Revision of Act on Prevention of Transfer of Criminal Proceeds

Category  Legal & Regulatory Issues

Summary  Act on Prevention of Transfer of Criminal Proceeds (PTCP), one of the major regulations that govern anti-money laundering issues in Japan, has been amended to further enhance its effectiveness, and was in force from Apr 1, 2013.

Impact  When opening corporate accounts, customers are required to notify financial institutions of information mentioned below.

Action  In addition to the existing information about customers required to be provided with us, 3 (or 4) information are required to be notified to financial institutions when opening a new account with BTMU and opening accounts with securities firm for takeover bid, etc.

This Newsflash is compiled from the news release from Japan FSA, Japan Financial Intelligence Center (JAFIC), Japan Bankers Association (JBA) and Japan Securities Dealers Association (JSDA).

Under the revised Act on PTCP, corporate customers are required to notify the following to financial institutions when opening accounts.
1) Purpose of transaction
2) Content of business
3) Whether there is “Major Direct Shareholder” (*) or not
4) If (3) above is applicable, “Information” (**) about “Major Direct Shareholder”

(*) Who is the “Major Direct Shareholder”?
"Major Direct Shareholder" is a beneficial owner (legal entity and/or individual) who directly hold more than 25% of the voting shares of the corporate customer.

If there is a beneficial owner holding more than 50% of voting shares, only the information of this beneficial owner should be verified even if there is another Major Direct Shareholder with more than 25% of voting shares.

(**) What is the "Information" to be notified?
The information of the Major Direct Shareholder, to be provided BTMU with, is as follows;
Legal entity: legal name and address of the head office or main office of business for the entity
Individual: name, address and date of birth
In principal, such information may be provided by declaration of the customer.
Please note that each financial institution may have its original rules/procedures as long as they meet the legal requirements; therefore BTMU’s rules may be different from those of other financial institutions and vice-versa, and we may ask customer to notify more detailed information when the customer applies for opening account with other than BTMU such as securities firms, etc., in case of takeover bids, for example.

Outline of changes in the rules

Please see P14-16, Chapter 2, section 3 of JAFIC Annual Report 2011 in the link below for outline of the amendment:  
Please visit JAFIC web site below for full text of the revised act:  
http://www.npa.go.jp/sosikihanrai/jafic/index_e.htm

Should you have any inquiries, please feel free to contact us.

Best regards,

Transaction Services Division / The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Past Newsflash issues are available on the BTMU Yen Custody Website; http://www.bk.mufg.jp/custody/. This site is dedicated to our clients, and accessible only with “ID” and “Password”. Should you require them, please contact us Yusuke Kawabe, Manager  Tel: (+81) 3 3245 9085 e-mail: yusuke_kawabe@mufg.jp