



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR | FINANCIAL SUPERVISION SECTOR

CIRCULAR LETTER NO. CL-2023- 069

To : **All BSP-Supervised Financial Institutions (BSFIs)**

Subject : **Money Laundering/Terrorism Financing National Risk Assessment**

Under Memorandum Circular (MC) No. 37¹ dated 16 October 2023 (Annex A), the Office of the President directed the urgent implementation of the National Anti-Money Laundering, Counter-Terrorism Financing, and Counter-Proliferation Financing Strategy 2023-2027 and enjoined all concerned agencies to fully support and actively participate in the conduct of the Money Laundering/Terrorism Financing (ML/TF) National Risk Assessment (NRA).

The NRA is an integral component of the Philippines' efforts to combat ML/TF and other related threats to the integrity of the international financial system. In line with this, the NRA is critical in maintaining an updated understanding of the ML/TF environment and risk posture of the country. The results of the NRA will inform the supervising authorities, other law enforcement agencies, and covered persons in the efficient allocation of resources and implementation of risk-based measures in preventing or mitigating ML/TF risks.

The NRA involves the use of both quantitative and qualitative data/information gathered from reports and other relevant sources. Accordingly, the BSP, in conducting the NRA for the banking sector and other financial institutions under its supervision, shall gather relevant data and information to facilitate the identification, evaluation and assessment. Further, representatives from the private sector will also be invited to provide valuable industry and business insights in the NRA process.

In this regard, we enjoin the BSFIs' active participation for the successful conduct of this NRA exercise.

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MA. BELINDA G. CARAAN
Sector-in-Charge

27 December 2023

¹ Disseminated through AMLC Advisory dated 27 October 2023 (www.amlc.gov.ph/16-news-and-announcements/466-office-of-the-president-of-the-philippines-issues-memorandum-circular-on-anti-money-laundering-and-counter-terrorism-financing-strategy?tmpl=component&print=1&page=)

Office of the President
of the Philippines
Malacañang

MEMORANDUM CIRCULAR NO. 37

DIRECTING THE URGENT IMPLEMENTATION OF THE NATIONAL ANTI-MONEY LAUNDERING, COUNTER-TERRORISM FINANCING AND COUNTER-PROLIFERATION FINANCING STRATEGY 2023-2027, AND ENJOINING ALL CONCERNED AGENCIES TO FULLY SUPPORT AND ACTIVELY PARTICIPATE IN THE CONDUCT OF MONEY LAUNDERING/TERRORISM FINANCING NATIONAL RISK ASSESSMENT

WHEREAS, Section 2 of Republic Act (RA) No. 9160, as amended by RA No. 11521 or the "Anti-Money Laundering Act of 2001," declares it a policy of the State to ensure that the Philippines shall not be used as a money laundering site for the proceeds of any unlawful activity, and that the State, consistent with its foreign policy, shall extend cooperation in transnational investigations and prosecutions of persons involved in money laundering activities wherever committed, as well as in the implementation of targeted financial sanctions related to the financing of the proliferation of weapons of mass destruction, terrorism, and financing of terrorism;

WHEREAS, Executive Order (EO) No. 68 (s. 2018), as amended by EO No. 33 (s. 2023), established the National Anti-Money Laundering/Counter-Terrorism Financing/Counter-Proliferation Financing (AML/CTF/CPF) Coordinating Committee (NACC) to facilitate inter-agency coordination relative to the country's AML/CTF/CPF policies;

WHEREAS, in August 2019, the Asia Pacific Group (APG) on Money Laundering concluded the Third Mutual Evaluation of the Philippines, which assessed the levels of technical compliance of Philippine laws, rules and regulations with international AML/CTF standards, and the effectiveness of the country's overall AML/CTF system;

WHEREAS, in October 2019, the Financial Action Task Force (FATF) affirmed the Third Mutual Evaluation Report (MER) of the Philippines, and placed the Philippines under a twelve-month Observation Period, pursuant to the FATF International Co-operation Review Group (ICRG) process;

WHEREAS, in June 2021, the Philippines was included in the FATF list of "Jurisdictions Under Increased Monitoring" or the "Grey List" for its failure to show tangible and positive progress in addressing all key recommended actions in the Third MER;

WHEREAS, under EO No. 33, the National AML/CTF/CPF Strategy (NACS) 2023-2027 was adopted for the purpose of enabling the Philippines to address the ICRG Action Plans, ensure that the Philippines exits the FATF Grey List, and improve its AML/CTF/CPF regime;

WHEREAS, EO No. 33 provides that the Anti-Money Laundering Council (AMLC) Secretariat shall serve as the Secretariat of the NACC, and shall provide technical and administrative support to the NACC;

WHEREAS, as of September 2023, out of eighteen (18) ICRG Action Plans, there are still eight (8) that the Philippines must address to exit the FATF Grey List by January 2024;

WHEREAS, the urgent implementation of the NACS 2023-2027, particularly its Strategic Objective 1, will intensify and expedite efforts to address deficiencies identified by the FATF ICRG;

WHEREAS, in 2026, the Philippines is expected to undergo another Mutual Evaluation;

WHEREAS, under international standards on combating ML/TF, countries are required to identify, assess and understand the money laundering and terrorism financing risks for the country, and are mandated, based on said assessment, to apply a risk-based approach to ensure that measures to prevent or mitigate ML/TF are commensurate with the risks identified;

WHEREAS, as a member of the APG, and in compliance with the international standards on combatting ML/TF, the Philippines must conduct an ML/TF National Risk Assessment (NRA) to determine the country's risks and vulnerabilities associated with ML/TF; and

WHEREAS, Section 17, Article VII of the Constitution vests in the President the power of control over all Executive departments, bureaus and offices, and the mandate to ensure faithful execution of laws;

NOW, THEREFORE, the following are hereby ordered:

Section 1. Urgent Implementation of NACS 2023-2027. In accordance with their respective mandates, all concerned departments, agencies, bureaus, and instrumentalities of the National Government, including government-owned or -controlled corporations (GOCCs) are directed, and all local government units (LGUs) are encouraged, to immediately and timely formulate and implement relevant strategies, plans and programs to implement NACS 2023-2027, particularly its Strategic Objective No. 1. For this purpose, all Heads of concerned agencies shall:

- a. Immediately review and assess the respective deliverables of their office under the ICRG Action Plans;
- b. Assign focal person/s tasked to ensure that all deliverables are completed and all targets are achieved by 30 November 2023; and

- c. Establish a mechanism for monitoring of progress and reporting of completion of each deliverable.

The NACC Secretariat is hereby directed to furnish all concerned agencies of the respective deliverables and targets of their offices under the ICRG Action Plans, and such other relevant documents, including the pertinent resolutions of the NACC.

The AMLC is hereby directed to submit to the Office of the Executive Secretary, through the Office of the Deputy Executive Secretary for Legal Affairs, a comprehensive report on the status of implementation of NACS 2023-2027, particularly its Strategic Objective 1, on or before 08 December 2023.

Section 2. Conduct of NRA. All concerned departments, agencies, bureaus, and instrumentalities of the National Government, including GOCCs, specifically those named in **ANNEX A**, attached herewith, (hereinafter referred to as the "ML/TF NRA Working Group") are enjoined to extend support and participation in the conduct of ML/TF NRA. The ML/TF NRA Working Group shall have nine (9) subgroups, namely:

- a. Threat Assessment;
- b. National Vulnerability;
- c. Banking Sector Vulnerability;
- d. Securities Sector Vulnerability;
- e. Insurance Sector Vulnerability;
- f. Other Financial Institutions' Vulnerability;
- g. Designated Non-Financial Business and Professions Vulnerability;
- h. Financial Inclusion Products Risk Assessment; and
- i. Non-profit Organizations.

The AMLC shall serve as the lead agency of the ML/TF NRA Working Group, and shall formulate and issue guidelines as may be necessary for the effective implementation of this Circular. The AMLC may call upon any government department, agency, bureau or office, including GOCCs, and invite LGUs and representatives from the private sector, to provide assistance in attaining its objectives, subject to existing laws, rules and regulations.

All Heads of member-agencies of the ML/TF NRA Working Group shall designate their alternates, with ranks not lower than an Assistant Secretary or its equivalent, who have technical knowledge and operational experience on the matter, and who are fully authorized to decide for or on their behalf.

Section 3. Funding. The initial funding requirements necessary for the implementation of this Circular shall be charged against the respective appropriations of concerned government agencies and the respective corporate operating budgets of concerned GOCCs, subject to availability thereof and in compliance with relevant budgetary, accounting, and auditing rules and regulations. Thereafter, the funding requirements necessary for the continued implementation of this Order shall be included in the budget proposal of the AMLC, subject to the usual budget preparation process.

Section 4. Effectivity. This Circular shall take effect immediately.

DONE, in the City of Manila, this 16th day of October in the Year of our Lord Two Thousand and Twenty-Three.

By authority of the President:


LUCAS P. BERSAMIN
Executive Secretary



Financial Intelligence Unit

Anti-Money Laundering Council

Supervisory Authorities

Aurora Pacific Economic and Freeport Zone
Bangko Sentral ng Pilipinas
Cagayan Economic Zone Authority
Insurance Commission
Philippine Amusement and Gaming Corporation
Securities and Exchange Commission

Law enforcement and other relevant government agencies

Anti-Terrorism Council
Armed Forces of the Philippines
Bureau of Customs
Bureau of Immigration
Bureau of Internal Revenue
Cooperative Development Authority
Civil Service Commission
Department of Environment and Natural Resources
Department of Finance
Department of Foreign Affairs
Department of the Interior and Local Government
Department of Justice
Department of National Defense
Department of Social Welfare and Development
Department of Trade and Industry
Inter-Agency Council Against Trafficking
Intellectual Property Office of the Philippines
Intelligence Service Armed Forces of the Philippines
Land Registration Authority
National Bureau of Investigation
National Intelligence Coordinating Agency
National Privacy Commission
National Security Council
Office of the Ombudsman
Office of the Solicitor General
Presidential Anti-Organized Crime Commission
Philippine Amusement and Gaming Corporation
Philippine Center on Transnational Crime
Philippine Coast Guard
Philippine Drug Enforcement Agency
Philippine Deposit Insurance Corporation

Philippine Ports Authority
Philippine National Police – Anti-Cybercrime Group
Philippine National Police – Anti-Kidnapping Group
Philippine National Police – Aviation Security Group
Philippine National Police – Criminal Investigation and Detection Group
Philippine National Police – Directorate for Investigation and Detection Management
Philippine National Police – Directorate for Intelligence
Philippine National Police – Highway Patrol Group
Philippine National Police – Intelligence Group
Presidential Anti-Organized Crime Commission
Professional Regulation Commission – Board of Accountancy
Professional Regulation Commission – Board of Real Estate Service
Supreme Court – Office of the Court Administrator