



Bangko Sentral ng Pilipinas

OFFICE OF THE DEPUTY GOVERNOR SUPERVISION AND EXAMINATION SECTOR

CIRCULAR LETTER NO. CL-2009- 037

To : **All Banks and Non-Bank Financial Institutions Under
BSP Supervision**

Subject : **Anti-Money Laundering Council (AMLC) Resolution No.24
dated 18 March 2009**

The Anti-Money Laundering Council (AMLC), in the exercise of its authority under Sections 7(1) and 9 of Republic Act No. 9160, otherwise known as the "Anti-Money Laundering Act of 2001", as amended, issued Resolution No. 24 dated 18 March 2009 amending Resolution No. 58 dated 25 May 2005 by excluding **"transactions between banks and government agencies"** from among the "non-cash, no/low risk" transactions, for which reporting of covered transaction was deferred and covered under Circular Letter dated 16 June 2005.

Recent relevant discoveries noted in the course of Anti-Money Laundering Council Secretariat's (AMLCS) investigations, however, demonstrate the need to require covered institutions to submit covered transaction reports (CTRs) relating to government disbursements managed via a reimbursement system or the Modified Disbursement System (MDS) and other transactions relating to funds and revenues collected by government agencies. Hence, the submission of CTRs on **"transactions between banks and government agencies"** is necessary to increase the ability of the AMLC to effectively and fully determine the source and ultimate destination of funds relating to certain reports of graft and corruption involving government officials and other persons.

For the guidance of covered institutions, a government agency refers to any of the various units of the Government, including a department, bureau, office, instrumentality, or government-owned or controlled corporations, or a local government or a distinct unit therein. In addition, a transaction is defined as 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.

In view thereof, the AMLC resolved to amend dispositive portion of AMLC Resolution No. 58 dated 25 June 2005 to read as follows:

- "1. Defer reporting by covered institutions to AMLC of the following
"non-cash, no/low risk covered transactions":
 - Transactions between banks and the BSP;
 - Transactions between banks operating in the Philippines;

PANANALAPING MATATAG, BANSANG PANATAG

- Internal operating expenses of the banks;
- Transactions involving transfer of funds from one deposit account to another deposit account of the same person within the same bank;
- Roll-overs of placements of time deposits; and
- Loan/interest principal payment debited against borrower's deposit account maintained with the lending bank.

"2. Request the BSP-supervised institutions, through the Association of Bank Compliance Officers (ABCOMP), to determine and report to the AMLC the specific transactions falling within the purview of the aforesaid BSP-identified categories of "non-cash, no/low risk covered transactions."

Attached is a copy of AMLC Resolution No. 24 dated 18 March 2009 for your guidance and strict implementation.


NESTOR A. ESPENILLA, JR.
Deputy Governor

04 May 2009

Att.: A/S



Anti-Money Laundering Council
Bangko Sentral ng Pilipinas Complex
Manila, Philippines

RESOLUTION NO. 24
Series of 2009

On 25 May 2005, the Anti-Money Laundering Council, in the exercise of its authority under Sections 7(1) and 9 of Republic Act No. 9160, otherwise known as the "Anti-Money Laundering Act of 2001", as amended, issued Resolution No. 58 directing banks to defer the submission of "non-cash, no/low risk covered transactions," including transactions between banks and government agencies.

The aforementioned Resolution was promulgated in light of the concern of the President of the Financial Action Task Force (FATF) that "enormous amount" of covered transaction reports (CTRs) that are not related to cash is seriously hampering the overall suspicious transaction reporting (STR) regime in the Philippines and FATF's belief that reducing the number of CTRs would allow the Anti-Money Laundering Council to more effectively analyze the STRs and CTRs received.

Recent relevant discoveries noted in the course of AMLC Secretariat's investigations, however, demonstrate the need to require covered institutions to submit CTRs relating to government disbursements managed via a reimbursement system or the Modified Disbursement System (MDS) and other transactions relating to funds and revenues collected by government agencies. Hence, the submission of CTRs on **transactions between banks and government agencies** is necessary to increase the ability of the AMLC to effectively and fully determine the source and ultimate destination of funds relating to certain reports of graft and corruption involving government officials and other persons.

For guidance of covered institutions, a government agency refers to any of the various units of the Government, including a department, bureau, office, instrumentality, or government-owned or controlled corporations, or a local government or a distinct unit therein.¹ In addition, a transaction is defined as 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.²

¹ Executive Order No. 292, otherwise known as the "Administrative Code of 1987"
² Section 3(h) of the AMLA, as amended

THE COUNCIL RESOLVED TO:

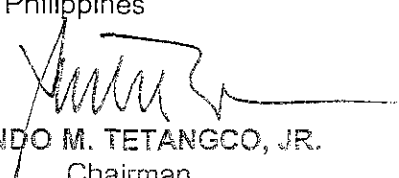
(i). Amend the dispositive portion of Resolution No. 58, Series of 2005 to read as follows:

"The Council, in the exercise of its authority under Sections 7(1) and 9 of Republic Act No. 9160, otherwise known as the Anti-Money Laundering Act of 2001, as amended, and its Revised Implementing Rules and Regulations, resolved to:

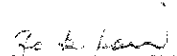
1. Defer reporting by covered institutions to AMLC of the following "non-cash, no/low risk covered transactions":
 - Transactions between banks and the BSP;
 - Transactions between banks operating in the Philippines;
 - Internal operating expenses of the banks;
 - Transactions involving transfer of funds from one deposit account to another deposit account of the same person within the same bank;
 - Roll-overs of placements of time deposits; and
 - Loan interest/principal payment debited against borrower's deposit account maintained with the lending bank."
2. Request the BSP-supervised institutions, through the Association of Bank Compliance Officers (ABCOMP), to determine and report to the AMLC the specific transactions falling within the purview of the aforesaid BSP-identified categories of "non-cash, no/low risk covered transactions."

(ii). Request the Supervising Authorities to disseminate this Resolution to all covered institutions under their respective supervision and regulation.

18 March 2009, Manila, Philippines


AMANDO M. TETANGCO, JR.
Chairman

(Governor, Bangko Sentral ng Pilipinas)


FE B. BARIN
Member

(Chairman, Securities and Exchange Commission), Commissioner, Insurance Commission)


EDUARDO T. MALINIS
Member