

Annex: Red Flags for Suspicious Money Laundering or Terrorism Financing Transactions

Approved by the Financial Supervisory Commission, with Letter Chin-Kuan-Yin-Piao-Tze 10600196810 dated September 6, 2017

1.The identity of the customer and the motive of transaction is suspicious

- (1) The ID card or documents for proof of incorporation is found forged or modified, or, respective customer intends to use an alias for the transaction.
- (2) The same contact person frequently requested to use different account titles for transactions without giving an explanation in their affiliations and is susceptible of involving in money laundering.
- (3) A large number of customers share the same address, occupants of an address change frequently, or the address is not the actual residence address.
- (4)The same contact person with the same address frequently requested to use different account titles for transactions without giving an explanation in their affiliations and is susceptible of involving in money laundering.
- (5) A customer after establishing business relationship with a bills house, immediately made transaction that accumulatively reach a specific amount, and outward transaction is made within a short time. Which is apparently incommensurate with the customer’s status, income or irrelevant to the attributes of the customer’s business.
- (6) A customer has “Guideline of Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism of Bills Houses”, or other circumstances that result in the incompleteness of customer identification process.
- (7)Bills or bonds transactions conducted by an individual involved in a special and material case that is instantly reported by television, press, internet or other media are apparently unusual.

2.Unusual transaction in huge amount

- (1) The sudden transaction requested by a customer account reaches a specific amount and is irrelevant to the social status and income. Or, institutional account is irrelevant to the scale of operation or the nature of business of such customer.
- (2) Sudden transaction in substantial amount requested by an account dormant for a long period of time, and outward transaction is made within a short time. Such mode of transaction is deviated from regular transaction.
- (3)A customer after establishing business relationship with a bills house, immediately made transaction that accumulatively reach a specific amount, and outward transaction is made within a short time. Such mode of transaction is deviated from regular transaction.

3.Unusual credit

- (1) A issuer of short-term commercial papers guaranteed by the bills house ask for redemption prior to their stated maturity date that accumulatively reach a specific amount but fails to reasonably explain the source of funds.
- (2)A customer uses large amount of cash, cash equivalents, high-value goods, or real estates, etc., or funds, assets or credits provided by unrelated third-parties as collaterals or guarantees to apply credit line found to be unreasonable.
- (3)Default on the commercial papers secured by cash, cash equivalents, or assets that can be easily converted into cash with the intention of having bill house dispose such collaterals.

4.Unusual settlement

- (1) Specific customer requested to settle the transaction in cash or by check without bearing account title or requested to cancel the non-endorsable status of the check without justifiable reasons.
- (2) The customer made business deals with cashier's checks issued by another financial institution that reach a specific amount without a reasonable explanation.
- (3) The customer delivery bearer bonds but avoid providing the record of previous transaction, the sources of the bonds or related documents.
- (4) The customer requested the Company to remit an amount of the receivable in excess of a specified amount to one or multiple accounts not under the title of such customer. Or, more than one customer requested the Company to remit the receivable settlement amount into the same account.
- (5) Where the money for settlement originates in certain specified regions (high money-laundering or terrorism financing countries), and where the transaction is found apparently incommensurate with the customer's identity, or revenue and irrelevant to the attributes of his/her profession. The names of the countries or regions mentioned in this paragraph shall be the countries or regions in critical fault in anti-money-laundering and thwarting the terrorists as promulgated by the International Anti-money-laundering Organization c/o the Financial Supervisory Commission, and other countries and regions which fail to comply with or fail to comply with in full the proposals posed by the International Anti-money-laundering Organization.

5.Terrorism Financing

- (1) Related parties of a transaction are terrorists or terrorist groups designated by foreign governments and notified by Financial Supervisory Commission, or terrorist groups identified or investigated by an international organization; or the fund for a transaction seems to, or is reasonably suspected to, have a connection with terrorism activities, groups, or terrorism financing.
- (2) Within a certain period, a young customer either withdraws or early redemption funds that accumulatively reach a specific amount, transfers or remit funds that accumulatively reach a specific amount to hot areas of frequent military and terrorism activities or non-profit organizations, and immediately terminates relationship or closes the account.
- (3) Cross-border transactions that accumulatively reach a specific amount are conducted in the name of the organization without a reasonable explanation.
- (4) A customer frequently transfer funds from or to a jurisdiction that presents high risk of tax evasion or financial secrecy.