



**The Japanese Institute of
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The Financial Action Task Force
2, rue André Pascal
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FRANCE

**JICPA comments on the “Public Consultation on AML/CFT and Financial Inclusion –
proposed changes to FATF Standards”**

The Japanese Institute of Certified Public Accountants (JICPA) expresses its appreciation for the activities of the Financial Action Task Force (FATF), and is grateful for the opportunity to share its comments on the “Public Consultation on AML/CFT and Financial Inclusion – proposed changes to FATF Standards.”

Our comments on the public consultation are as follows:

I. The replacement of the term “commensurate” with “proportionate”

Throughout this public consultation, the term “commensurate” has been replaced with “proportionate” in order to emphasize the concept of a risk-based approach in assessing and responding to the risks of money laundering and terrorist financing. However, the definition of “proportionate” newly established in the glossary states that “In the context of the risk-based approach adopted by the FATF Recommendations, a proportionate or commensurate measure or action is one that appropriately corresponds to the level of identified risk and effectively mitigates the risks,” which indicates that these two terms are equivalent in meaning. Therefore, we believe the purpose of this replacement of terms is unclear.

As English is not an official language in Japan, we request that the difference between these two terms be clearly stated.

II. Simplified measures in lower risk situations

On adoption of simplified measures in lower risk situations, the phrase “countries may decide to allow simplified measures” in Recommendation 1, etc. has been replaced with “countries should allow and encourage simplified measures.” We support this proposed replacement because it promotes the application of measures proportionate to the risks, based on a risk-based approach.

We also support the provision of guidance or information by countries to DNFBSs on the possible approaches for the implementation of simplified measures where the risks are lower. We believe it would be appropriate if guidance could be provided with specific examples in order to make the implementation of the simplified measures effective.

We hope the comments provided above will contribute to the robust discussions at the FATF.

Sincerely yours,

Toshiyuki Nishida

Executive Board Member - Ethics Standards

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