



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

CIRCULAR NO. 451 Series of 2004

The Monetary Board, in its Resolution No. 1238 dated 02 September, 2004, approved the following:

1. The incorporation in the 2003 updates of the Manual of Regulations for Banks (MORB) (as Appendix 52) and Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) (as Appendices Q-25, S-7, P-6 and N-4) of the Revised Implementing Rules and Regulations (IRRs) (copy attached) of R.A. No. 9160 (The Anti-Money Laundering Act of 2001) as amended by R.A. No. 9194.

The Revised IRRs were approved by the Congressional Oversight Committee on 6 August 2003 and took effect on 7 September 2003, 15 days after its publication in a newspaper of general circulation.

2. The adoption of the Anti-Money Laundering Council Resolution No. 292 dated 24 October 2003 as amended by Resolution No. 317 dated 30 December 2003 (copies attached) on covered transactions reports and incorporation of said resolutions in the updates to the 2003 MORB (as Annex A of Appendix 52a) and MORNBFI (as Annexes Q-23-a, S-6-a, P-5-a and N-3-a).
3. Deletion of "suspension of rediscounting privileges" as a sanction on quasi-banks for violation of prescribed FX position limits which is imposed under Section 9 of Circular No. 407 dated 30 September 2003 and Circular Letter dated 13 March 1998.

Subsec. 4603Q.26 of the 2003 MOR-NBFI shall therefore read as follows:

"Subsec. 4603Q.26 Sanctions

"X X X	X X X	X X X
"a. X X X	X X X	X X X

PANANALAPING MATATAG, BANSANG PANATAG

"b. In addition, the following non-monetary sanctions shall be imposed on the quasi-bank committing violations considered as:

"(1) x x x

"(2) x x x

'Chronic'
violation

Suspension of the quasi-bank's cash dividend declaration and branching privileges until the violation is corrected but in no case shall such suspension be less than thirty (30) calendar days.

'Abusive'
violation

Suspension of the quasi-bank's cash dividend declaration and branching privileges until the violation is corrected but in no case shall such suspension be less than sixty (60) calendar days.

"x x x

x x x

x x x"

This Circular shall take effect immediately.

FOR THE MONETARY BOARD:



ALBERTO V. REYES
Officer-In-Charge

14 Sept. 2004

**REVISED IMPLEMENTING RULES AND REGULATIONS
R.A. NO. 9160, AS AMENDED BY R.A. NO. 9194**

**RULE 1
Title**

Rule 1.a. Title. - These Rules shall be known and cited as the "Revised Rules and Regulations Implementing Republic Act No. 9160" (the Anti-Money Laundering Act of 2001 [AMLA]), **AS AMENDED BY REPUBLIC ACT NO. 9194.**

Rule 1.b. Purpose. - These Rules are promulgated to prescribe the procedures and guidelines for the implementation of the AMLA, **AS AMENDED BY REPUBLIC ACT NO. 9194.**

**RULE 2
Declaration of Policy**

Rule 2. Declaration of Policy. - It is hereby declared the policy of the State to protect the integrity and confidentiality of bank accounts and to ensure that the Philippines shall not be used as money laundering site for the proceeds of any unlawful activity. Consistent with its foreign policy, the Philippines shall extend cooperation in transnational investigations and prosecutions of persons involved in money laundering activities wherever committed.

**RULE 3
Definitions**

Rule 3. Definitions. - For purposes of **THIS** Act, the following terms are hereby defined as follows:

Rule 3. a. "Covered Institution" refers to:

Rule 3.a.1. Banks, offshore banking units, quasi-banks, trust entities, non-stock savings and loan associations, pawnshops, and all other institutions, including their subsidiaries and affiliates supervised and/or regulated by the Bangko Sentral ng Pilipinas (BSP).

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- (a) A subsidiary means an entity more than fifty percent (50%) of the outstanding voting stock of which is owned by a bank, quasi-bank, trust entity or any other institution supervised or regulated by the BSP.
 - (b) An affiliate means an entity at least twenty percent (20%) but not exceeding fifty percent (50%) of the voting stock of which is owned by a bank, quasi-bank, trust entity, or any other institution supervised and/or regulated by the BSP.

Rule 3.a.2. Insurance companies, insurance agents, insurance brokers, professional reinsurers, reinsurance brokers, holding companies, holding company systems and all other persons and entities supervised and/or regulated by the Insurance Commission (IC).

(a) An insurance company includes those entities authorized to transact insurance business in the Philippines, whether life or non-life and whether domestic, domestically incorporated or branch of a foreign entity. A contract of insurance is an agreement whereby one undertakes for a consideration to indemnify another against loss, damage or liability arising from an unknown or contingent event. Transacting insurance business includes making or proposing to make, as insurer, any insurance contract, or as surety, any contract of suretyship as a vocation and not as merely incidental to any other legitimate business or activity of the surety, doing any kind of business specifically recognized as constituting the doing of an insurance business within the meaning of Presidential Decree (P.D.) No. 612, as amended, including a reinsurance business and doing or proposing to do any business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of P.D. No. 612, as amended.

(b) An insurance agent includes any person who solicits or obtains insurance on behalf of any insurance company or transmits for a person other than himself an application for a policy or contract of insurance to or from such company or offers or assumes to act in the negotiation of such insurance.

(c) An insurance broker includes any person who acts or aids in any manner in soliciting, negotiating or procuring the making of any insurance contract or in placing risk or taking out insurance, on behalf of an insured other than himself.

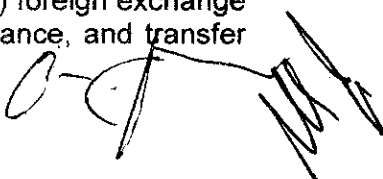
(d) A professional reinsurer includes any person, partnership, association or corporation that transacts solely and exclusively reinsurance business in the Philippines, whether domestic, domestically incorporated or a branch of a foreign entity. A contract of reinsurance is one by which an insurer procures a third person to insure him against loss or liability by reason of such original insurance.

(e) A reinsurance broker includes any person who, not being a duly authorized agent, employee or officer of an insurer in which any reinsurance is effected, acts or aids in any manner in negotiating contracts of reinsurance or placing risks of effecting reinsurance, for any insurance company authorized to do business in the Philippines.

(f) A holding company includes any person who directly or indirectly controls any authorized insurer. A holding company system includes a holding company together with its controlled insurers and controlled persons.



Rule 3.a.3. (i) Securities dealers, brokers, salesmen, associated persons of brokers or dealers, investment houses, investment agents and consultants, trading advisors, and other entities managing securities or rendering similar services; (ii) mutual funds or open-end investment companies, close-end investment companies, common trust funds, pre-need companies or issuers and other similar entities; (iii) foreign exchange corporations, money changers, money payment, remittance, and transfer



companies and other similar entities; and (iv) other entities administering or otherwise dealing in currency, commodities or financial derivatives based thereon, valuable objects, cash substitutes and other similar monetary instruments or property supervised and/or regulated by the Securities and Exchange Commission (SEC).

(a) A securities broker includes a person engaged in the business of buying and selling securities for the account of others.

(b) A securities dealer includes any person who buys and sells securities for his/her account in the ordinary course of business.

(c) A securities salesman includes a natural person, employed as such or as an agent, by a dealer, issuer or broker to buy and sell securities.

(d) An associated person of a broker or dealer includes an employee thereof who directly exercises control or supervisory authority, but does not include a salesman, or an agent or a person whose functions are solely clerical or ministerial.

(e) An investment house includes an enterprise which engages or purports to engage, whether regularly or on an isolated basis, in the underwriting of securities of another person or enterprise, including securities of the Government and its instrumentalities.

(f) A mutual fund or an open-end investment company includes an investment company which is offering for sale or has outstanding, any redeemable security of which it is the issuer.

(g) A closed-end investment company includes an investment company other than open-end investment company.

(h) A common trust fund includes a fund maintained by an entity authorized to perform trust functions under a written and formally established plan, exclusively for the collective investment and reinvestment of certain money representing participation in the plan received by it in its capacity as trustee, for the purpose of administration, holding or management of such funds and/or properties for the use, benefit or advantage of the trustor or of others known as beneficiaries.

(i) A pre-need company or issuer includes any corporation supervised and/or regulated by the SEC and is authorized or licensed to sell or offer for sale pre-need plans. Pre-need plans are contracts which provide for the performance of future service(s) or payment of future monetary consideration at the time of actual need, payable either in cash or installment by the planholder at prices stated in the contract with or without interest or insurance coverage and includes life, pension, education, internment and other plans, which the Commission may, from time to time, approve.

(j) A foreign exchange corporation includes any enterprise which engages or purports to engage, whether regularly or on an isolated

basis, in the sale and purchase of foreign currency notes and such other foreign-currency denominated non-bank deposit transactions as may be authorized under its articles of incorporation.

(k) Investment Advisor/Agent/Consultant shall refer to any person:

(i) who for an advisory fee is engaged in the business of advising others, either directly or through circulars, reports, publications or writings, as to the value of any security and as to the advisability of trading in any security; or

(2) who for compensation and as part of a regular business, issues or promulgates, analyzes reports concerning the capital market, except:

- (a) any bank or trust company;
- (b) any journalist, reporter, columnist, editor, lawyer, accountant, teacher;
- (c) the publisher of any bonafide newspaper, news, business or financial publication of general and regular circulation, including their employees;
- (d) any contract market;
- (e) such other person not within the intent of this definition, provided that the furnishing of such service by the foregoing persons is solely incidental to the conduct of their business or profession.

(3) any person who undertakes the management of portfolio securities of investment companies, including the arrangement of purchases, sales or exchanges of securities.

(l) A moneychanger includes any person in the business of buying or selling foreign currency notes.

(m) A money payment, remittance and transfer company includes any person offering to pay, remit or transfer or transmit money on behalf of any person to another person.

(n) "Customer" refers to any person or entity that keeps an account, or otherwise transacts business, with a covered institution and any person or entity on whose behalf an account is maintained or a transaction is conducted, as well as the beneficiary of said transactions. A customer also includes the beneficiary of a trust, an investment fund, a pension fund or a company or person whose assets are managed by an asset manager, or a grantor of a trust. It includes any insurance policy holder, whether actual or prospective.

(o) "Property" includes any thing or item of value, real or personal, tangible or intangible, or any interest therein or any benefit, privilege, claim or right with respect thereto.

Rule 3.b. "COVERED TRANSACTION" IS A TRANSACTION IN CASH OR OTHER EQUIVALENT MONETARY INSTRUMENT INVOLVING A TOTAL AMOUNT IN EXCESS OF FIVE HUNDRED THOUSAND PESOS (PHP500,000.00) WITHIN ONE (1) BANKING DAY.

Rule 3.b.1. SUSPICIOUS TRANSACTIONS ARE TRANSACTIONS, REGARDLESS OF AMOUNT, WHERE ANY OF THE FOLLOWING CIRCUMSTANCES EXISTS:

1. THERE IS NO UNDERLYING LEGAL OR TRADE OBLIGATION, PURPOSE OR ECONOMIC JUSTIFICATION;
2. THE CLIENT IS NOT PROPERLY IDENTIFIED;
3. THE AMOUNT INVOLVED IS NOT COMMENSURATE WITH THE BUSINESS OR FINANCIAL CAPACITY OF THE CLIENT;
4. TAKING INTO ACCOUNT ALL KNOWN CIRCUMSTANCES, IT MAY BE PERCEIVED THAT THE CLIENT'S TRANSACTION IS STRUCTURED IN ORDER TO AVOID BEING THE SUBJECT OF REPORTING REQUIREMENTS UNDER THE ACT;
5. ANY CIRCUMSTANCE RELATING TO THE TRANSACTION WHICH IS OBSERVED TO DEVIATE FROM THE PROFILE OF THE CLIENT AND/OR THE CLIENT'S PAST TRANSACTIONS WITH THE COVERED INSTITUTION;
6. THE TRANSACTION IS IN ANY WAY RELATED TO AN UNLAWFUL ACTIVITY OR ANY MONEY LAUNDERING ACTIVITY OR OFFENSE UNDER THIS ACT THAT IS ABOUT TO BE, IS BEING OR HAS BEEN COMMITTED; OR
7. ANY TRANSACTION THAT IS SIMILAR, ANALOGOUS OR IDENTICAL TO ANY OF THE FOREGOING."

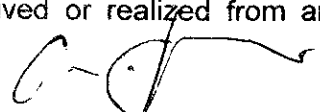
Rule 3.c. "Monetary Instrument" refers to:

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- (1) Coins or currency of legal tender of the Philippines, or of any other country;
 - (2) Drafts, checks and notes;
 - (3) Securities or negotiable instruments, bonds, commercial papers, deposit certificates, trust certificates, custodial receipts or deposit substitute instruments, trading orders, transaction tickets and confirmations of sale or investments and money market instruments;
 - (4) Contracts or policies of insurance, life or non-life, and contracts of suretyship; and
 - (5) Other similar instruments where title thereto passes to another by endorsement, assignment or delivery.

Rule 3.d. "Offender" refers to any person who commits a money laundering offense.

Rule 3.e. "Person" refers to any natural or juridical person.

Rule 3.f. "Proceeds" refers to an amount derived or realized from an unlawful activity. It includes:



- (1) All material results, profits, effects and any amount realized from any unlawful activity;
- (2) All monetary, financial or economic means, devices, documents, papers or things used in or having any relation to any unlawful activity; and
- (3) All moneys, expenditures, payments, disbursements, costs, outlays, charges, accounts, refunds and other similar items for the financing, operations, and maintenance of any unlawful activity.

Rule 3.g. "Supervising Authority" refers to the BSP, the SEC and the IC. Where the BSP, SEC or IC supervision applies only to the registration of the covered institution, the BSP, the SEC or the IC, within the limits of the AMLA, shall have the authority to require and ask assistance from the government agency having regulatory power and/or licensing authority over said covered institution for the implementation and enforcement of the AMLA and these Rules.

Rule 3.h. "Transaction" refers to any act establishing any right or obligation or giving rise to any contractual or legal relationship between the parties thereto. It also includes any movement of funds by any means with a covered institution.

Rule 3.i. "Unlawful activity" refers to any act or omission or series or combination thereof involving or having relation, to the following:

(A) Kidnapping for ransom under Article 267 of Act No. 3815, otherwise known as the Revised Penal Code, as amended;

- (1) Kidnapping for ransom

(B) Sections 4, 5, 6, 8, 9, 10, 12, 13, 14, 15 and 16 of Republic Act No. 9165, otherwise known as the **COMPREHENSIVE Dangerous Drugs Act of 2002**;

- (2) Importation of prohibited drugs;
- (3) Sale of prohibited drugs;
- (4) Administration of prohibited drugs;
- (5) Delivery of prohibited drugs
- (6) Distribution of prohibited drugs
- (7) Transportation of prohibited drugs
- (8) Maintenance of a Den, Dive or Resort for prohibited users
- (9) Manufacture of prohibited drugs
- (10) Possession of prohibited drugs
- (11) Use of prohibited drugs
- (12) Cultivation of plants which are sources of prohibited drugs
- (13) Culture of plants which are sources of prohibited drugs

(C) Section 3 paragraphs b, c, e, g, h and i of Republic Act No. 3019, as amended, otherwise known as the **Anti-Graft and Corrupt Practices Act**;

- (14) Directly or indirectly requesting or receiving any gift, present, share, percentage or benefit for himself or for any other person in connection with any contract or transaction between the

- Government and any party, wherein the public officer in his official capacity has to intervene under the law;
- (15) Directly or indirectly requesting or receiving any gift, present or other pecuniary or material benefit, for himself or for another, from any person for whom the public officer, in any manner or capacity, has secured or obtained, or will secure or obtain, any government permit or license, in consideration for the help given or to be given, without prejudice to Section 13 of R.A. 3019;
 - (16) Causing any undue injury to any party, including the government, or giving any private party any unwarranted benefits, advantage or preference in the discharge of his official, administrative or judicial functions through manifest partiality, evident bad faith or gross inexcusable negligence;
 - (17) Entering, on behalf of the government, into any contract or transaction manifestly and grossly disadvantageous to the same, whether or not the public officer profited or will profit thereby;
 - (18) Directly or indirectly having financial or pecuniary interest in any business contract or transaction in connection with which he intervenes or takes part in his official capacity, or in which he is prohibited by the Constitution or by any law from having any interest;
 - (19) Directly or indirectly becoming interested, for personal gain, or having material interest in any transaction or act requiring the approval of a board, panel or group of which he is a member, and which exercise of discretion in such approval, even if he votes against the same or he does not participate in the action of the board, committee, panel or group.

(D) Plunder under Republic Act No. 7080, as amended;

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- (20) Plunder through misappropriation, conversion, misuse or malversation of public funds or raids upon the public treasury;
 - (21) Plunder by receiving, directly or indirectly, any commission, gift, share, percentage, kickbacks or any other form of pecuniary benefit from any person and/or entity in connection with any government contract or project or by reason of the office or position of the public officer concerned;
 - (22) Plunder by the illegal or fraudulent conveyance or disposition of assets belonging to the National Government or any of its subdivisions, agencies, instrumentalities or government-owned or controlled corporations or their subsidiaries;
 - (23) Plunder by obtaining, receiving or accepting, directly or indirectly, any shares of stock, equity or any other form of interest or participation including the promise of future employment in any business enterprise or undertaking;
 - (24) Plunder by establishing agricultural, industrial or commercial monopolies or other combinations and/or implementation of decrees and orders intended to benefit particular persons or special interests;
 - (25) Plunder by taking undue advantage of official position, authority, relationship, connection or influence to unjustly enrich himself or themselves at the expense and to the damage and prejudice of the Filipino people and the Republic of the Philippines.
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(E) Robbery and extortion under Articles 294, 295, 296, 299, 300, 301 and 302 of the Revised Penal Code, as amended;

- (26) Robbery with violence or intimidation of persons;
- (27) Robbery with physical injuries, committed in an uninhabited place and by a band, or with use of firearms on a street, road or alley;
- (28) Robbery in an uninhabited house or public building or edifice devoted to worship.

(F) Jueteng and Masiao punished as illegal gambling under Presidential Decree No. 1602;

- (29) Jueteng;
- (30) Masiao.

(G) Piracy on the high seas under the Revised Penal Code, as amended and Presidential Decree No. 532;

- (31) Piracy on the high seas;
- (32) Piracy in inland Philippine waters;
- (33) Aiding and abetting pirates and brigands.

(H) Qualified theft under Article 310 of the Revised Penal Code, as amended;

- (34) Qualified theft.

(I) Swindling under Article 315 of the Revised Penal Code, as amended;

- (35) Estafa with unfaithfulness or abuse of confidence by altering the substance, quality or quantity of anything of value which the offender shall deliver by virtue of an obligation to do so, even though such obligation be based on an immoral or illegal consideration;
- (36) Estafa with unfaithfulness or abuse of confidence by misappropriating or converting, to the prejudice of another, money, goods or any other personal property received by the offender in trust or on commission, or for administration, or under any other obligation involving the duty to make delivery or to return the same, even though such obligation be totally or partially guaranteed by a bond; or by denying having received such money, goods, or other property;
- (37) Estafa with unfaithfulness or abuse of confidence by taking undue advantage of the signature of the offended party in blank, and by writing any document above such signature in blank, to the prejudice of the offended party or any third person;
- (38) Estafa by using a fictitious name, or falsely pretending to possess power, influence, qualifications, property, credit, agency, business or imaginary transactions, or by means of other similar deceits;
- (39) Estafa by altering the quality, fineness or weight of anything pertaining to his art or business;
- (40) Estafa by pretending to have bribed any government employee;

- (41) Estafa by postdating a check, or issuing a check in payment of an obligation when the offender has no funds in the bank, or his funds deposited therein were not sufficient to cover the amount of the check;
- (42) Estafa by inducing another, by means of deceit, to sign any document;
- (43) Estafa by resorting to some fraudulent practice to ensure success in a gambling game;
- (44) Estafa by removing, concealing or destroying, in whole or in part, any court record, office files, document or any other papers.

(J) Smuggling under Republic Act Nos. 455 and 1937;

- (45) Fraudulent importation of any vehicle;
- (46) Fraudulent exportation of any vehicle;
- (47) Assisting in any fraudulent importation;
- (48) Assisting in any fraudulent exportation;
- (49) Receiving smuggled article after fraudulent importation;
- (50) Concealing smuggled article after fraudulent importation;
- (51) Buying smuggled article after fraudulent importation;
- (52) Selling smuggled article after fraudulent importation;
- (53) Transportation of smuggled article after fraudulent importation;
- (54) Fraudulent practices against customs revenue.

(K) Violations under Republic Act No. 8792, otherwise known as the Electronic Commerce Act of 2000;

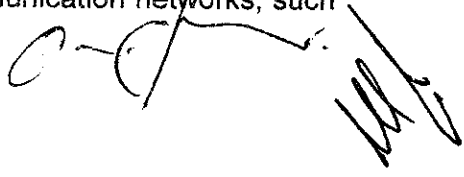
K.1. Hacking or cracking, which refers to:

- (55) unauthorized access into or interference in a computer system/server or information and communication system; or
- (56) any access in order to corrupt, alter, steal, or destroy using a computer or other similar information and communication devices, without the knowledge and consent of the owner of the computer or information and communications system, including
- (57) the introduction of computer viruses and the like, resulting in the corruption, destruction, alteration, theft or loss of electronic data messages or electronic document;

K.2. Piracy, which refers to:

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- (58) the unauthorized copying, reproduction,
 - (59) the unauthorized dissemination, distribution,
 - (60) the unauthorized importation,
 - (61) the unauthorized use, removal, alteration, substitution, modification,
 - (62) the unauthorized storage, uploading, downloading, communication, making available to the public, or
 - (63) the unauthorized broadcasting,

of protected material, electronic signature or copyrighted works including legally protected sound recordings or phonograms or information material on protected works, through the use of telecommunication networks, such



as, but not limited to, the internet, in a manner that infringes intellectual property rights;

K.3. Violations of the Consumer Act or Republic Act No. 7394 and other relevant or pertinent laws through transactions covered by or using electronic data messages or electronic documents:

- (64) Sale of any consumer product that is not in conformity with standards under the Consumer Act;
- (65) Sale of any product that has been banned by a rule under the Consumer Act;
- (66) Sale of any adulterated or mislabeled product using electronic documents;
- (67) Adulteration or misbranding of any consumer product;
- (68) Forging, counterfeiting or simulating any mark, stamp, tag, label or other identification device;
- (69) Revealing trade secrets;
- (70) Alteration or removal of the labeling of any drug or device held for sale;
- (71) Sale of any drug or device not registered in accordance with the provisions of the E-Commerce Act;
- (72) Sale of any drug or device by any person not licensed in accordance with the provisions of the E-Commerce Act;
- (73) Sale of any drug or device beyond its expiration date;
- (74) Introduction into commerce of any mislabeled or banned hazardous substance;
- (75) Alteration or removal of the labeling of a hazardous substance;
- (76) Deceptive sales acts and practices;
- (77) Unfair or unconscionable sales acts and practices;
- (78) Fraudulent practices relative to weights and measures;
- (79) False representations in advertisements as the existence of a warranty or guarantee;
- (80) Violation of price tag requirements;
- (81) Mislabeling consumer products;
- (82) False, deceptive or misleading advertisements;
- (83) Violation of required disclosures on consumer loans;
- (84) Other violations of the provisions of the E-Commerce Act;

(L) Hijacking and other violations under Republic Act No. 6235; destructive arson and murder, as defined under the Revised Penal Code, as amended, including those perpetrated by terrorists against non-combatant persons and similar targets;

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- (85) Hijacking;
 - (86) Destructive arson;
 - (87) Murder;
 - (88) Hijacking, destructive arson or murder perpetrated by terrorists against non-combatant persons and similar targets;

(M) Fraudulent practices and other violations under Republic Act No. 8799, otherwise known as the Securities Regulation Code of 2000;

- (89) Sale, offer or distribution of securities within the Philippines without a registration statement duly filed with and approved by the SEC;
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- (90) Sale or offer to the public of any pre-need plan not in accordance with the rules and regulations which the SEC shall prescribe;
- (91) Violation of reportorial requirements imposed upon issuers of securities;
- (92) Manipulation of security prices by creating a false or misleading appearance of active trading in any listed security traded in an Exchange or any other trading market;
- (93) Manipulation of security prices by effecting, alone or with others, a series of transactions in securities that raises their prices to induce the purchase of a security, whether of the same or different class, of the same issuer or of a controlling, controlled or commonly controlled company by others;
- (94) Manipulation of security prices by effecting, alone or with others, a series of transactions in securities that depresses their price to induce the sale of a security, whether of the same or different class, of the same issuer or of a controlling, controlled or commonly controlled company by others;
- (95) Manipulation of security prices by effecting, alone or with others, a series of transactions in securities that creates active trading to induce such a purchase or sale through manipulative devices such as marking the close, painting the tape, squeezing the float, hype and dump, boiler room operations and such other similar devices;
- (96) Manipulation of security prices by circulating or disseminating information that the price of any security listed in an Exchange will or is likely to rise or fall because of manipulative market operations of any one or more persons conducted for the purpose of raising or depressing the price of the security for the purpose of inducing the purchase or sale of such security;
- (97) Manipulation of security prices by making false or misleading statements with respect to any material fact, which he knew or had reasonable ground to believe was so false and misleading, for the purpose of inducing the purchase or sale of any security listed or traded in an Exchange;
- (98) Manipulation of security prices by effecting, alone or with others, any series of transactions for the purchase and/or sale of any security traded in an Exchange for the purpose of pegging, fixing or stabilizing the price of such security, unless otherwise allowed by the Securities Regulation Code or by the rules of the SEC;
- (99) Sale or purchase of any security using any manipulative deceptive device or contrivance;
- (100) Execution of short sales or stop-loss order in connection with the purchase or sale of any security not in accordance with such rules and regulations as the SEC may prescribe as necessary and appropriate in the public interest or the protection of the investors;
- (101) Employment of any device, scheme or artifice to defraud in connection with the purchase and sale of any securities;
- (102) Obtaining money or property in connection with the purchase and sale of any security by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

- (103) Engaging in any act, transaction, practice or course of action in the sale and purchase of any security which operates or would operate as a fraud or deceit upon any person;
- (104) Insider trading;
- (105) Engaging in the business of buying and selling securities in the Philippines as a broker or dealer, or acting as a salesman, or an associated person of any broker or dealer without any registration from the Commission;
- (106) Employment by a broker or dealer of any salesman or associated person or by an issuer of any salesman, not registered with the SEC;
- (107) Effecting any transaction in any security, or reporting such transaction, in an Exchange or using the facility of an Exchange which is not registered with the SEC;
- (108) Making use of the facility of a clearing agency which is not registered with the SEC;
- (109) Violations of margin requirements;
- (110) Violations on the restrictions on borrowings by members, brokers and dealers;
- (111) Aiding and Abetting in any violations of the Securities Regulation Code;
- (112) Hindering, obstructing or delaying the filing of any document required under the Securities Regulation Code or the rules and regulations of the SEC;
- (113) Violations of any of the provisions of the implementing rules and regulations of the SEC;
- (114) Any other violations of any of the provisions of the Securities Regulation Code.

(N) Felonies or offenses of a similar nature to the afore-mentioned unlawful activities that are punishable under the penal laws of other countries.

In determining whether or not a felony or offense punishable under the penal laws of other countries, is "of a similar nature", as to constitute the same as an unlawful activity under the AMLA, the nomenclature of said felony or offense need not be identical to any of the predicate crimes listed under Rule 3.1.

RULE 4

Money Laundering Offense

Rule 4.1. Money Laundering Offense - Money laundering is a crime whereby the proceeds of an unlawful activity **AS HEREIN DEFINED** are transacted, thereby making them appear to have originated from legitimate sources. It is committed by the following:

- (a) Any person knowing that any monetary instrument or property represents, involves, or relates to, the proceeds of any unlawful activity, transacts or attempts to transact said monetary instrument or property.
- (b) Any person knowing that any monetary instrument or property involves the proceeds of any unlawful activity, performs or fails to perform any act as a result

of which he facilitates the offense of money laundering referred to in paragraph (a) above.

(c) Any person knowing that any monetary instrument or property is required under this Act to be disclosed and filed with the Anti-Money Laundering Council (AMLC), fails to do so.

RULE 5

Jurisdiction of Money Laundering Cases and Money Laundering Investigation Procedures

Rule 5.1. Jurisdiction of Money Laundering Cases. – The Regional Trial Courts shall have the jurisdiction to try all cases on money laundering. Those committed by public officers and private persons who are in conspiracy with such public officers shall be under the jurisdiction of the Sandiganbayan.

Rule 5.2. Investigation of Money Laundering Offenses. - The AMLC shall investigate:

- (a) **SUSPICIOUS TRANSACTIONS;**
- (b) **COVERED TRANSACTIONS DEEMED SUSPICIOUS AFTER AN INVESTIGATION CONDUCTED BY THE AMLC;**
- (c) **MONEY LAUNDERING ACTIVITIES; AND**
- (d) **OTHER VIOLATIONS OF THIS ACT.**

Rule 5.3. Attempts at Transactions. Section 4 (a) and (b) of the AMLA provides that any person who attempts to transact any monetary instrument or property representing, involving or relating to the proceeds of any unlawful activity shall be prosecuted for a money laundering offense. Accordingly, the reports required under Rule 9.3 (a) and (b) of these Rules shall include those pertaining to any attempt by any person to transact any monetary instrument or property representing, involving or relating to the proceeds of any unlawful activity.

RULE 6

Prosecution of Money Laundering

Rule 6.1. Prosecution of Money Laundering. -

(a) Any person may be charged with and convicted of both the offense of money laundering and the unlawful activity as defined under Rule 3 (i) of the AMLA.

(b) Any proceeding relating to the unlawful activity shall be given precedence over the prosecution of any offense or violation under the AMLA without prejudice to the **APPLICATION EX-PARTE by the AMLC TO THE COURT OF APPEALS FOR A FREEZE ORDER** with respect to the **MONETARY INSTRUMENT OR PROPERTY** involved therein and resort to other remedies provided under the AMLA, **THE RULES OF COURT AND OTHER PERTINENT LAWS AND RULES.**

Rule 6.2. When the AMLC finds, after investigation, that there is probable cause to charge any person with a money laundering offense under Section 4 of the AMLA, it shall cause a complaint to be filed, pursuant to Section 7 (4) of the AMLA, before the Department of Justice or the Ombudsman, which shall then conduct the preliminary investigation of the case.

Rule 6.3. After due notice and hearing in the preliminary investigation proceedings before the Department of Justice, or the Ombudsman, as the case may be, and the latter should find probable cause of a money laundering offense, it shall file the necessary information before the Regional Trial Courts or the Sandiganbayan.

Rule 6.4. Trial for the money laundering offense shall proceed in accordance with the Code of Criminal Procedure or the Rules of Procedure of the Sandiganbayan, as the case may be.

Rule 6.5. Knowledge of the offender that any monetary instrument or property represents, involves, or relates to the proceeds of an unlawful activity or that any monetary instrument or property is required under the AMLA to be disclosed and filed with the AMLC, may be established by direct evidence or inferred from the attendant circumstances.

Rule 6.6. All the elements of every money laundering offense under Section 4 of the AMLA must be proved by evidence beyond reasonable doubt, including the element of knowledge that the monetary instrument or property represents, involves or relates to the proceeds of any unlawful activity.

Rule 6.7. No element of the unlawful activity, however, including the identity of the perpetrators and the details of the actual commission of the unlawful activity need be established by proof beyond reasonable doubt. The elements of the offense of money laundering are separate and distinct from the elements of the felony or offense constituting the unlawful activity.

RULE 7

Creation of Anti-Money Laundering Council (AMLC).

Rule 7.1.a. Composition. – The Anti-Money Laundering Council is hereby created and shall be composed of the Governor of the Bangko Sentral ng Pilipinas as Chairman, the Commissioner of the Insurance Commission and the Chairman of the Securities and Exchange Commission as members.

Rule 7.1.b. Unanimous Decision – The AMLC shall act unanimously in discharging its functions as defined in the AMLA and in these Rules. However, in the case of the incapacity, absence or disability of any members to discharge his functions, the officer duly designated or authorized to discharge the functions of the Governor of the BSP, the Chairman of the SEC or the Insurance Commissioner, as the case may be, shall act in his stead in the AMLC.

Rule 7.2. Functions. - The functions of the AMLC are defined hereunder:

(1) to require and receive covered **OR SUSPICIOUS** transaction reports from covered institutions;

(2) to issue orders addressed to the appropriate Supervising Authority or the covered institution to determine the true identity of the owner of any monetary instrument or property subject of a covered **OR SUSPICIOUS** transaction report, or request for assistance from a foreign State, or believed by the Council, on the basis of substantial evidence, to be, in whole or in part, wherever located, representing, involving, or related to, directly or indirectly, in any manner or by any means, the proceeds of an unlawful activity;

(3) to institute civil forfeiture proceedings and all other remedial proceedings through the Office of the Solicitor General;

(4) to cause the filing of complaints with the Department of Justice or the Ombudsman for the prosecution of money laundering offenses;

(5) TO INVESTIGATE SUSPICIOUS TRANSACTIONS AND COVERED TRANSACTIONS DEEMED SUSPICIOUS AFTER AN INVESTIGATION BY THE AMLC, money laundering activities and other violations of this Act;

(6) TO APPLY BEFORE THE COURT OF APPEALS, EX-PARTE, FOR THE FREEZING OF any monetary instrument or property alleged to be proceeds of any unlawful activity **AS DEFINED UNDER SECTION 3 (i) HEREOF;**

(7) to implement such measures as may be inherent, necessary, implied, incidental and justified under the AMLA to counteract money laundering. Subject to such limitations as provided for by law, the AMLC is authorized under Rule 7 (7) of the AMLA to establish an information sharing system that will enable the AMLC to store, track and analyze money laundering transactions for the resolute prevention, detection and investigation of money laundering offenses. For this purpose, the AMLC shall install a computerized system that will be used in the creation and maintenance of an information database;

(8) to receive and take action in respect of any request from foreign states for assistance in their own anti-money laundering operations as provided in the AMLA. The AMLC is authorized under Sections 7 (8) and 13 (b) and (d) of the AMLA to receive and take action in respect of any request of foreign states for assistance in their own anti-money laundering operations, in respect of conventions, resolutions and other directives of the United Nations (UN), the UN Security Council, and other international organizations of which the Philippines is a member. However, the AMLC may refuse to comply with any such request, convention, resolution or directive where the action sought therein contravenes the provisions of the Constitution, or the execution thereof is likely to prejudice the national interest of the Philippines.

 (9) to develop educational programs on the pernicious effects of money laundering, the methods and techniques used in money laundering, the viable means of preventing money laundering and the effective ways of prosecuting and punishing offenders.

(10) to enlist the assistance of any branch, department, bureau, office, agency or instrumentality of the government, including government-owned and -controlled corporations, in undertaking any and all anti-money laundering operations, which may include the use of its personnel, facilities and resources for the more resolute prevention, detection and investigation of money laundering offenses and prosecution of offenders. The AMLC may require the intelligence units of the Armed Forces of the Philippines, the Philippine National Police, the Department



of Finance, the Department of Justice, as well as their attached agencies, and other domestic or transnational governmental or non-governmental organizations or groups to divulge to the AMLC all information that may, in any way, facilitate the resolute prevention, investigation and prosecution of money laundering offenses and other violations of the AMLA.

(11) TO IMPOSE ADMINISTRATIVE SANCTIONS FOR THE VIOLATION OF LAWS, RULES, REGULATIONS AND ORDERS AND RESOLUTIONS ISSUED PURSUANT THERETO.

Rule 7.3. Meetings. - The AMLC shall meet every first Monday of the month, or as often as may be necessary at the call of the Chairman.

RULE 8
Creation of a Secretariat

Rule 8.1. The Executive Director. - The Secretariat shall be headed by an Executive Director who shall be appointed by the AMLC for a term of five (5) years. He must be a member of the Philippine Bar, at least thirty-five (35) years of age, must have served at least five (5) years either at the BSP, the SEC or the IC and of good moral character, unquestionable integrity and known probity. He shall be considered a full-time permanent employee of the BSP with the rank of Assistant Governor, and shall be entitled to such benefits and subject to rules and regulations, as well as prohibitions, as are applicable to officers of similar rank.

Rule 8.2. Composition. - In organizing the Secretariat, the AMLC may choose from those who have served, continuously or cumulatively, for at least five (5) years in the BSP, the SEC or the IC. All members of the Secretariat shall be considered regular employees of the BSP and shall be entitled to such benefits and subject to such rules and regulations as are applicable to BSP employees of similar rank.

Rule 8.3. Detail and Secondment. - The AMLC is authorized under Section 7(10) of the AMLA to enlist the assistance of the BSP, the SEC or the IC, or any other branch, department, bureau, office, agency or instrumentality of the government, including government-owned and controlled corporations, in undertaking any and all anti-money laundering operations. This includes the use of any member of their personnel who may be detailed or seconded to the AMLC, subject to existing laws and Civil Service Rules and Regulations. Detailed personnel shall continue to receive their salaries, benefits and emoluments from their respective mother units. Seconded personnel shall receive, in lieu of their respective compensation packages from their respective mother units, the salaries, emoluments and all other benefits to which their AMLC Secretariat positions are entitled to.

Rule 8.4. Confidentiality Provisions. - The members of the AMLC, the Executive Director, and all the members of the Secretariat, whether permanent, on detail or on secondment, shall not reveal, in any manner, any information known to them by reason of their office. This prohibition shall apply even after their separation from the AMLC. In case of violation of this provision, the person shall be punished in accordance with the pertinent provisions of the Central Bank Act.

RULE 9
Prevention of Money Laundering;
Customer Identification Requirements and Record Keeping.

Rule 9.1. Customer Identification Requirements.

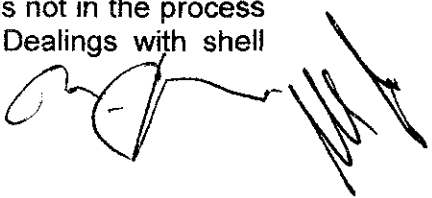
Rule 9.1.a. Customer Identification. - Covered institutions shall establish and record the true identity of its clients based on official documents. They shall maintain a system of verifying the true identity of their clients and, in case of corporate clients, require a system of verifying their legal existence and organizational structure, as well as the authority and identification of all persons purporting to act on their behalf. Covered institutions shall establish appropriate systems and methods based on internationally compliant standards and adequate internal controls for verifying and recording the true and full identity of their customers.

Rule 9.1.b. Trustee, Nominee and Agent Accounts. - When dealing with customers who are acting as trustee, nominee, agent or in any capacity for and on behalf of another, covered institutions shall verify and record the true and full identity of the person(s) on whose behalf a transaction is being conducted. Covered institutions shall also establish and record the true and full identity of such trustees, nominees, agents and other persons and the nature of their capacity and duties. In case a covered institution has doubts as to whether such persons are being used as dummies in circumvention of existing laws, it shall immediately make the necessary inquiries to verify the status of the business relationship between the parties.

Rule 9.1.c. Minimum Information/Documents Required for Individual Customers. - Covered institutions shall require customers to produce original documents of identity issued by an official authority, bearing a photograph of the customer. Examples of such documents are identity cards and passports. The following minimum information/documents shall be obtained from individual customers:

- 
- (1) Name;
 - (2) Present address;
 - (3) Permanent address;
 - (4) Date and place of birth;
 - (5) Nationality;
 - (6) Nature of work and name of employer or nature of self-employment/business;
 - (7) Contact numbers;
 - (8) Tax identification number, Social Security System number or Government Service and Insurance System number;
 - (9) Specimen signature;
 - (10) Source of fund(s); and
 - (11) Names of beneficiaries in case of insurance contracts and whenever applicable.

Rule 9.1.d. Minimum Information/Documents Required for Corporate and Juridical Entities. - Before establishing business relationships, covered institutions shall endeavor to ensure that the customer is a corporate or juridical entity which has not been or is not in the process of being, dissolved, wound up or voided, or that its business or operations has not been or is not in the process of being, closed, shut down, phased out, or terminated. Dealings with shell



companies and corporations, being legal entities which have no business substance in their own right but through which financial transactions may be conducted, should be undertaken with extreme caution. The following minimum information/documents shall be obtained from customers that are corporate or juridical entities, including shell companies and corporations:

- (1) Articles of Incorporation/Partnership;
- (2) By-laws;
- (3) Official address or principal business address;
- (4) List of directors/partners;
- (5) List of principal stockholders owning at least two percent (2%) of the capital stock;
- (6) Contact numbers;
- (7) Beneficial owners, if any; and
- (8) Verification of the authority and identification of the person purporting to act on behalf of the client.

Rule 9.1.e. Prohibition against Certain Accounts. Covered institutions shall maintain accounts only in the true and full name of the account owner or holder. The provisions of existing laws to the contrary notwithstanding, anonymous accounts, accounts under fictitious names, and all other similar accounts shall be absolutely prohibited.

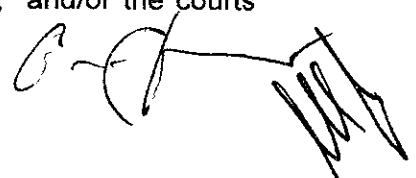
Rule 9.1.f. Prohibition against opening of Accounts without Face-to-face Contact. - No new accounts shall be opened and created without face-to-face contact and full compliance with the requirements under Rule 9.1.c of these Rules.

Rule 9.1.g. Numbered Accounts. - Peso and foreign currency non-checking numbered accounts shall be allowed: *Provided*, That the true identity of the customers of all peso and foreign currency non-checking numbered accounts are satisfactorily established based on official and other reliable documents and records, and that the information and documents required under the provisions of these Rules are obtained and recorded by the covered institution. No peso and foreign currency non-checking accounts shall be allowed without the establishment of such identity and in the manner herein provided. The BSP may conduct annual testing for the purpose of determining the existence and true identity of the owners of such accounts. The SEC and the IC may conduct similar testing more often than once a year and covering such other related purposes as may be allowed under their respective charters.

Rule 9.2. Record Keeping Requirements.



Rule 9.2.a. Record Keeping: Kinds of Records and Period for Retention. - All records of all transactions of covered institutions shall be maintained and safely stored for five (5) years from the dates of transactions. Said records and files shall contain the full and true identity of the owners or holders of the accounts involved in the covered transactions and all other customer identification documents. Covered institutions shall undertake the necessary adequate security measures to ensure the confidentiality of such file. Covered institutions shall prepare and maintain documentation, in accordance with the aforementioned client identification requirements, on their customer accounts, relationships and transactions such that any account, relationship or transaction can be so reconstructed as to enable the AMLC, and/or the courts to establish an audit trail for money laundering.



Rule 9.2.b. Existing and New Accounts and New Transactions. - All records of existing and new accounts and of new transactions shall be maintained and safely stored for five (5) years from October 17, 2001 or from the dates of the accounts or transactions, whichever is later.

Rule 9.2.c. Closed Accounts. With respect to closed accounts, the records on customer identification, account files and business correspondence shall be preserved and safely stored for at least five (5) years from the dates when they were closed.

Rule 9.2.d. Retention of Records in Case a Money Laundering Case has been Filed in Court. - If a money laundering case based on any record kept by the covered institution concerned has been filed in court, said file must be retained beyond the period stipulated in the three (3) immediately preceding sub-Rules, as the case may be, until it is confirmed that the case has been finally resolved or terminated by the court.

Rule 9.2.e. Form of Records. - Records shall be retained as originals in such forms as are admissible in court pursuant to existing laws and the applicable rules promulgated by the Supreme Court.

Rule 9.3. Reporting of Covered Transactions.

Rule 9.3.a. Period of Reporting Covered Transactions and Suspicious Transactions. - COVERED INSTITUTIONS SHALL REPORT TO THE AMLC ALL COVERED TRANSACTIONS AND SUSPICIOUS TRANSACTIONS WITHIN FIVE (5) WORKING DAYS FROM OCCURRENCE THEREOF, UNLESS THE SUPERVISING AUTHORITY CONCERNED PRESCRIBES A LONGER PERIOD NOT EXCEEDING TEN (10) WORKING DAYS.

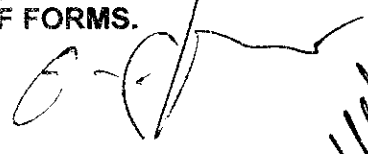
SHOULD A TRANSACTION BE DETERMINED TO BE BOTH A COVERED AND A SUSPICIOUS TRANSACTION, THE COVERED INSTITUTION SHALL REPORT THE SAME AS A SUSPICIOUS TRANSACTION.

THE REPORTING OF COVERED TRANSACTIONS BY COVERED INSTITUTIONS SHALL BE DEFERRED FOR A PERIOD OF SIXTY (60) DAYS AFTER THE EFFECTIVITY OF REPUBLIC ACT NO. 9194, OR AS MAY BE DETERMINED BY THE AMLC, IN ORDER TO ALLOW THE COVERED INSTITUTIONS TO CONFIGURE THEIR RESPECTIVE COMPUTER SYSTEMS; PROVIDED THAT, ALL COVERED TRANSACTIONS DURING SAID DEFERMENT PERIOD SHALL BE SUBMITTED THEREAFTER.



Rule 9.3.b. Covered AND SUSPICIOUS Transaction Report Forms. - The Covered Transaction Report (CTR) AND THE SUSPICIOUS TRANSACTION REPORT (STR) shall be in the forms prescribed by the AMLC.

Rule 9.3.b.1. COVERED INSTITUTIONS SHALL USE THE EXISTING FORMS FOR COVERED TRANSACTION REPORTS AND SUSPICIOUS TRANSACTION REPORTS, UNTIL SUCH TIME AS THE AMLC HAS ISSUED NEW SETS OF FORMS.



Rule 9.3.b.2. COVERED TRANSACTION REPORTS AND SUSPICIOUS TRANSACTION REPORTS SHALL BE SUBMITTED IN A SECURED MANNER TO THE AMLC IN ELECTRONIC FORM, EITHER VIA DISKETTES, LEASED LINES, OR THROUGH INTERNET FACILITIES, WITH THE CORRESPONDING HARD COPY FOR SUSPICIOUS TRANSACTIONS. THE FINAL FLOW AND PROCEDURES FOR SUCH REPORTING SHALL BE MAPPED OUT IN THE MANUAL OF OPERATIONS TO BE ISSUED BY THE AMLC.

Rule 9.3.c. Exemption from Bank Secrecy Laws. – When reporting covered OR SUSPICIOUS transactions to the AMLC, covered institutions and their officers and employees, shall not be deemed to have violated R.A. No. 1405, as amended, R.A. No. 6426, as amended, R.A. No. 8791 and other similar laws, but are prohibited from communicating, directly or indirectly, in any manner or by any means, to any person the fact that a covered or suspicious transaction report was made, the contents thereof, or any other information in relation thereto. In case of violation thereof, the concerned officer and employee of the covered institution, shall be criminally liable.

Rule 9.3.d. Confidentiality Provisions. – When reporting covered transactions or suspicious transactions to the AMLC, covered institutions and their officers and employees, are prohibited from communicating, directly or indirectly, in any manner or by any means, to any person, entity, the media, the fact that a covered or suspicious transaction report was made, the contents thereof, or any other information in relation thereto. Neither may such reporting be published or aired in any manner or form by the mass media, electronic mail, or other similar devices. In case of violation thereof, the concerned officer, and employee, of the covered institution, or media shall be held criminally liable.

Rule 9.3.e. Safe Harbor Provisions. – No administrative, criminal or civil proceedings, shall lie against any person for having made a covered transaction report OR A SUSPICIOUS transaction report in the regular performance of his duties and in good faith, whether or not such reporting results in any criminal prosecution under this Act or any other Philippine law.

RULE 10 APPLICATION FOR FREEZE ORDERS

Rule 10.1. WHEN THE AMLC MAY APPLY FOR THE FREEZING OF ANY MONETARY INSTRUMENT OR PROPERTY. -

 (a) AFTER AN INVESTIGATION CONDUCTED BY THE AMLC AND UPON DETERMINATION THAT PROBABLE CAUSE EXISTS THAT A MONETARY INSTRUMENT OR PROPERTY IS IN ANY WAY RELATED TO ANY UNLAWFUL ACTIVITY AS DEFINED UNDER SECTION 3 (i), THE AMLC MAY FILE AN EX-PARTE APPLICATION BEFORE THE COURT OF APPEALS FOR THE ISSUANCE OF A FREEZE ORDER ON ANY MONETARY INSTRUMENT OR PROPERTY subject thereof prior to the institution or in the course of, the criminal proceedings involving the unlawful activity to which said **MONETARY INSTRUMENT OR PROPERTY** is any way related.




(b) Considering the intricate and diverse web of related and interlocking accounts **PERTAINING TO THE MONETARY INSTRUMENT(S) OR PROPERTY(IES)** that any person may create in the different covered institutions, their branches and/or other units, the AMLC may **APPLY TO THE COURT OF APPEALS FOR THE FREEZING, NOT ONLY OF THE MONETARY INSTRUMENTS OR PROPERTIES IN THE NAMES OF THE REPORTED OWNER(S)/HOLDER(S), AND MONETARY INSTRUMENTS OR PROPERTIES NAMED IN THE APPLICATION OF THE AMLC BUT ALSO ALL OTHER RELATED WEB OF ACCOUNTS PERTAINING TO OTHER MONETARY INSTRUMENTS AND PROPERTIES, THE FUNDS AND SOURCES OF WHICH ORIGINATED FROM OR ARE RELATED TO THE MONETARY INSTRUMENT(S) OR PROPERTY(IES) SUBJECT OF THE FREEZE ORDER(S).**

(c) **THE FREEZE ORDER SHALL BE EFFECTIVE FOR TWENTY (20) DAYS UNLESS EXTENDED BY THE COURT OF APPEALS UPON APPLICATION BY THE AMLC.**

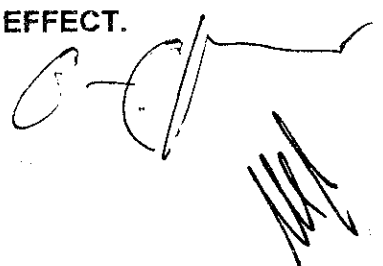
Rule 10.2. Definition of Probable Cause. - Probable cause includes such facts and circumstances which would lead a reasonably discreet, prudent or cautious man to believe that an unlawful activity and/or a money laundering offense is about to be, is being or has been committed and that the account or any monetary instrument or property subject thereof sought to be frozen is in any way related to said unlawful activity and/or money laundering offense.

Rule 10.3. DUTY OF COVERED INSTITUTION UPON RECEIPT THEREOF. -

Rule 10.3.a. Upon receipt of the notice of the freeze order, the covered institution concerned shall immediately freeze the monetary instrument or property **AND RELATED WEB OF ACCOUNTS** subject thereof.

Rule 10.3.b. **THE COVERED INSTITUTION SHALL LIKEWISE IMMEDIATELY FURNISH A COPY OF THE NOTICE OF THE FREEZE ORDER UPON THE OWNER OR HOLDER OF THE MONETARY INSTRUMENT OR PROPERTY OR RELATED WEB OF ACCOUNTS SUBJECT THEREOF.**

Rule 10.3.c. Within twenty-four (24) hours from receipt of the freeze order, the covered institution concerned shall submit to the **COURT OF APPEALS AND THE AMLC**, by personal delivery, a detailed written return on the freeze order, specifying **ALL THE PERTINENT AND RELEVANT INFORMATION WHICH SHALL INCLUDE THE FOLLOWING:**

- 
1. **THE ACCOUNT NUMBER(S);**
 2. **THE NAME(S) OF THE ACCOUNT OWNER(S) OR HOLDER(S);**
 3. **THE AMOUNT OF THE MONETARY INSTRUMENT, PROPERTY OR RELATED WEB OF ACCOUNTS AS OF THE TIME THEY WERE FROZEN;**
 4. **ALL RELEVANT INFORMATION AS TO THE NATURE OF THE MONETARY INSTRUMENT OR PROPERTY;**
 5. **ANY INFORMATION ON THE RELATED WEB OF ACCOUNTS PERTAINING TO THE MONETARY INSTRUMENT OR PROPERTY SUBJECT OF THE FREEZE ORDER; AND**
 6. **THE TIME WHEN THE FREEZE THEREON TOOK EFFECT.**
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Rule 10.4 DEFINITION OF RELATED WEB OF ACCOUNTS. -

"RELATED WEB OF ACCOUNTS PERTAINING TO THE MONEY INSTRUMENT OR PROPERTY SUBJECT OF THE FREEZE ORDER" IS DEFINED AS THOSE ACCOUNTS, THE FUNDS AND SOURCES OF WHICH ORIGINATED FROM AND/OR ARE MATERIALLY LINKED TO THE MONETARY INSTRUMENT(S) OR PROPERTY(IES) SUBJECT OF THE FREEZE ORDER(S).

UPON RECEIPT OF THE FREEZE ORDER ISSUED BY THE COURT OF APPEALS AND UPON VERIFICATION BY THE COVERED INSTITUTION THAT THE RELATED WEB OF ACCOUNTS ORIGINATED FROM AND/OR ARE MATERIALLY LINKED TO THE MONETARY INSTRUMENT OR PROPERTY SUBJECT OF THE FREEZE ORDER, THE COVERED INSTITUTION SHALL FREEZE THESE RELATED WEB OF ACCOUNTS WHEREVER THESE FUNDS MAY BE FOUND.

THE RETURN OF THE COVERED INSTITUTION AS REQUIRED UNDER RULE 10.3.c SHALL INCLUDE THE FACT OF SUCH FREEZING AND AN EXPLANATION AS TO THE GROUNDS FOR THE IDENTIFICATION OF THE RELATED WEB OF ACCOUNTS.

Rule 10.5. Extension of the Freeze Order. - BEFORE THE TWENTY (20) DAY PERIOD OF THE FREEZE ORDER ISSUED BY THE COURT OF APPEALS EXPIRES, THE AMLC MAY APPLY IN THE SAME COURT FOR AN EXTENSION OF SAID PERIOD. UPON THE TIMELY FILING OF SUCH APPLICATION AND PENDING THE DECISION OF THE COURT OF APPEALS TO EXTEND THE PERIOD, SAID PERIOD SHALL BE DEEMED SUSPENDED AND THE FREEZE ORDER SHALL REMAIN EFFECTIVE.

HOWEVER, THE COVERED INSTITUTION SHALL NOT LIFT THE EFFECTS OF THE FREEZE ORDER WITHOUT SECURING OFFICIAL CONFIRMATION FROM THE AMLC.

Rule 10.6. Prohibition against Issuance of Freeze Orders against candidates for an electoral office during election period. - No assets shall be frozen to the prejudice of a candidate for an electoral office during an election period.

RULE 11.

Authority to Inquire into Bank Deposits.



Rule 11.1. Authority to Inquire into Bank Deposits WITH COURT ORDER. - Notwithstanding the provisions of Republic Act No. 1405, as amended; Republic Act No. 6426, as amended; Republic Act No. 8791, and other laws, the AMLC may inquire into or examine any particular deposit or investment with any banking institution or non-bank financial institution **AND THEIR SUBSIDIARIES AND AFFILIATES** upon order of any competent court in cases of violation of this Act, when it has been established that there is probable cause that the deposits or investments involved are related to **AN UNLAWFUL ACTIVITY AS DEFINED IN SECTION 3 (i) HEREOF OR** a money laundering offense **UNDER SECTION 4 HEREOF; EXCEPT IN CASES AS PROVIDED UNDER RULE 11.2.**

Rule 11.2. Authority to Inquire into Bank Deposits WITHOUT COURT ORDER. - The AMLC MAY INQUIRE INTO OR EXAMINE DEPOSITS AND



INVESTMENTS WITH ANY BANKING INSTITUTION OR NON-BANK FINANCIAL INSTITUTION AND THEIR SUBSIDIARIES AND AFFILIATES WITHOUT A COURT ORDER WHERE ANY OF THE FOLLOWING UNLAWFUL ACTIVITIES ARE INVOLVED:

- (a) Kidnapping for ransom under Article 267 of Act No. 3815, otherwise known as the Revised Penal Code, as amended;
- (b) Sections 4, 5, 6, 8, 9, 10, 12, 13, 14, 15 AND 16 of Republic Act No. 9165, otherwise known as the **COMPREHENSIVE** Dangerous Drugs Act of 2002;
- (c) Hijacking and other violations under Republic Act No. 6235; destructive arson and murder, as defined under the Revised Penal Code, as amended, including those perpetrated by terrorists against non-combatant persons and similar targets

Rule 11.2.a. PROCEDURE FOR EXAMINATION WITHOUT A COURT ORDER. - WHERE ANY OF THE UNLAWFUL ACTIVITIES ENUMERATED UNDER THE IMMEDIATELY PRECEDING RULE 11.2 ARE INVOLVED, AND THERE IS PROBABLE CAUSE THAT THE DEPOSITS OR INVESTMENTS WITH ANY BANKING OR NON-BANKING FINANCIAL INSTITUTION AND THEIR SUBSIDIARIES AND AFFILIATES ARE IN ANYWAY RELATED TO THESE UNLAWFUL ACTIVITIES, THE AMLC SHALL ISSUE A RESOLUTION AUTHORIZING THE INQUIRY INTO OR EXAMINATION OF ANY DEPOSIT OR INVESTMENT WITH SUCH BANKING OR NON-BANKING FINANCIAL INSTITUTION AND THEIR SUBSIDIARIES AND AFFILIATES CONCERNED.

Rule 11.2.b. DUTY OF THE BANKING INSTITUTION OR NON-BANKING INSTITUTION UPON RECEIPT OF THE AMLC RESOLUTION. - THE BANKING INSTITUTION OR THE NON-BANKING FINANCIAL INSTITUTION AND THEIR SUBSIDIARIES AND AFFILIATES SHALL, IMMEDIATELY UPON RECEIPT OF THE AMLC RESOLUTION, ALLOW THE AMLC AND/OR ITS AUTHORIZED REPRESENTATIVE(S) FULL ACCESS TO ALL RECORDS PERTAINING TO THE DEPOSIT OR INVESTMENT ACCOUNT.

Rule 11.3. - BSP Authority to Examine deposits and investments; Additional Exception to the Bank Secrecy Act. - TO ENSURE COMPLIANCE WITH THIS ACT, THE BANGKO SENTRAL NG PILIPINAS (BSP) MAY INQUIRE INTO OR EXAMINE ANY PARTICULAR DEPOSIT OR INVESTMENT WITH ANY BANKING INSTITUTION OR NON-BANK FINANCIAL INSTITUTION AND THEIR SUBSIDIARIES AND AFFILIATES WHEN THE EXAMINATION IS MADE IN THE COURSE OF A PERIODIC OR SPECIAL EXAMINATION, IN ACCORDANCE WITH THE RULES OF EXAMINATION OF THE BSP.

Rule 11.3.a. BSP Rules of Examination. - THE BSP SHALL PROMULGATE ITS RULES OF EXAMINATION FOR ENSURING COMPLIANCE BY BANKS AND NON-BANK FINANCIAL INSTITUTIONS AND THEIR SUBSIDIARIES AND AFFILIATES WITH THE AMLA AND THESE RULES.

ANY FINDINGS OF THE BSP WHICH MAY CONSTITUTE A VIOLATION OF ANY PROVISION OF THIS ACT SHALL BE TRANSMITTED TO THE AMLC FOR APPROPRIATE ACTION.

RULE 12
Forfeiture Provisions

Rule 12.1. Authority to Institute Civil Forfeiture Proceedings. – The AMLC is authorized under Section 7 (3) of the AMLA to institute civil forfeiture proceedings and all other remedial proceedings through the Office of the Solicitor General.

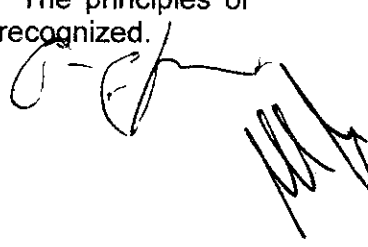
Rule 12.2. When Civil Forfeiture May be Applied. – When there is a **SUSPICIOUS TRANSACTION REPORT OR A COVERED TRANSACTION REPORT DEEMED SUSPICIOUS AFTER INVESTIGATION BY THE AMLC**, and the court has, in a petition filed for the purpose, ordered the seizure of any monetary instrument or property, in whole or in part, directly or indirectly, related to said report, the Revised Rules of Court on civil forfeiture shall apply.

Rule 12.3. Claim on Forfeited Assets. – Where the court has issued an order of forfeiture of the monetary instrument or property in a criminal prosecution for any money laundering offense under Section 4 of the AMLA, the offender or any other person claiming an interest therein may apply, by verified petition, for a declaration that the same legitimately belongs to him, and for segregation or exclusion of the monetary instrument or property corresponding thereto. The verified petition shall be filed with the court which rendered the judgment of conviction and order of forfeiture within fifteen (15) days from the date of the order of forfeiture, in default of which the said order shall become final and executory. This provision shall apply in both civil and criminal forfeiture.

Rule 12.4. Payment in lieu of Forfeiture. – Where the court has issued an order of forfeiture of the monetary instrument or property subject of a money laundering offense under Section 4 of the AMLA, and said order cannot be enforced because any particular monetary instrument or property cannot, with due diligence, be located, or it has been substantially altered, destroyed, diminished in value or otherwise rendered worthless by any act or omission, directly or indirectly, attributable to the offender, or it has been concealed, removed, converted or otherwise transferred to prevent the same from being found or to avoid forfeiture thereof, or it is located outside the Philippines or has been placed or brought outside the jurisdiction of the court, or it has been commingled with other monetary instruments or property belonging to either the offender himself or a third person or entity, thereby rendering the same difficult to identify or be segregated for purposes of forfeiture, the court may, instead of enforcing the order of forfeiture of the monetary instrument or property or part thereof or interest therein, accordingly order the convicted offender to pay an amount equal to the value of said monetary instrument or property. This provision shall apply in both civil and criminal forfeiture.

RULE 13.
Mutual Assistance among States

Rule 13.1. Request for Assistance from a Foreign State. – Where a foreign state makes a request for assistance in the investigation or prosecution of a money laundering offense, the AMLC may execute the request or refuse to execute the same and inform the foreign state of any valid reason for not executing the request or for delaying the execution thereof. The principles of mutuality and reciprocity shall, for this purpose, be at all times recognized.

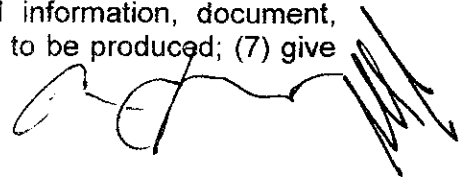


Rule 13.2. Powers of the AMLC to Act on a Request for Assistance from a Foreign State. - The AMLC may execute a request for assistance from a foreign state by: (1) tracking down, freezing, restraining and seizing assets alleged to be proceeds of any unlawful activity under the procedures laid down in the AMLA and in these Rules; (2) giving information needed by the foreign state within the procedures laid down in the AMLA and in these Rules; and (3) applying for an order of forfeiture of any monetary instrument or property in the court: *Provided*, That the court shall not issue such an order unless the application is accompanied by an authenticated copy of the order of a court in the requesting state ordering the forfeiture of said monetary instrument or property of a person who has been convicted of a money laundering offense in the requesting state, and a certification or an affidavit of a competent officer of the requesting state stating that the conviction and the order of forfeiture are final and that no further appeal lies in respect of either.

Rule 13.3. Obtaining Assistance from Foreign States. - The AMLC may make a request to any foreign state for assistance in (1) tracking down, freezing, restraining and seizing assets alleged to be proceeds of any unlawful activity; (2) obtaining information that it needs relating to any covered transaction, money laundering offense or any other matter directly or indirectly related thereto; (3) to the extent allowed by the law of the foreign state, applying with the proper court therein for an order to enter any premises belonging to or in the possession or control of, any or all of the persons named in said request, and/or search any or all such persons named therein and/or remove any document, material or object named in said request: *Provided*, That the documents accompanying the request in support of the application have been duly authenticated in accordance with the applicable law or regulation of the foreign state; and (4) applying for an order of forfeiture of any monetary instrument or property in the proper court in the foreign state: *Provided*, That the request is accompanied by an authenticated copy of the order of the Regional Trial Court ordering the forfeiture of said monetary instrument or property of a convicted offender and an affidavit of the clerk of court stating that the conviction and the order of forfeiture are final and that no further appeal lies in respect of either.

Rule 13.4. Limitations on Requests for Mutual Assistance. - The AMLC may refuse to comply with any request for assistance where the action sought by the request contravenes any provision of the Constitution or the execution of a request is likely to prejudice the national interest of the Philippines, unless there is a treaty between the Philippines and the requesting state relating to the provision of assistance in relation to money laundering offenses.

**Rule 13.5. Requirements for Requests for Mutual Assistance from Foreign States.** - A request for mutual assistance from a foreign state must (1) confirm that an investigation or prosecution is being conducted in respect of a money launderer named therein or that he has been convicted of any money laundering offense; (2) state the grounds on which any person is being investigated or prosecuted for money laundering or the details of his conviction; (3) give sufficient particulars as to the identity of said person; (4) give particulars sufficient to identify any covered institution believed to have any information, document, material or object which may be of assistance to the investigation or prosecution; (5) ask from the covered institution concerned any information, document, material or object which may be of assistance to the investigation or prosecution; (6) specify the manner in which and to whom said information, document, material or object obtained pursuant to said request, is to be produced; (7) give



all the particulars necessary for the issuance by the court in the requested state of the writs, orders or processes needed by the requesting state; and (8) contain such other information as may assist in the execution of the request.

Rule 13.6. Authentication of Documents. - For purposes of Section 13 (f) of the AMLA and Section 7 of the AMLA, a document is authenticated if the same is signed or certified by a judge, magistrate or equivalent officer in or of, the requesting state, and authenticated by the oath or affirmation of a witness or sealed with an official or public seal of a minister, secretary of state, or officer in or of, the government of the requesting state, or of the person administering the government or a department of the requesting territory, protectorate or colony. The certificate of authentication may also be made by a secretary of the embassy or legation, consul general, consul, vice consul, consular agent or any officer in the foreign service of the Philippines stationed in the foreign state in which the record is kept, and authenticated by the seal of his office.

Rule 13.7. Suppletory Application of the Revised Rules of Court. -

Rule 13.7.1. For attachment of Philippine properties in the name of persons convicted of any unlawful activity as defined in Section 3 (i) of the AMLA, execution and satisfaction of final judgments of forfeiture, application for examination of witnesses, procuring search warrants, production of bank documents and other materials and all other actions not specified in the AMLA and these Rules, and assistance for any of the aforementioned actions, which is subject of a request by a foreign state, resort may be had to the proceedings pertinent thereto under the Revised Rules of Court.

Rule 13.7.2. Authority to Assist the United Nations and other International Organizations and Foreign States. - The AMLC is authorized under Section 7 (8) and 13 (b) and (d) of the AMLA to receive and take action in respect of any request of foreign states for assistance in their own anti-money laundering operations. It is also authorized under Section 7 (7) of the AMLA to cooperate with the National Government and/or take appropriate action in respect of conventions, resolutions and other directives of the United Nations (UN), the UN Security Council, and other international organizations of which the Philippines is a member. However, the AMLC may refuse to comply with any such request, convention, resolution or directive where the action sought therein contravenes the provision of the Constitution or the execution thereof is likely to prejudice the national interest of the Philippines.



Rule 13.8. Extradition. - The Philippines shall negotiate for the inclusion of money laundering offenses as defined under Section 4 of the AMLA among the extraditable offenses in all future treaties. With respect, however, to the state parties that are signatories to the United Nations Convention Against Transnational Organized Crime that was ratified by the Philippine Senate on October 22, 2001, money laundering is deemed to be included as an extraditable offense in any extradition treaty existing between said state parties, and the Philippines shall include money laundering as an extraditable offense in every extradition treaty that may be concluded between the Philippines and any of said state parties in the future.



RULE 14
Penal Provisions

Rule 14.1. Penalties for the Crime of Money Laundering.

Rule 14.1.a. Penalties under Section 4 (a) of the AMLA. - The penalty of imprisonment ranging from seven (7) to fourteen (14) years and a fine of not less than Three Million Philippine Pesos (Php3,000,000.00) but not more than twice the value of the monetary instrument or property involved in the offense, shall be imposed upon a person convicted under Section 4 (a) of the AMLA.

Rule 14.1.b. Penalties under Section 4 (b) of the AMLA. - The penalty of imprisonment from four (4) to seven (7) years and a fine of not less than One Million Five Hundred Thousand Philippine Pesos (Php1,500,000.00) but not more than Three Million Philippine Pesos (Php3,000,000.00), shall be imposed upon a person convicted under Section 4 (b) of the AMLA.

Rule 14.1.c. Penalties under Section 4 (c) of the AMLA. - The penalty of imprisonment from six (6) months to four (4) years or a fine of not less than One Hundred Thousand Philippine Pesos (Php100,000.00) but not more than Five Hundred Thousand Philippine Pesos (Php500,000.00), or both, shall be imposed on a person convicted under Section 4(c) of the AMLA.

Rule 14.1.d. Administrative Sanctions. - (1) AFTER DUE NOTICE AND HEARING, THE AMLC SHALL, AT ITS DISCRETION, IMPOSE FINES UPON ANY COVERED INSTITUTION, ITS OFFICERS AND EMPLOYEES, OR ANY PERSON WHO VIOLATES ANY OF THE PROVISIONS OF REPUBLIC ACT NO. 9160, AS AMENDED BY REPUBLIC ACT NO. 9194 AND RULES, REGULATIONS, ORDERS AND RESOLUTIONS ISSUED PURSUANT THERETO. THE FINES SHALL BE IN AMOUNTS AS MAY BE DETERMINED BY THE COUNCIL, TAKING INTO CONSIDERATION ALL THE ATTENDANT CIRCUMSTANCES, SUCH AS THE NATURE AND GRAVITY OF THE VIOLATION OR IRREGULARITY, BUT IN NO CASE SHALL SUCH FINES BE LESS THAN ONE HUNDRED THOUSAND PESOS (PHP100,000.00) BUT NOT TO EXCEED FIVE HUNDRED THOUSAND PESOS (PHP500,000.00). THE IMPOSITION OF THE ADMINISTRATIVE SANCTIONS SHALL BE WITHOUT PREJUDICE TO THE FILING OF CRIMINAL CHARGES AGAINST THE PERSONS RESPONSIBLE FOR THE VIOLATIONS.

 **Rule 14.2. Penalties for Failure to Keep Records** - The penalty of imprisonment from six (6) months to one (1) year or a fine of not less than One Hundred Thousand Philippine Pesos (Php100,000.00) but not more than Five Hundred Thousand Philippine Pesos (Php500,000.00), or both, shall be imposed on a person convicted under Section 9 (b) of the AMLA.

Rule 14.3. Penalties for Malicious Reporting. - Any person who, with malice, or in bad faith, reports or files a completely unwarranted or false information relative to money laundering transaction against any person shall be subject to a penalty of six (6) months to four (4) years imprisonment and a fine of not less than One Hundred Thousand Philippine Pesos (Php100, 000.00) but not more than Five Hundred Thousand Philippine Pesos (Php500, 000.00), at the discretion of the court: *Provided*, That the offender is not entitled to avail the benefits of the Probation Law.



Rule 14.4. Where Offender is a Juridical Person. - If the offender is a corporation, association, partnership or any juridical person, the penalty shall be imposed upon the responsible officers, as the case may be, who participated in, or **ALLOWED BY THEIR GROSS NEGLIGENCE** the commission of the crime. If the offender is a juridical person, the court may suspend or revoke its license. If the offender is an alien, he shall, in addition to the penalties herein prescribed, be deported without further proceedings after serving the penalties herein prescribed. If the offender is a public official or employee, he shall, in addition to the penalties prescribed herein, suffer perpetual or temporary absolute disqualification from office, as the case may be.

Rule 14.5. Refusal by a Public Official or Employee to Testify. - Any public official or employee who is called upon to testify and refuses to do the same or purposely fails to testify shall suffer the same penalties prescribed herein.

Rule 14.6. Penalties for Breach of Confidentiality. - The punishment of imprisonment ranging from three (3) to eight (8) years and a fine of not less than Five Hundred Thousand Philippine Pesos (Php500,000.00) but not more than One Million Philippine Pesos (Php 1,000,000.00), shall be imposed on a person convicted for a violation under Section 9(c). **IN CASE OF A BREACH OF CONFIDENTIALITY THAT IS PUBLISHED OR REPORTED BY MEDIA, THE RESPONSIBLE REPORTER, WRITER, PRESIDENT, PUBLISHER, MANAGER AND EDITOR-IN-CHIEF SHALL BE LIABLE UNDER THIS ACT.**

RULE 15 Prohibitions Against Political Harassment

Rule 15.1. Prohibition against Political Persecution. - The AMLA and these Rules shall not be used for political persecution or harassment or as an instrument to hamper competition in trade and commerce. No case for money laundering may be filed to the prejudice of a candidate for an electoral office during an election period.

Rule 15.2. Provisional Remedies Application; Exception. -

Rule 15.2.a. - The AMLC may apply, in the course of the criminal proceedings, for provisional remedies to prevent the monetary instrument or property subject thereof from being removed, concealed, converted, commingled with other property or otherwise to prevent its being found or taken by the applicant or otherwise placed or taken beyond the jurisdiction of the court. However, no assets shall be attached to the prejudice of a candidate for an electoral office during an election period.

Rule 15.2.b. Where there is conviction for money laundering under Section 4 of the AMLA, the court shall issue a judgment of forfeiture in favor of the Government of the Philippines with respect to the monetary instrument or property found to be proceeds of one or more unlawful activities. However, no assets shall be forfeited to the prejudice of a candidate for an electoral office during an election period.

RULE 16
Restitution

Rule 16. Restitution. - Restitution for any aggrieved party shall be governed by the provisions of the New Civil Code.

RULE 17
Implementing Rules and Regulations and
Money Laundering Prevention Programs

Rule 17.1. Implementing Rules and Regulations. –

(a) Within thirty (30) days from the effectivity of **REPUBLIC ACT NO. 9160, as amended by REPUBLIC ACT NO. 9194**, the Bangko Sentral ng Pilipinas, the Insurance Commission and the Securities and Exchange Commission shall promulgate the Implementing Rules and Regulations of the AMLA, which shall be submitted to the Congressional Oversight Committee for approval.

(b) The Supervising Authorities, the BSP, the SEC and the IC shall, under their own respective charters and regulatory authority, issue their Guidelines and Circulars on anti-money laundering to effectively implement the provisions of **REPUBLIC ACT NO. 9160, AS AMENDED BY REPUBLIC ACT NO. 9194**.

Rule 17.2. Money Laundering Prevention Programs. –

Rule 17.2.a. Covered institutions shall formulate their respective money laundering prevention programs in accordance with Section 9 and other pertinent provisions of the AMLA and these Rules, including, but not limited to, information dissemination on money laundering activities and their prevention, detection and reporting, and the training of responsible officers and personnel of covered institutions, subject to such guidelines as may be prescribed by their respective supervising authority. Every covered institution shall submit its own money laundering program to the supervising authority concerned within the non-extendible period that the supervising authority has imposed in the exercise of its regulatory powers under its own charter.

Rule 17.2.b. Every money laundering program shall establish detailed procedures implementing a comprehensive, institution-wide "know-your-client" policy, set-up an effective dissemination of information on money laundering activities and their prevention, detection and reporting, adopt internal policies, procedures and controls, designate compliance officers at management level, institute adequate screening and recruitment procedures, and set-up an audit function to test the system.

Rule 17.2.c. Covered institutions shall adopt, as part of their money laundering programs, a system of flagging and monitoring transactions that qualify as suspicious transactions, regardless of amount or covered transactions involving amounts below the threshold to facilitate the process of aggregating them for purposes of future reporting of such transactions to the AMLC when their aggregated amounts breach the threshold. All covered institutions, including banks insofar as non-deposit and non-government bond investment transactions are concerned, shall incorporate in their money laundering programs the provisions of these Rules and such other guidelines for reporting to the

AMLC of all transactions that engender the reasonable belief that a money laundering offense is about to be, is being, or has been committed.

Rule 17.3. Training of Personnel. - Covered institutions shall provide all their responsible officers and personnel with efficient and effective training and continuing education programs to enable them to fully comply with all their obligations under the AMLA and these Rules.

Rule 17.4. Amendments. - These Rules or any portion thereof may be amended by unanimous vote of the members of the AMLC and submitted to the Congressional Oversight Committee as provided for under Section 19 of REPUBLIC ACT NO. 9160, as amended BY REPUBLIC ACT NO. 9194.

RULE 18

Congressional Oversight Committee

Rule 18.1. Composition of Congressional Oversight Committee. - There is hereby created a Congressional Oversight Committee composed of seven (7) members from the Senate and seven (7) members from the House of Representatives. The members from the Senate shall be appointed by the Senate President based on the proportional representation of the parties or coalitions therein with at least two (2) Senators representing the minority. The members from the House of Representatives shall be appointed by the Speaker also based on proportional representation of the parties or coalitions therein with at least two (2) members representing the minority.

Rule 18.2. Powers of the Congressional Oversight Committee. - The Oversight Committee shall have the power to promulgate its own rules, to oversee the implementation of this Act, and to review or revise the implementing rules issued by the Anti-Money Laundering Council within thirty (30) days from the promulgation of the said rules.

Rule 19

Appropriations For and Budget of the AMLC

Rule 19.1. Budget. - The budget of Php25,000,000.00 appropriated by Congress under the AMLA shall be used to defray the initial operational expenses of the AMLC. Appropriations for succeeding years shall be included in the General Appropriations Act. The BSP shall advance the funds necessary to defray the capital outlay, maintenance and other operating expenses and personnel services of the AMLC subject to reimbursement from the budget of the AMLC as appropriated under the AMLA and subsequent appropriations.

Rule 19.2. Costs and Expenses - The budget shall answer for indemnification for legal costs and expenses reasonably incurred for the services of external counsel in connection with any civil, criminal or administrative action, suit or proceedings to which members of the AMLC and the Executive Director and other members of the Secretariat may be made a party by reason of the performance of their functions or duties. The costs and expenses incurred in defending the aforementioned action, suit or proceeding may be paid by the AMLC in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the member to repay the amount

advanced should it be ultimately determined that said member is not entitled to such indemnification.

RULE 20
Separability Clause

Rule 20. Separability Clause. – If any provision of these Rules or the application thereof to any person or circumstance is held to be invalid, the other provisions of these Rules, and the application of such provision or Rule to other persons or circumstances, shall not be affected thereby.

RULE 21
Repealing Clause

Rule 21. Repealing Clause. – All laws, decrees, executive orders, rules and regulations or parts thereof, including the relevant provisions of Republic Act No. 1405, as amended; Republic Act No. 6426, as amended; Republic Act No. 8791, as amended, and other similar laws, as are inconsistent with the AMLA, are hereby repealed, amended or modified accordingly.

RULE 22
Effectivity of The Rules

Rule 22.1. Effectivity. – These Rules shall take effect after approval by the Congressional Oversight Committee and fifteen (15) days after complete publication in the Official Gazette or in a newspaper of general circulation.

RULE 23
Transitory Provisions

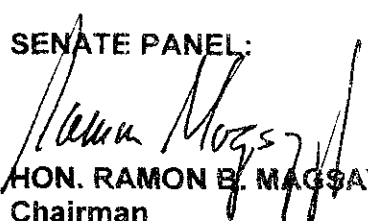
Rule 23.1. – Transitory Provisions. - EXISTING FREEZE ORDERS ISSUED BY THE AMLC SHALL REMAIN IN FORCE FOR A PERIOD OF THIRTY (30) DAYS AFTER EFFECTIVITY OF THIS ACT, UNLESS EXTENDED BY THE COURT OF APPEALS.

Rule 23.2. – EFFECT OF REPUBLIC ACT NO. 9194 ON CASES FOR EXTENSION OF FREEZE ORDERS RESOLVED BY THE COURT OF APPEALS. – ALL EXISTING FREEZE ORDERS WHICH THE COURT OF APPEALS HAS EXTENDED SHALL REMAIN EFFECTIVE, UNLESS OTHERWISE DISSOLVED BY THE SAME COURT.

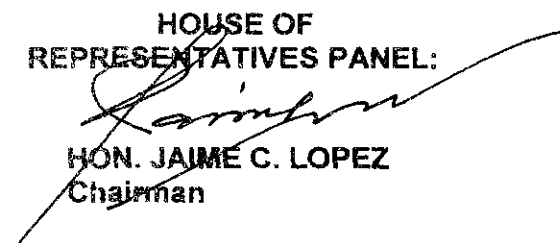
APPROVED, this 6th day of August, 2003 in the City of Manila.

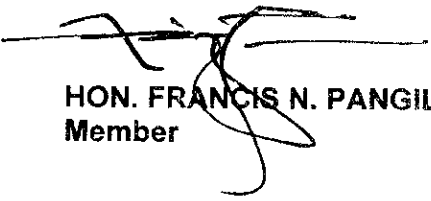
BY THE CONGRESSIONAL OVERSIGHT COMMITTEE:

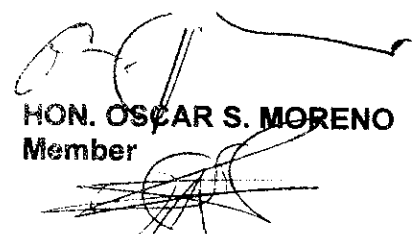
SENATE PANEL:


HON. RAMON B. MAGSAYSAY, JR.
Chairman

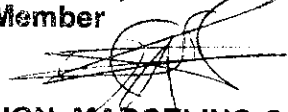
HOUSE OF
REPRESENTATIVES PANEL:

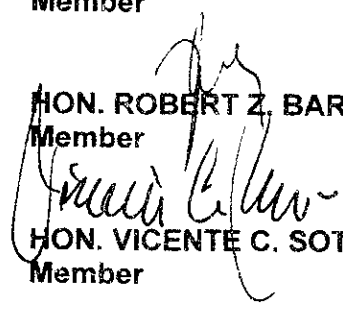

HON. JAIME C. LOPEZ
Chairman


HON. FRANCIS N. PANGILINAN
Member


HON. OSCAR S. MORENO
Member

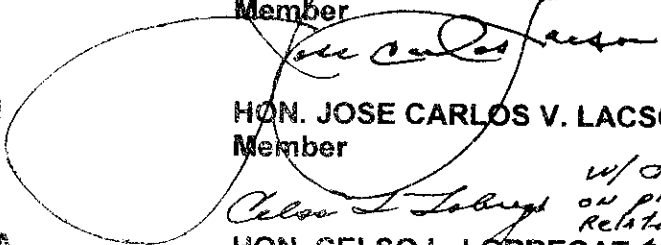
HON. RENATO L. CAYETANO
Member


HON. MARCELINO C. LIBANAN
Member

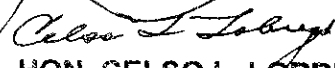

HON. ROBERT Z. BARBERS
Member


HON. TEODORO L. LOCSIN, JR.
Member

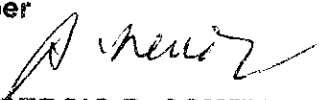
HON. VICENTE C. SOTTO III
Member


HON. JOSE CARLOS V. LACSON
Member

HON. EDGARDO J. ANGARA
Member


HON. CELSO L. LOBREGAT
Member

*w/ dissent
on provision 504
Related web of
Account, 9
Rule 10*


HON. SERGIO R. OSMENA III
Member


HON. DIDAGEN P. DIANGALEN
Member

*Presenting
on provision
rel. to to
related web
of accounts
Rule 10.*





Anti-Money Laundering Council

Bangko Sentral ng Pilipinas Complex
Manila, Philippines

RESOLUTION NO. 292

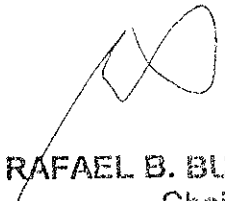
The Council has unanimously resolved to adopt the following Rules on the Submission of Covered Transaction Reports and Suspicious Transaction Reports by Covered Institutions.

RULES ON SUBMISSION OF COVERED TRANSACTION REPORTS AND SUSPICIOUS TRANSACTION REPORTS BY COVERED INSTITUTIONS

1. All covered institutions are required to file Suspicious Transaction Reports (STRs) on transactions involving all kinds of monetary instruments or property.
2. Banks shall file covered transaction reports (CTRs) on transactions involving all kinds of monetary instruments or property, i.e., in cash or non-cash, whether in domestic or foreign currency.
3. Covered institutions, other than banks, shall file covered transaction reports (CTRs) on transactions in cash or foreign currency or other monetary instruments (other than checks) or properties. Due to the nature of the transactions in the stock exchange, only the brokers-dealers shall be required to file CTRs and STRs. The PSE, PCD, SCCP and transfer agents are exempt from filing CTRs. They, are however, required to file STRs when the transactions that pass through them are deemed to be suspicious.
4. Where the covered institution engages in bulk transactions with a bank, i.e., deposits of premium payments in bulk or settlements of trade, and the bulk transactions do not distinguish clients and their respective transaction amounts, said covered institution shall be required to file CTRs on its clients whose transactions exceed Php500,000.00 and are included in the bulk transactions.

5. With respect to insurance companies, when the total amount of the premiums for the entire year, regardless of the mode of payment (monthly, quarterly, semi-annually or annually), exceeds Php500,000.00, such amount shall be reported as a covered transaction, even if the amounts of the amortizations are less than the threshold amount. The CTR shall be filed upon payment of the first premium amount, regardless of the mode of payment. Under this rule, the insurance company shall file the CTR only once every year until the policy matures or rescinded, whichever comes first.
6. The submission of CTRs is deferred until the AMLC directs otherwise. Submission of STRs, however, are not deferred and covered institutions are mandated to submit such STRs when the circumstances so require.

October 22, 2003, Manila, Philippines.


RAFAEL B. BUENAVENTURA
Chairman
(Governor, Bangko Sentral ng Pilipinas)

ORIGINAL SIGNED
LILIA R. BAUTISTA
Member 
(Chairman, Securities and Exchange Commission)


EDUARDO T. MALINIS
Member
(Officer-in-Charge, Insurance Commission)



Anti-Money Laundering Council

Bangko Sentral ng Pilipinas Complex
Manila, Philippines

Resolution No. 3-17

WHEREAS, in the morning of December 22, 2003, the Anti-Money Laundering Council (AMLC) Secretariat held a meeting with the Association of Bank Compliance Officers of the Philippines (ABCOMP) and other institutions/corporations supervised and/or regulated by the Bangko Sentral ng Pilipinas (BSP), hereinafter collectively referred to as "Associations;"

WHEREAS, in the afternoon of December 22, 2003, the AMLC Secretariat also held a meeting with the insurance companies and other institutions/corporations supervised and/or regulated by the Insurance Commission (IC), hereinafter collectively referred to as "Associations;"

WHEREAS, in the morning of December 23, 2003, the AMLC Secretariat likewise held a meeting with stock brokers and dealers and other institutions/corporations supervised and/or regulated by the Securities and Exchange Commission (SEC), hereinafter collectively referred to as "Associations;"

WHEREAS, at the aforesaid meetings, the AMLC Secretariat and the Associations mutually agreed to adopt the hereto attached revised Covered Transaction Report (CTR) and Suspicious Transaction Report (STR) Forms to be used in the reporting of covered and suspicious transactions in accordance with the Anti-Money Laundering Act, as amended:

- | | | |
|---------|---|---|
| Annex A | – | CTR for Bangko Sentral ng Pilipinas' supervised/regulated institutions/corporations; |
| Annex B | – | CTR for Insurance Commission's and Securities and Exchange Commission's supervised/regulated institutions/corporations; and |
| Annex C | – | STR for BSP, SEC and IC supervised/regulated institutions/corporations. |

WHEREAS, during the said meetings, the AMLC Secretariat and the Associations, in representation of their covered institutions, likewise mutually agreed that the latter shall resume submitting CTRs to the AMLC starting the first working day of January 2004 using the new CTR form and shall continue submitting to the AMLC using the new STR form also beginning first working day of January 2004.

WHEREAS, the Council resolves, as it is hereby resolved:

1. To approve the new Covered & Suspicious Transaction Report Forms hereto attached, & respectively:

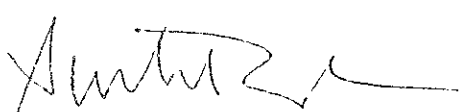
Annexes "A", "A-1", & "A-2" for Bangko Sentral ng Pilipinas - supervised/regulated institutions/corporations;

Annexes "B", "B-1", & "B-2" for Insurance Commission and Securities and Exchange Commission - supervised/regulated institutions/corporations; and

Annexes "C", "C-1" & "C-2" for BSP, SEC & IC - supervised/regulated institutions/corporations.

2. To require all covered institutions under the AMLA, as amended, to submit Covered Transaction Reports using the new forms (Annexes A, B and C) starting the first working day of January 2004, retroactive to March 23, 2003.
3. To require all covered institutions under the AMLA, as amended, to submit Suspicious Transaction Reports using the new forms beginning the first working day of January 2004.

30 December 2003, Manila, Philippines.


AMANDO M. TETANGCO, JR.

Acting Chairman
(Officer-In-Charge, Bangko Sentral ng Pilipinas)


LILIA R. BAUTISTA

Member
(Chairman, Securities and Exchange Commission)


EDUARDO T. MALINIS

Member
(Officer-In-Charge, Insurance Commission)

For DINS

Scanned:  Date: 
Imported:  Date: 