PAGCOR Anti-Money Laundering
Supervision and Enforcement Department (PASED)
in collaboration with
Offshore Gaming Licensing Department (OGLD)

Anti-Money Laundering/Countering Terrorism and Proliferation Financing (AML/CTPF) Compliance Guide for Internet Gaming Licensees and Authorized Providers

> ***Reminder:*** *The following discussions are aimed at helping new/prospective Internet Gaming Licensees and Authorized Providers in their efforts to comply with The Anti-Money Laundering Act of 2001, as amended (AMLA) and The Terrorism Financing Prevention and Suppression Act (TFPSA). Please be reminded that these are non-exhaustive and are general in nature. It is highly recommended to keep abreast with relevant, up-to-date legislation and rules, and specific AML/CTPF guidance applicable.*

In complying with AML/CTPF obligations, hereunder are the important elements to be considered among others:

Salient Points	Discussion
1. **REGISTRATION WITH THE ANTI-MONEY LAUNDERING COUNCIL (AMLC)**	Under Section 9(c) of the AMLA, covered persons (CPs) are obligated to report covered[1] and suspicious[2] transactions (CTRs/STRs) to the AMLC. To report CTs and STs, CPs need to register with the AMLC to be given access to the AMLC's Portal and transmit the same. Be reminded that CPs who knowing that a covered or suspicious transaction is required to be reported to the AMLC, and fail to do so shall be guilty of money laundering (ML) under the last paragraph of Section 4 of the AMLA *Reference: Sections 49, 50, 51, 52 of the 2021 AML/CTF Guidelines for DNFBPs, and 2021 AMLC Registration and Reporting Guidelines (ARRG)*
2. **INSTITUTIONAL RISK ASSESSMENT (IRA)**	The licensee shall identify, assess, and understand its AML/CTF risks and document its assessments and findings concerning the following: a. Customers; b. Business; c. Products and Services; d. Geographical Exposures; e. Transactions;

[1] Covered Transaction – Refers to a single transaction involving an amount in excess of Five Hundred Thousand Pesos (Php500,000.00) or its equivalent in any other currency;

[2] Suspicious Transaction - shall refer to suspicious transactions as defined under paragraph (b-1), Section 3 of the AMLA

<table>
<tr><td></td><td>f. Delivery Channels; and
g. Size

The result of the IRA will serve as the foundation for establishing and implementing appropriate and sufficient controls to mitigate the identified risks.

The IRA shall be:
- Kept up-to-date through periodic review and conducted at least once every two (2) years or as may be determined by PAGCOR and/or AMLC; and
- Submitted to PAGCOR and/or AMLC, as may be required.

Reference: Section 5(a to f) of the 2021 AML/CTF Guidelines for DNFBPs</td></tr>
<tr><td>3. APPOINTMENT OF A COMPLIANCE OFFICER AND/OR OFFICE</td><td>The Licensee/Authorized Provider shall designate a compliance officer of senior management status with the authority and mandate to ensure day-to-day (i.e., regular activities and processes) compliance with its AML/CTF obligations. The compliance officer shall have a direct line of communication to the Board of Directors (BOD) or other governing body, or the partners or the sole proprietor, as the case may be.

Reference: Section 8 of the 2021 AML/CTF Guidelines for DNFBPs</td></tr>
<tr><td>4. <u>DEVELOP</u> AND <u>IMPLEMENTATION</u> OF A MONEY LAUNDERING AND TERRORISM FINANCING PREVENTION PROGRAM (MTPP)[3]</td><td>The Licensee/Authorized Provider's BOD, or other governing body, the partners, or the sole proprietor, as the case may be, shall <u>approve</u>, and the compliance officer shall <u>implement</u>, a comprehensive, risk-based MTPP geared towards the promotion of high ethical and professional standards and the prevention of ML and TF. The MTPP shall be in writing, consistent with the AMLA, and its provisions shall reflect the DNFBP's corporate structure and risk profile.

Further, the Licensee/Authorized Provider should refer to the pertinent provisions of the 2021 AML/CTF Guidelines for DNFBPs and establish appropriate policies and procedures on the following critical areas among others:

a. Customer Identification Process[4], including acceptance policies and an ongoing monitoring process (Sections 21, 34, 35, 36);

b. Face-to-Face Contact (Section 30);</td></tr>
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[3] "Money Laundering/Terrorism Financing Prevention Program" (MTPP) refers to a covered person's comprehensive, risk-based, and written internal policies, controls and procedures to implement the relevant laws, rules and regulations, and best practices to prevent and combat ML/TF and associated unlawful activities in the operational level.

[4] "Customer Identification Process" (CIP) refers to the process of determining the identity of the customer vis-à-vis the valid and acceptable identification document submitted to, and/or presented before, the covered person.

	c. Risk-Based Customer Due Diligence[5] (CDD) *(Sections 11, 17, 18, 19, 20, 23, 24, 25, 26, 27, 29, 31, 32, 37, 38)*; d. Politically Exposed Persons[6] (PEPs) *(Section 33);* e. Minimum Customer Information and Identification Documents when Conducting CDD *(Section 22);* f. Record keeping and retention *(Sections 8, 13, 39, 40, 41, 42);* g. Covered transaction reporting *(Section 43, 44, and 2021 ARRG)*; h. Suspicious transaction reporting, including the adoption of a system, electronic or manual, of flagging, monitoring, and reporting of transactions that qualify as suspicious transactions, regardless of the amount or that will raise a "red flag" for purposes of future reporting of such transactions to the AMLC. Suspicious transaction reporting shall include a reporting chain under which a suspicious transaction will be processed and the designation of a Board-Level or approved Committee or designation of a senior officer who will ultimately decide whether or not the covered institution should file a report to the AMLC *(Section 12, 28, 45, 46, 47, and 2021 ARRG)*; i. Effective and continuous AML/CTF training program for all directors, and responsible officers, and employees *(Section 14)*; j. An adequate risk-based screening and recruitment process to ensure that only qualified and competent personnel with no criminal record or integrity-related issues are employed or contracted by the Licensee *(Section 14)*; k. An internal audit system and an independent audit program *(Section 10)*; l. A mechanism that ensures all deficiencies noted during the onsite or offsite compliance checking are immediately corrected and acted upon m. Cooperation with the AMLC *(Section 15)*; n. Designation of a Compliance Officer, who shall, at least, be of senior management level, as the lead implementer of the Licensee's compliance program *(Section 8)*;

[5] Customer Due Diligence (CDD) refers to the procedure of identifying and verifying the true identity, of customers, and their agents and beneficial owners, including understanding and monitoring of their transactions and activities.

[6] "Politically-Exposed Person" (PEP) refers to an individual who is or has been entrusted with prominent public position in (a) the Philippines with substantial authority over policy, operations or the use or allocation of government-owned resources; (b) a foreign State; or (c) an international organization.

	o. The identification, assessment, and mitigation of ML/TF risks that may arise from new business practices, services, technologies, and products *(Section 16)*; p. Notification Requirements *(Section 53)*; and q. Targeted Financial Sanctions (TFS)[7] *(Section 58 and the AMLC 2021 Sanctions Guidelines)*
5. DESIGNATION OF A RECORD-KEEPING OFFICER	The Licensee/Authorized Provider shall designate another officer to be responsible and accountable for all record-keeping requirements under the AMLA, as amended, and its rules and regulations. These officers will also be responsible for making these records readily available to the AMLC/PAGCOR upon request. *Reference: Section 8 of the 2021 AML/CTF Guidelines for DNFBPs*

[7] Targeted Financial Sanctions (TFS) - The term targeted financial sanctions means both asset freezing and prohibitions to prevent funds or other assets from being made available, directly or indirectly, for the benefit of designated persons and entities (AMLC 2021 Sanctions Guidelines)

ANNEX 2

[COVER PAGE]

NAME OF INSTITUTION

MONEY LAUNDERING AND TERRORISM FINANCING PREVENTION PROGRAM (MTPP)

VERSION NO.:

Part 1 - Overview

- I. Introduction
- II. Company Profile and Organizational Structure
- III. Legal Framework
- IV. Policy Statement
- V. Policy Objectives
- VI. Policy Scope
- VII. Definition of Terms

Part 2 – Governance and Oversight

- I. Institutional Risk Assessment and Management
- II. Corporate Governance
- III. Compliance Management
- IV. Internal Controls and Audit
- V. Hiring Policies and Procedures

Part 3 – Policies and Procedures

- I. Customer Acceptance and Due Diligence:

  1. Customer Identification/ Know-Your Customer
  2. Customer Risk Profiling/Assessment
  3. Customer Verification
  4. Identification and Verification of Agents
  5. Beneficial Ownership Verification
  6. Determination of the Purpose of Relationship
  7. Ongoing Monitoring of Customer's Information and Accounts/Transactions

- II. Preventive Measures for Specific Transactions and Activities
- III. Politically Exposed Persons
- IV. Transaction reporting:

  1. Covered transactions
  2. Suspicious transactions

V. Confidentiality and Tipping-Off
VI. Training and Continuing Education Program
VII. Record-Keeping and Retention
VIII. Third-Party Reliance
IX. Outsourcing of Conduct of Customer Identification and Due Diligence
X. Customer Refusal
XI. Prohibited Accounts
XII. Targeted Financial Sanctions (TFS) and TFS Related to Proliferation Financing (PF)
XIII. Cooperation with the AMLC and Supervising Authorities (SAs)

Part 4 – Forms and Templates

Part 5 – Approving Authority

Part 6 - Updating

Date of Approval