing Risks and Adoption of Prevention Programs” as stated in Paragraph 1, Section 1 and Section 2, if their parent company has already established the policies, procedures, and control mechanism that are not inferior to the requirements of Taiwan and do not violate the laws and regulations of Taiwan, the said branch offices or subsidiaries of the foreign credit card companies may apply the said establishment of the parent company.

The Board of Directors (Executives) of the institutions engaging in credit card business is ultimately responsible for ensuring the establishment and maintenance of appropriate and effective internal control for anti-money laundering and countering terrorism

financing. The Board of Directors (Executives) and senior management shall understand the risks of money laundering and terrorism financing, the operation of anti-money laundering and countering terrorism financing program, and adopt measures to shape the culture of appreciating the importance of anti-money laundering and countering terrorism financing.

Article 3

The terminologies included in the Guideline are as follows:

- I. Customer: Refers to the cardholder of the institutions engaging in credit card business and the merchants of the credit card collection agency.**
- II. Real beneficiary: Refers to the natural person who has the ultimate ownership or control over the customer, or the natural person principal who has his/her transaction commissioned, including the natural person who has ultimate and effective control over the legal entity or legal negotiation.**
- III. Risk-based approach: The institutions engaging in credit card business shall confirm, assess, and understand the risk of money laundering and terrorism financing that are exposing to and take appropriate measures to prevent money laundering and terrorism financing in order to effectively reduce such risks. In terms of “Risk-based approach,” the institutions engaging in credit card business shall take advanced measures for higher risks; also, for lower risk, relatively simple measures can be taken to allocate resources effectively and to reduce the confirmed risk of money laundering and terrorism financing with the most appropriate and effective method adopted.**

Article 4

Confirmation of customer’s identity shall be handled in accordance with the following:

- I. An application filed in **any of the** following circumstances shall be declined:
 - (I) **Suspected use of anonymous, pseudonym, figurehead, dummy corporate, or dummy legal entity**

- (II) The customer refuses to provide identity information for review, unless the identity can be verified through **a reliable and independent source of data.**
- (III) **The operation and identity of an agent cannot be verified.**
- (IV) **The possession and use of forged or altered identity document**
- (V) **Proof of identity documents are photocopies. Unless otherwise approved with the submission of photocopies of identity document or video files added with other control measures.**
- (VI) **Provide documents that are suspicious and obscure without presenting other supporting data or document and information for verification.**
- (VII) **Customer is unusually slow in having the additional identity document provided.**
- (VIII) The applicants are **individuals, legal entities, or groups** sanctioned under the **Terrorism Financing Prevention Act** or terrorists or terrorist groups identified and investigated by a foreign government or an international anti-money laundering organization. **Payments made in accordance with Article 6, Paragraph 1, Sections 2 – Section 4 of the Terrorism Financing Prevention Act are not subject to the said limitation.**
- (IX) **The customer cannot give a reasonable statement for the nonconformities found while filing an application.**

II. The timing of confirming customer's identity:

- (I) When establishing a business relationship with a customer
- (II)** When detecting a suspected money laundering or terrorism financing transaction
- (III)** When the authenticity or appropriateness of the customer's identity information is in doubt

III. Confirmation of customer's identity **shall be handled in the following manner:**

- (I) **Identify** and verify the identity of the customer with a reliable and independent **source** of documents, data, or information, and keep the photocopy of the identity document or file it for records.
- (II) **In the case of a business relationship established or a transaction handled by an**

agent, the facts of the agency shall be verified and the identity of the agent shall be identified and verified in accordance with the current practice, and with the photocopy of the identity document kept or filed for record.

(III) Identify the real beneficiaries of the customer and verify their identities with a reasonable measure, including the use of data or information from reliable sources.

(IV) The measures adopted to confirm the identity of customers shall include understanding the purpose and nature of business relationships and obtaining relevant information as appropriate.

IV. The following information, at least, shall be obtained to verify the identity of the individual stated in the preceding paragraph:

(I) Name

(II) Date of birth

(III) House of registration or resident address

(IV) Official identification document number

(V) Nationality

(VI) The application filed by foreigners for residency or other purposes (such as, tourism, work, etc.)

V. For individuals who have been identified as high-risk or with high-risk factors in accordance with the money laundering and terrorism financing risk assessment related criteria of the institution engaging in credit card business, at least one of the following information shall be obtained in establishing a business relationship:

(I) The name or alias used: The name used previously, such as, the name used before getting married or the name used before a name change.

(II) Address, post office box address, and e- mail address (if any) of the employment

(III) Phone or cell phone number

VI. When the client referred to in Paragraph 3 is a legal entity or group instead of an individual, the following information, at least, shall be obtained to verify and

validate the identity of the client:

(I) The name of the customer, legal form, and proof of existence

(II) The Articles of Association or similar authority documentation for regulating and disciplining legal entity or group; However, it is not applicable in the following circumstances:

- 1. The parties stated in Section 7, Item 2 free of any proviso listed in Article 6, Paragraph 1, Section 3;**
- 2. The group customer that is found without the Articles of Association or similar authority document enacted**

(III) The following information of the senior management in a legal entity or group:

1. Name

2. Date of birth

3. Nationality

(IV) Official identification number: Such as, the unified corporate number, corporate tax number, and registration number

(V) The registered office address of a legal entity or group, and the address of its main business premise

VII. According to Section 3, Item 3, if the customer is a legal entity or group, try to understand the ownership and control structure of the customer, and identify the customer's real beneficiaries through the following information and take reasonable measures to have them verified:

When the customer is a legal entity or group:

- 1. The ultimate natural person (such as, name, date of birth, nationality, identity document number, etc.) with control The term "control" refers to the direct or indirect holding of the legal entity's stock shares or more than 25% of the capital, and the institutions engaging in credit card business may request the customer to provide the shareholder's registry or other documents for assistance in identification.**

2. In the case of without a natural person with control identified in the last paragraph or if there is any doubt as to whether the natural person with control is a real beneficiary or not, identify whether there is a natural person exercising control over the customer in any other way. If necessary, obtain the declaration issued by the customer to confirm the identity of the real beneficiaries.
3. In the case of without a natural person with control identified in the last two items, the institutions engaging in credit card business shall identify the identity of the senior management.

(II) The customers or the individuals with control with an identity as illustrated below, except for with the proviso stated in Article 6, Paragraph 1, Section 3 or with nominal stock shares issued, are not subject to the identification and verification of real beneficiaries related regulations as stated in Section 3, Item 3:

1. Government agencies of Taiwan, ROC;
2. State-run business institutions of Taiwan, ROC;
3. Government agencies of foreign government;
4. Public offering company or its subsidiaries in Taiwan;
5. The companies listed or traded over the counter in foreign countries shall have the listed/OTC companies and their subsidiaries of the major shareholders disclosed according to the requirements of the local government agencies;
6. The financial institutions supervised by the authorities of Taiwan and their investment instruments;
7. The financial institutions established offshore under the governing specifications that are consistent with the anti-money laundering and countering terrorism financing standards enacted by The Financial Action Task Force on Money Laundering (FATF), and the investment instruments managed by such financial institutions; The institutions engaging in credit card business shall reserve the supporting documents (such as, public information

check records, the financial institution's anti-money laundering operational regulations, negative information query records, financial institution's declaration, etc.) related to the aforementioned financial institutions and investment instruments.

8. The funds managed by the government agencies of Taiwan (ROC);
9. Employee holdings trust and employee benefit savings trust;

VIII. For a customer that has a business relationship established with the institutions engaging in credit card business, the way of verifying the identity of the customer, the agent, and the real beneficiary:

(I) Verified by documents:

1. Individual

- (1) Verification of identity or birthday: Obtain an official photo ID that is valid, such as, identity cards, passports, residence permits, driver's license, etc. If there is any doubt as to the validity of the aforementioned documents, the certification or declaration of the embassy or notary shall be obtained. In addition, the photocopy instead of the original data of a real beneficiary in the preceding paragraph can be obtained for verification, or request the legal entities, groups, and their representatives to declare the data of the real beneficiary in accordance with the operating procedures defined by the institutions engaging in credit card business internally, but some of the declared data shall be verified with the company's Certified Articles of Incorporation, annual report, and other credible documents or data sources.
 - (2) Verification address: Obtain official documents, etc.
2. Legal entity and group: Obtain Certified Articles of Incorporation or the business licenses issued by the government (Including but not limited to the incorporation change registration form or the registration information in the "Commerce and Industry Registration Inquiry" on the website of the Commercial Department of the Ministry of Economic Affairs), etc.

(II) If necessary, it can be verified with non-document information, for example:

1. After filing an application, contact the customer by a phone call or a letter.

2. Information provided by other financial institutions

3. Cross examine the information provided by customers and other trustworthy public information, paid database, etc.

IX. For customers who have been identified as high-risk or with high-risk factors in accordance with the money laundering and terrorism financing risk assessment related criteria of the institution engaging in credit card business, implement the validation process forcefully, for example:

(I) Obtain a reply letter countersigned by the principle / authorized representative of the legal entity or group that was mailed to the address indicated by the customer, or arrange a phone interview.

(II) Obtain supporting document on personal wealth and fund sources information.

(III) Obtain supporting document on legal entity's or group's fund sources and consumptions.

(IV) Field visit

(V) Obtain the transaction information of the institutions engaging in credit card business.

X. If the customer is a legal entity, try to understand whether the legal entity can have nominal stock shares issued by reviewing the company's Articles of Association or requesting the customer to issue a statement; also, adopt one of the following measures for the customers with nominal stock shares issued to ensure the update of the real beneficiary:

(I) The customers shall request the controlling shareholders with nominal stock shares to have their identity registered with the customers; also, the customers shall notify the institutions engaging in credit card business for any change in the identity of the controlling shareholders.

(II) The customers shall have the information of the real beneficiary updated with

the institutions engaging in credit card business after each shareholders' meeting, and shall provide the information on the shareholders who hold a certain percentage of nominal shares. If the customer has learned about any change in the identity of the controlling shareholders for other reasons, the institutions engaging in credit card business shall be notified immediately.

XI. When confirming the identity of the customer, the institutions engaging in credit card business shall use the internal database or the external information source to inquire whether the customers and their real beneficiaries and senior management are incumbents or had assumed an important political position with a domestic and foreign government or an international organization.

(I) If the customers or their real beneficiaries are currently an important political officer of a foreign government, the customers shall be regarded as high-risk customers directly and shall take measures as stated in Article 6, Paragraph 1, Section 1 to confirm the identity of the customer forcefully.

(II) If the customers or their real beneficiaries are currently an important political officer of the domestic government or an international organization, the related risks shall be reviewed at the time of establishing a business relationship with the customers and they shall be reviewed again annually. In the case of a high-risk business relationship identified by the institutions engaging in credit card business, take measures as stated in Article 6, Paragraph 1, Section 1 to confirm the identity of the customer forcefully.

(III) If the senior management of the customer is currently an important political officer of the domestic and foreign government or an international organization, the institutions engaging in credit card business shall take into account the influence of the senior management on the customer and determine whether or not to take measures as stated in Article 6, Paragraph 1, Section 1 to confirm the identity of the customer forcefully.

(IV) For the customer who is not currently an important political officer of a foreign

government or an international organization, the institutions engaging in credit card business shall consider the relevant risk factors to assess their influence, and recognize whether the provisions in the last three items are applicable in accordance with the risk-based approach.

(V) The provisions in the last four items are applicable to the family members of the important political officials and those who are closely related. The aforementioned family members and those who are closely related shall be determined in accordance with Article 7, Paragraph 4 (the last paragraph) of the Money Laundering Control Act.

(VI) The parties stated in Section 7, Item 2, Subitem 1 - Subitem 3 and Subitem 8, when their real beneficiaries or the senior management are important political officers, are not subject to the provisions of Item 1 to Item 5 in this Paragraph.

XII. Confirmation of customer's identity and other compliance related matters:

(I) The institutions engaging in credit card business shall confirm and record the identity of the customer with the documents issued by the government or other identification documents when establishing a business relationship with the customer or when the customer information is insufficient to confirm their identity.

(II) Review the customers who have been forcefully rejected by other banks for conducting any financial business.

(III) For the customers without having the transactions completed in a "face-to-face" manner or business relationship established online, verify the identity of the applicant according to the requirements of the Association that are recorded by the competent authorities for future reference as an alternative to the credit-check procedure in order to reduce risks.

(IV) The customers who have a business relationship established by commission and authorization or the customers who are with suspected transactions found after a business relationship established shall be with their identities verified by

telephone, in writing, or with a field visit arranged.

(V) Without violating the relevant laws and regulations, the institutions engaging in credit card business shall not accept or shall cease the business relationship upon learning or assuming the customer's funds originated from corruption or abuse of public assets.

(VI) If the institutions engaging in credit card business are unable to complete the relevant procedures for confirming the identity of the customer, the institutions engaging in credit card business shall consider to report the suspected money laundering or terrorism financing transactions in connection with the customer.

(VII) If the institutions engaging in credit card business suspect that a customer or transaction may be involved in money laundering or terrorism financing, and reasonably believe that the effort of implementing the customer's identity confirmation procedure may leak the information to the said customer, it is not necessary to implement such procedures, instead, the suspected money laundering or terrorism financing transaction shall be reported.

(VIII) The other guidelines for the establishment of a business relationship shall be processed in accordance with the internal operating requirements of the institutions engaging in credit card business.

XIII. The following circumstances are to be handled in accordance with the **agreement signed:**

(I) For the matters stated in **Section 1, Item 8**, the institutions engaging in credit card business may decline any business transaction or have the credit card revoked.

(II) Institutions engaging in credit card business may temporarily suspend transactions or suspend the use of credit card for customers who do not cooperate in a regular review, **refuse to provide information on the real beneficiaries or those who exercise control over the customer**, and who are reluctant to disclose the nature and purpose of transactions or the source of funds.

XIV. In the case of a business relationship established in accordance with Section 1,

Item 8, the institutions engaging in credit card business shall report a suspected money-laundering or terrorism financing transaction in accordance with Article 10 of the Money Laundering Control Act. If the party is an individual, legal entity, or organization sanctioned under the Terrorism Financing Prevention Act, the institutions engaging in credit card business shall, on the date of the notice, not commit any act as stated in Article 7, Paragraph 1 of the Terrorism Financing Prevention Act, and it shall be reported in accordance with the Terrorism Financing Prevention Act (please download the form from the website of the Ministry of Justice Investigation Bureau, MJIB). If the circumstances defined in Article 6, Paragraph 1, Section 3 and Section 4 of the Terrorism Financing Prevention Act existed prior to the party's subject to the sanctions specified in the preceding paragraph, the institutions engaging in credit card business shall apply to the Terrorism Financing Board for permission in accordance with the related sub-provisions of the Terrorism Financing Prevention Act.

Article 5

The measures adopted by the institutions engaging in credit card business to confirm customer identity shall include a continuous review of customer identity in accordance with the following provisions:

- I. Review in details the transaction conducted with the customer **throughout the process** to ensure that the transactions performed are in line with the customer and its business and the risks involved, and try to understand the source of the funds, when necessary.
- II. Regularly review the adequacy of the information obtained for identifying the identity of the customer **and the real beneficiary**, and ensure the update of the said information, especially the high-risk customers **shall be reviewed at least once a year, except for the aforementioned customers, the frequency of review shall be determined in accordance with the risk-based approach.**
- III. The identification and verification procedures for the identity of the customer are based on the implementation and data preservation in the past. It is unnecessary to identify and

verify the identity of the customer each time the customer engages in a transaction. However, when the authenticity or **appropriateness** of the customer's information is in doubt, when the customer is found involving in a suspected money laundering or terrorism financial transaction, or when there is significant change found in the customer's **transaction** or credit card account that does not conform to the customer's trading characteristics, the customer identity shall be reconfirmed in accordance with the provision of **Article 4**.

Article 6

For the measures adopted to confirm customer identity and the continuing **review** mechanism stated in Article **4, Section 3 and in the preceding** article, the intensity of review shall be determined in accordance with the risk-based approach, **including:**

I. The identification of customer identity or continuous **review** measures shall be strengthened in a high-risk circumstance, **of which, at least, the following additional measures shall be adopted:**

(I) The establishment or addition of business transactions shall be approved by the authorized senior management in accordance with the consideration of the internal risk of the institutions engaging in credit card business.

(II) Adopt reasonable measures to understand the wealth of the customers and the source of funds.

(III) The business relationship shall be supervised forcefully and continuously.

II. Adopt enhanced measures commensurate with the risk for the customers from countries or regions with high risk of money laundering or terrorism financing.

III. For a lower risk scenario, simplified measures shall be adopted, which shall be commensurate with their lower risk factors. However, simplified measures shall not be adopted for the confirmation of customer identity in the following circumstances:

(I) The customer from a country or region that has not taken effective control against money laundering or terrorism financing, including but not limited to the countries or regions where there is a serious lack of anti-money laundering or countering terrorism

financing announced by the **International Money Laundering Organization** and forwarded by the Financial Supervisory Commission, **and** other countries or regions that have not followed or have not fully complied with the recommendations of the **International Money Laundering Organization**.

(II) The customers or transactions suspected of money laundering or terrorism financing Institutions engaging in credit card business may adopt the following simplified measures to confirm customer identity:

I. Reduce the frequency of customer identity data update.

II. Reduce the level of continuous monitoring.

III. If the purpose and nature of the business relationship can be inferred from the type of transaction or the established business relationship, it is not necessary to collect specific information or to carry out special measures for the need of understanding the purpose and nature of the business relationship.

Review the existing customer in accordance with the importance and risk level, and have the existing relationship reviewed at the right time after considering the timing of the last customer review performed and the adequacy of the information obtained.

Article 7

The institutions engaging in credit card business shall have the process of customer identity completed. If it is otherwise provided by law or by the Financial Supervisory Commission that the institution engaging in credit card business may commission a third party to identify and verify the identity of the customer, agent, or real beneficiary, the institutions engaging in credit card business shall remain be held responsible for confirming the identity of the customer ultimately and shall meet the following requirements:

I. Shall be able to immediately obtain the necessary information for confirming the identity of the customer.

II. Shall take measures consistent with the needs of the institution engaging in credit card business to ensure that the commissioned third party will provide the customer

identity data or other relevant document photocopies needed for confirming the identity of the customer without any delay upon the request of the institutions engaging in credit card business.

III. Confirm that the commissioned third party are properly disciplined, supervised, or monitored with appropriate measures in place for compliance and confirmation of customer identity and the relevant specifications of record keeping.

IV. Confirm the location of the commissioned third party and the anti-money laundering and countering terrorism financing specifications are consistent with the standards enacted by The Financial Action Task Force on Money Laundering (FATF).

Article 8

The customer name and title review mechanism of the institutions engaging in credit card business shall be handled in accordance with the following provisions:

I. The customer name and title review policies and procedures shall be established in accordance with the risk-based approach to detect, compare, and screen whether the customers, the senior management of the customers, and the real beneficiaries are the individuals, legal entities, or organizations sanctioned under the Terrorism Financing Prevention Act or terrorists or terrorist groups identified or investigated by a foreign government or an international organization. If so, it shall be processed in accordance with the provisions of Article 4, Paragraph 14.

II. The customer name and title review policies and procedures shall include at least the comparison and screening logic, the execution procedures of the inspection operation, and the examination criteria in writing.

III. The customer name and title review performed shall be recorded and kept in accordance with the period specified in Article 12.

Article 9

The institutions engaging in credit card business shall monitor the credit card accounts and the transactions continuously in accordance with the following provisions:

- I. The institutions engaging in credit card business shall gradually have the basic information and transaction information of the customers integrated with the information system to initiate inquiries for the purpose of anti-money laundering and countering terrorism financing, and for strengthening its account and transaction monitoring capabilities. Establish internal control procedures for the data retrieval and customer information query of each department, and pay attention to the confidentiality of information.**
- II. Establish credit card accounts and transaction monitoring policies and procedures in accordance with the risk-based approach, and use the information system to help discover suspected money laundering or terrorism financing transactions.**
- III. Review the accounts and transactions monitoring policies and procedures and have them updated regularly in accordance with the Money Laundering Control Act and Terrorism Financing Prevention Act, the characteristics of the customer, the money laundering and terrorism financing relevant trend and information obtained internally and externally, and the internal risk assessment results of the institutions engaging in credit card business.**
- IV. The account and transaction monitoring policies and procedures shall include at least a complete monitoring model, parameter setting, amount threshold, the operating procedures of vigilance cases and monitoring operation, and the inspection procedures and reporting standards of monitored cases that shall be prepared in writing.**
- V. Pay special attention to the customers with any of the following circumstances. In the event that there is any transaction suspected of money laundering or terrorism financing, in addition to confirming the identity of the customer and keeping the records and transaction document, it shall be reported (Except for in **Item** 1, it is without any limitation on the reporting amount) to the Ministry of Justice Investigation Bureau within 10 business days from the date discovering the suspected money laundering or terrorism financing transaction.

- (I) The customer has an accumulated payment and collection for more than NT\$500,000 (including the equivalent value in foreign currency) in one business day without a reasonable reason and that is clearly inconsistent with the customer's identity and income.
- (II) Suddenly, there is a large amount of cash paid in and collected from an inactive credit card account.
- (III) There are multiple deposits made into the credit card account intensively, then an application is made to have the account suspended with a large lump sum or several withdrawals made thereafter that is clearly inconsistent with the customer's identity and income and the existing credit card transactions.
- (IV) Customers often remit a large sum of money, but there is not any corresponding transaction with the equivalent amount in the credit card account.
- (V) Several deposits for an amount slightly lower than the reporting threshold are made frequently into the credit card account, and then an application is filed to collect the said amount.

(VI) Merchants engaged in financing, advances, or discount transactions or accepting credit transactions outside the scope of business operation

- (VII) If the credit card accounts are filed and signed in the name of terrorists or terrorist groups identified and investigated by a foreign government or an international anti-money laundering organization, it shall be classified as a suspected money laundering and terrorism financing transaction and shall be reported immediately to the Ministry of Justice Investigations Bureau.

- (VIII) Other clearly abnormal trading acts

Suspected money laundering **or terrorism financing** transaction reporting:

- I. The responsible person in each unit shall report any detected abnormal transaction to the competent supervisor immediately.
- II. The competent supervisor shall promptly decide whether to have the detected abnormal transaction reported or not. If the detected abnormal transaction is to be reported, the

original clerk shall have the notification form filled out promptly **(please download the form from the website of the Ministry of Justice Investigation Bureau, MJIB).**

- III. The notification form shall be submitted to the department head for approval and then forwarded to the **functional head** for approval before reporting.
- IV. In the event of reporting significant and urgent suspected money laundering or terrorism financing transactions, it shall be reported as soon as possible by fax or other feasible means **(please download the form from the website of the Ministry of Justice Investigation Bureau, MJIB)** and immediately with the written data submitted to the Ministry of Justice Investigation Bureau thereafter. If the Ministry of Justice Investigation Bureau has the confirmation slip returned to the institutions engaging in credit card business by fax **(please download the form from the website of the Ministry of Justice Investigation Bureau, MJIB)**, it is not necessary to have the notification form prepared and submitted. Institutions engaging in credit card business shall retain the confirmation slip returned by fax.

The confidentiality requirements for preventing the reported data and information from unauthorized disclosure

- I. **Suspected money laundering or terrorism financing transaction** reporting matters, all levels of personnel shall have the secrets protected without any unauthorized disclosure. **Institutions engaging in credit card business shall provide employees with necessary training or teaching materials to teach them how to avoid any unauthorized information disclosure, and to prevent employees from having any information disclosed without authorization while dealing with the customer or in a daily operation.**
- II. The relevant documents of this reporting matter shall be processed as confidential document and any unauthorized disclosure shall be dealt with in accordance with the relevant provisions.
- III. The functional **head** for **anti-money laundering**, the compliance officer, or auditor may obtain customer data and transaction records in a timely manner for job

performance in compliance with the confidentiality requirements.

The continuous monitoring operation of credit card account or transaction shall be recorded and kept in accordance with the period specified in Article 12.

Article 10

Before marketing new products or services or handling new types of services (including new delivery mechanisms, using new technology for existing or new products or services), the institutions engaging in credit card business shall assess the risk of money laundering and terrorism financing and establish appropriate risk management measures to reduce the identified risks.

Article 11

The institutions engaging in credit card business shall have the **cash** collection of an overpayment for an amount more than NT\$500,000 (including the equivalent value in foreign currency) in one transaction **processed in accordance with the following provisions:**

- I. Confirm the identity of the customer and keep the **relevant** records and evidences.
- II. Institutions engaging in credit card business shall have the customer identity confirmed **in accordance with the following provisions:**

(I) Confirm the identity of the customers with the identity document or passport provided by the customer; also, record the customer's name, date of birth, address, telephone number, transaction account number, transaction amount, and identity document number. However, if the customer can be verified as the principal, it is not necessary to initiate the identity confirmation process; however, it shall be indicated as a transaction completed by the principal in the transaction records.

(II) In the case of a transaction handled by an agent, verify the identity of the agent with the identity document or passport provided by the agent; also, record the agent's name, date of birth, address, telephone number, transaction account number, transaction amount, and identity document number.

- III. Report online (**please download the form from the website of the Ministry of Justice Investigation Bureau, MJIB**) the collection of the overpaid amount to the Ministry of Justice Investigation Bureau in five business days from the day of completion. If it cannot be reported online for a legitimate reason, it can be reported in writing with the consent of the Ministry of Justice Investigation Bureau (**please download the form from the website of the Ministry of Justice Investigation Bureau, MJIB**).
- IV. **The data reporting to the Ministry of Justice Investigation Bureau and the relevant records and evidences keeping shall be processed in accordance with the provisions of Article 12.**

Article 12

The institutions engaging in credit card business shall have the relevant corresponding documents and transaction records and evidences kept **in a hardcopy form or electronic form and** handled in accordance with the following provisions:

- I. All necessary records of domestic and foreign transactions **shall** be kept for at least five years. **Unless otherwise provided by law for a longer period of time.** The necessary records in the preceding paragraph include:
- (I) **Credit card** number for transactions;
 - (II) Transaction date
 - (III) Transaction currency and amount
- II. For the cash collection transaction of an overpayment for an amount more than NT\$500,000 (including the equivalent value in foreign currency) in one transaction, the confirmation records and the relevant records and evidences reported shall be reserved for at least five years in the original forms. Regarding the recording approach for confirming customer's procedures, the institutions engaging in credit card business shall select a recording approach in accordance with their own considerations and the principle of consistency.**
- III. The original, complete, and accurate evidences **related** to the suspected money

laundering or terrorism financing transactions **reported** shall be retained for at least five years.

IV. The following information shall be retained for at least five years after the business relationship with the customer ended. **Unless otherwise provided by law for a longer period of time:**

- (I) All records obtained for confirming the identity of the customer, such as, passport, identity card, driver's license, or similar official photo ID photocopy or record.
- (II) Credit card account file
- (III) Business information, including the information on background or purpose and analysis data obtained for investigating complex and unusual transactions;

V. The transaction records held by the institutions engaging in credit card business shall be sufficient enough for reconstructing the individual transaction as evidence to identify unlawful activities.

VI. The institutions engaging in credit card business shall ensure to have the transaction records, customer identity confirmation, and other relevant information provided promptly upon the request of the competent authorities with proper authorization.

Article 13

Functional head:

I. The institutions engaging in credit card business shall have the anti-money laundering and countering terrorism financing responsible personnel and resources allocated in accordance with the scale of operation and risk. The Board of Directors (Executives) is to have one senior director appointed as the competent supervisor for coordinating and monitoring anti-money laundering and countering terrorism financing; also, ensures that the said personnel and supervisors have not held a part-time job that is in conflict with their anti-money laundering and countering terrorism financing responsibilities.

II. The aforementioned functional head is responsible for the following matters:

- (I) Supervise the planning and implementation of the policies and procedures for money laundering and terrorism financing risk identification, assessment, and monitoring.**
 - (II) Coordinate and supervise the implementation of the comprehensive money laundering and terrorism financing risk identification and assessment.**
 - (III) Monitor the risks associated with money laundering and terrorism financing.**
 - (IV) Develop anti-money laundering and countering terrorism financing programs.**
 - (V) Coordinate and supervise the implementation of the anti-money laundering and countering terrorism financing programs.**
 - (VI) Confirm the compliance with the anti-money laundering and countering terrorism financing relevant laws and regulations, including the relevant Guidelines or self-regulatory specifications enacted by banker association and approved by the Financial Supervisory Commission for future reference.**
 - (VII) Supervise the reporting of suspected money laundering and terrorism financing transactions to the Ministry of Justice Investigation Bureau and the property or asset benefits of the parties sanctioned under the Terrorism Financing Prevention Act, and the local reporting related matters.**
- III. The functional head stated in Section 1 shall report to the Board of Directors (Executives) and the supervisors (supervisors, board of supervisors) or the Audit Committee at least once every six-month and report a material breach of the Act, if any, to the Board of Directors (Executive) and the Supervisors (supervisors, board of supervisors) or the Audit Committee.**

Article 14

The implementation, auditing, and declaration of the anti-money laundering and countering terrorism financing internal control system:

- I. The institutions engaging in credit card business shall designate the senior manager as the competent supervisor to supervise the implementation of the anti-money laundering and countering terrorism financing related matters, and**

perform the self-examination in accordance with the “Guidelines Governing the Internal Control and Auditing System of the Institutions Engaging in Credit Card Business.”

II. The internal audit unit of the institutions engaging in credit card business shall have the following matters examined in accordance with the provisions of the “Guidelines Governing the Internal Control and Auditing System of the Institutions Engaging in Credit Card Business.”

(I) Are the money laundering and terrorism financing risk assessment and the anti-money laundering and countering terrorism financing programs in compliance with the regulatory requirements and properly implemented?

(II) The effectiveness of the anti-money laundering and the countering terrorism financing programs

III. The responsibilities of the internal audit unit of the institutions engaging in credit card business

(I) Enact the review projects in accordance with the internal control measures and the relevant provisions; perform a review regularly; and test the effectiveness of the anti-money laundering and the countering terrorism financing programs

(II) The examination approach shall cover an independent transaction test, including the selection of the transactions related to the high-risk products, customers, and regions assessed by the institutions engaging in credit card business, and validate the effective implementation of anti-money laundering and countering terrorism financing related specifications.

(III) The nonconformities of each department in implementing the said management measures shall be regularly reported to the functional head for review and approval, and shall be provided for reference in arranging on-job training for staff.

(IV) Those who have intentionally concealed major nonconformities shall be dealt with properly by the head office.

IV. The President of the institutions engaging in credit card business shall supervise each unit to carefully assess and review the implementation of the anti-money laundering and countering terrorism financing internal control system. The declaration of the anti-money laundering and countering terrorism financing internal control system shall be signed and issued jointly by the Chairman (Executive), the President, the Chief Auditor, functional head for anti-money laundering and countering terrorism financing; also, it is to be resolved in the Board (Executive) meeting. The declaration of the internal control system shall be disclosed on the website of the institutions engaging in credit card business and the website for public announcement designated by the Financial Supervisory Commission within three months after the end of each fiscal year.

V. For the branches of foreign credit card companies in Taiwan, the personnel authorized by their head office are responsible for the matters related to the board of directors or supervisors stated in the Guideline. The said declaration in the preceding paragraph is issued by three persons, including the litigation / non-litigation representative in Taiwan, functional head for anti-money laundering and countering terrorism financing, and chief auditor responsible for auditing process in Taiwan.

Article 15

Employee appointment and training:

I. The institutions engaging in credit card business shall establish prudent and appropriate recruitment and appointment procedures, including the examination of the employee's integrity and the employee's professional knowledge needed for job performance.

II. The functional head, personnel, and competent supervisor responsible for anti-money laundering and countering terrorism financing of the institutions engaging in credit card business shall meet one of the following qualifications in three months after reporting to duty. The institutions engaging in credit card business

shall enact relevant control mechanisms to ensure their compliance:

- (I) Those who have served as a compliance officer or have been responsible for anti-money laundering and countering terrorism financing for more than three years.
 - (II) Participate in the 24-hour training courses arranged by the institutions authorized by the Financial Supervisory Commission and pass the exam with a certificate of completion received. Those who have been qualified as a compliance officer, after participating in the 12-hour anti-money laundering and countering terrorism financing courses arranged by the institutions authorized by the Financial Supervisory Commission, are deemed as meeting the eligibility criteria illustrated in this Section.
 - (III) Those who have received a certificate of qualification after attending the domestic or international anti-money laundering and countering terrorism financing courses arranged by the institutions authorized by the Financial Supervisory Commission
- III. The personnel stated in the preceding section who have reported to duty before June 30, 2017 shall be deemed as in compliance with the eligibility criteria after meeting one of the following conditions:
- (I) Meet the eligibility criteria as stated in Item 1 or Item 3 in the preceding paragraph before June 30, 2017.
 - (II) Meet the eligibility criteria as stated in Item 2 in the preceding paragraph before deadline as follows:
 - 1. Within six-month after the functional head and designated personnel for anti-money laundering and countering terrorism financing of the institutions engaging in credit card business reporting to duty
 - 2. Within one year after the competent supervisor of the institutions engaging in credit card business reporting to duty
- IV. The functional head, personnel, and competent supervisor responsible for anti-money laundering and countering terrorism financing of the institutions engaging

in credit card business shall at least attend the 12-hour anti-money laundering and countering terrorism financing education and training courses arranged by the internal or external training unit with the consent of the competent supervisor as stated in Article 13 Section 1; also, the training contents shall include at least the new amendments to the law and regulations, and money laundering and terrorism financing risk trend and patterns. Those who have received a certificate of qualification after attending the domestic or international anti-money laundering and countering terrorism financing courses arranged by the institutions authorized by the Financial Supervisory Commission may be applied as credit hours waiver.

- V. The anti-money laundering and countering terrorism financing education and training with appropriate contents are arranged annually for the Board Directors (Executives), supervisors, President, compliance officer, internal auditor, and salespersons of the institutions engaging in credit card business in accordance with the nature of their responsibilities in order to help them understand the responsibility for anti-money laundering and countering terrorism financing, and the professionalism needed for fulfilling their job responsibilities.

The job performance of the employee in any of the following circumstances shall be inspected and assisted by the audit unit, if necessary.

- I. The luxury lifestyle of an employee that is not comparable to his/her salary;
- II. The employee with a leave scheduled fails to take a leave for no reason;

Employees with any specific performance in anti-money laundering or countering terrorism financing shall be rewarded properly:

- I. Employees detect suspected money laundering or terrorism financing and report it in accordance with the anti-money laundering related provisions that help the prosecution and police units prevent or detect crimes successfully.
- II. Employees participate in domestic and foreign anti-money laundering or countering terrorism financing related courses outstandingly or collect valuable data on foreign laws and regulations to study the financial institutions' anti- money laundering or

countering terrorism financing activities.

The on-job training **can be arranged in the following manners:**

- I. The preliminary propaganda of laws and regulations declared: The Money Laundering Control Act and **Counter-Terrorism Financing Act** shall be advocated to **employees** promptly once they are implemented or amended. The Money Laundering Control Act, **Counter-Terrorism Financing Act**, and other related laws and regulations shall be introduced; also, the related supportive and responsive measures of the institutions shall be described with the relevant matters planned by the **functional head** and implemented by the **employee** training unit.
- II. Regular on-job training:
 - (I) The **employee** training unit shall arrange relevant training courses for employees **on a regular basis** annually to enhance **employee's** judgment, implement the function of anti-money laundering and countering terrorism financing, and prevent **employees** from breaking laws.
 - (II) The trainings in the preceding paragraph can be arranged adequately in other specialized training courses.
 - (III) The relevant training courses are held by the instructors who are trained by the organization and may be arranged by scholars and experts contracted.
 - (IV) In addition to introducing the relevant law and regulations, the training courses shall be supplemented with practical case studies to help **employees** fully understand the characteristics of suspected money laundering and terrorism financing and to help detect "the transactions suspected of money laundering and terrorism financing."
 - (V) **Functional head** shall regularly be informed of the **employee's** participating in anti-money laundering training courses. For those who have not participated in the said courses, they shall be requested to participate in such training courses depending on the actual needs.
 - (VI) In addition to the on-job training within the organization, the organization may also have **employees** designated to participate in the training courses organized by the

external training institutions.

- III. Keynote Speech: To enrich the **employee's** awareness of Money Laundering Control Act and **Counter-Terrorism Financing Act**, the organization may arrange seminars and invite scholars and experts to give speeches.

Article 16

Other guidelines:

- I. Do not provide services to the customers in the following circumstances and report it to the supervisor directly:
- (I) When the customer refuses to provide the necessary information for identity confirmation upon notice;
 - (II) Any person or group compels or intends to force the employees of this institution not to have the transaction record or declaration form filed for future reference.
 - (III) Intended to persuade the employees exempt the information needed for completing the transaction.**
 - (IV) Explore the possibility of evading declarations.**
 - (V) Anxious to indicate that the source of funds is legitimate or not involving a crime of money laundering.**
 - (VI) Insist to have the transaction completed immediately without giving a reasonable explanation.**
 - (VII) The description given by the customer is not consistent with the fact of the transaction.**
 - (VIII) Intended to provide benefits to employees in order to have services provided by the institutions engaging in credit card business.**
- II. When the financial institution also engaging in the credit card business, the credit card department is subject to the Guidelines.

Article 17

The institutions engaging in credit card business shall have the Guideline enacted by

referring to the Guidelines and it is to be implemented with the approval of the board of directors (**executives**) of the institutions engaging in credit card business; also, it shall be reported to the **Financial Supervisory Commission** for future reference and shall be reviewed annually, same for the **amendments**.

Article 18

The Guideline shall be resolved in the executive meeting of the Association and reported to the Financial Supervisory Commission for future reference, same for the amendments.

