



Bangko Sentral ng Pilipinas

OFFICE OF THE DEPUTY GOVERNOR SUPERVISION AND EXAMINATION SECTOR

CIRCULAR LETTER

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

Pursuant to the request of the Anti-Money Laundering Council (AMLC), through its Resolution No. 59 dated 1 June 2005, copy attached, listed hereunder are suspicious transaction indicators or "red flags" to serve as your guide in the submission to the AMLC of reports of suspicious transactions relating to potential or actual financing of terrorism:

1. Wire transfers between accounts, without visible economic or business purpose, especially if the wire transfers are effected through countries which are identified or connected with terrorist activities.
2. Sources and/or beneficiaries of wire transfers are citizens of countries which are identified or connected with terrorist activities.
3. Repetitive deposits or withdrawals that cannot be explained or do not make sense.
4. Value of the transaction is over and above what the client is capable of earning.
5. Client is conducting a transaction that is out of the ordinary for his known business interest.
6. Deposits being made by individuals who have no known connection or relation with the account holder.
7. An individual receiving remittances, but has no family members working in the country from which the remittance is made.
8. Client was reported and/or mentioned in the news to be involved in terrorist activities.

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9. Client is under investigation by law enforcement agencies for possible involvement in terrorist activities.
10. Transactions of individuals, companies or non-governmental organizations (NGOs) that are affiliated or related to people suspected of being connected to a terrorist group or a group that advocates violent overthrow of a government.
11. Transactions of individuals, companies or NGOs that are suspected as being used to pay or receive funds from revolutionary taxes.
12. The NGO does not appear to have expenses normally related to relief or humanitarian efforts
13. The absence of contributions from donors located within the country of origin of the NGO.
14. A mismatch between the pattern and size of financial transactions on the one hand and the stated purpose and activity of the NGO on the other.
15. Incongruities between apparent sources and amount of funds raised or moved by the NGO.
16. Any other transaction that is similar, identical or analogous to any of the foregoing.

Please be guided accordingly.


NESTOR A. ESPENILLA JR.
Deputy Governor

Att.: A/S

16 June 2005



Anti-Money Laundering Council

Bangko Sentral ng Pilipinas Complex
Manila, Philippines

RESOLUTION NO. 59, SERIES OF 2005.

Under the following provisions of Republic Act No. 9160, otherwise known as the Anti-Money Laundering Act of 2001, as amended (AMLA), covered institutions are legally obligated to report as suspicious transactions to the Anti-Money Laundering Council all transactions related to an unlawful activity or offense under the AMLA ***that is about to be***, is being or has been committed, to wit:

"SEC. 3. Definitions. – For purposes of this Act, the following terms are hereby defined as follows:

X X X

- (b-1) 'Suspicious transaction' are transactions with covered institutions, regardless of the amounts involved, where any of the following circumstances exist:

X X X

6. ***the transaction is in any way related to an unlawful activity or offense under this Act that is about to be, is being or has been committed; or***

X X X

- (i) 'Unlawful activity' refers to any act or omission or series or combination thereof involving or having direct relation to the following:

X X X

- (12) 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;***

X X X

SEC. 7. Creation of Anti-Money Laundering Council (AMLC). – 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. The AMLC shall act unanimously in the discharge of its functions as defined hereunder:

X X X

- (1) **to require and receive covered or suspicious transaction reports from covered institutions;"**

Based on international standards and local experience, the following circumstances/transactions are considered suspicious transaction indicators or red flags which would obligate covered institutions to exercise extra diligence in dealing with transactions where any of these circumstances/transactions exists:

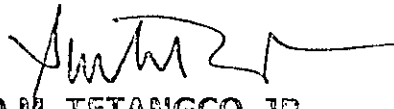
- (1) Wire transfers between accounts, without visible economic or business purpose, especially if the wire transfers are effected through countries which are identified or connected with terrorist activities.
- (2) Sources and/or beneficiaries of wire transfers are citizens of countries which are identified or connected with terrorist activities.
- (3) Repetitive deposits or withdrawals that cannot be explained or do not make sense.
- (4) Value of the transaction is over and above what the client is capable of earning.
- (5) Client is conducting a transaction that is out of the ordinary for his known business interest.
- (6) Deposits being made by individuals who have no known connection or relation with the account holder.
- (7) An individual receiving remittances, but has no family members working in the country from which the remittance is made.
- (8) Client was reported and/or mentioned in the news to be involved in terrorist activities.
- (9) Client is under investigation by law enforcement agencies for possible involvement in terrorist activities.

- (10) Transactions of individuals, companies or Non-Governmental Organizations (NGOs) that are affiliated or related to people suspected of being connected to a terrorist group or a group that advocates violent overthrow of a government.
- (11) Transactions of individuals, companies or NGOs that are suspected as being used to pay or receive funds from revolutionary taxes.
- (12) The NGO does not appear to have expenses normally related to relief or humanitarian efforts.
- (13) The absence of contributions from donors located within the country of origin of the NGO.
- (14) A mismatch between the pattern and size of financial transactions on the one hand and the stated purpose and activity of the NGO on the other.
- (15) Incongruities between apparent sources and amount of funds raised or moved by the NGO.
- (16) Any other transaction that is similar, identical or analogous to any of the foregoing.

WHEREFORE, the Council resolves to:

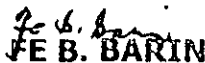
- (1) Furnish all covered institutions, thru the Supervisory Authorities, the aforesaid list of suspicious transaction indicators or red flags, to serve as a guide in their submission of reports of suspicious transactions relating to potential or actual financing of terrorism to the AMLC; and
- (2) Require the Supervisory Authorities to circularize among all covered institutions under their respective jurisdictions, copy of the said Resolution.

1 June 2005, Manila, Philippines.



AMANDO M. TETANGCO, JR.

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



FE B. BARIN

Member
(Chairperson, Securities and Exchange Commission)



BENJAMIN S. SANTOS

Member
(Commissioner, Insurance Commission)