


Content

Title :	Regulations on Competent Authorities Governing Specific Foundations for Anti-Money Laundering and Counter-Terrorism Financing 
Announced Date :	2019.02.01
Legislative :	1.Promulgated on February 1, 2019 by the Order of Ministry of Justice of No. 10804501540

Article 1	The Regulations are formulated pursuant to Paragraph 4, Article 27 of the Foundations Act (hereinafter referred to as the “Act”).
Article 2	As used in the Act, “a foundation that may be easily used for money-laundering or financing terrorist activities because of its establishment purpose or operation” refers to a specific foundation, under the definition of the International Financial Action Task Force on Money Laundering (hereinafter referred to as the “FATF”), which engages in raising or disbursing funds for charitable, cultural, educational, social, fraternal or other similar types of purposes beneficial to public, , and has been listed as a foundation with high risk by the competent authorities through the procedures of Risk assessment and recognition of money laundering and terrorist financial(hereinafter refer to as “Specific Foundation”).
Article 3	<p>The competent authorities shall take appropriate measures to identify whether a foundation is within the FATF’ s definition of the foundation and to assess and to identify its money laundering and terrorist financial risks.</p> <p>The competent authorities shall apply these Regulations on the Specific Foundations under the preceding article.</p> <p>The competent authorities may conduct risk identification and assessment under the first paragraph by questionnaires, interviews or in other appropriate manner and shall make updates regularly.</p>
Article 4	<p>The risk identification and assessment under the preceding article shall include at least the following items:</p> <p>1.Inherent risk: scales, nature of activities as well as channels for raising and disbursing funds of foundations; background information of donors, beneficiaries and partners and members of the foundations.</p> <p>2.Compliance risk: performance of employee training, internal control and supervision mechanism, information of legal proceedings, due diligence investigation on donors, beneficiaries, partners and members of the foundations.</p> <p>The competent authorities shall conduct risk identification and assessment comprehensively based on routine supervisory conclusions, information from the applicable authorities, the international literature or other public information.</p>
Article 5	The competent authorities may share with responsible authorities in the conclusions from risk identification and assessment as the case may be.
Article 6	The competent authorities shall draft a communication plan according to the Specific Foundations’ risk perception and awareness
Article 7	The competent authorities shall periodically review the soundness, process and transparency of disbursing funds, recruitment, activity projects and the internal control mechanism of the approval procedure of the Specific Foundations.
Article 8	The competent authorities shall implement appropriate measures for auditing the Specific Foundations according to the results of the risk

assessment.

The measures under the preceding paragraph may be conducted in the following manners:

1. On-site investigations;
2. Access to documents, request for certain documents and materials;
3. To notify an interested party to submit opinions in person;
4. To inquire or to exchange information by telephone, fax, online or by e-file; or
5. Other appropriate manners.

The competent authorities shall audit the Specific Foundation at least once every two years.

Article 9	<p>The competent authorities shall order the Specific Foundation to regularly participate in educational training on the anti-money laundering and counter-terrorism financing according to its extent of risk perception and legal compliance.</p> <p>The competent authorities shall hold the educational training under the preceding paragraph at least once every year.</p> <p>The competent authorities or a commissioned professional organization may hold the educational training under the first paragraph.</p>
Article 10	<p>The competent authorities shall disclose reports of typologies and guidance timely based on the results of risk assessment and other necessary information of specific Foundations.</p> <p>The competent authorities may invite the Anti-Money Laundering Division, Investigation Bureau, Ministry of Justice and the applicable authorities to participate before the disclosure of the reports under the preceding paragraph.</p>
Article 11	<p>These Regulations shall come into force as of the first day of February, 2019.</p>
