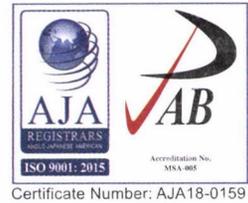




Republic of the Philippines  
 Department of Finance  
**INSURANCE COMMISSION**  
 1071 United Nations Avenue  
 Manila



Circular Letter (CL) No.:	2019-62
Date:	05 November 2019
Supersedes:	None

**CIRCULAR LETTER**

**TO :** All Insurance/Reinsurance Companies, Insurance and Reinsurance Brokers, Mutual Benefit Associations, Trusts for Charitable Uses, Pre-Need Companies, Health Maintenance Organizations and other Insurance Commission Regulated Entities

**SUBJECT :** Dissemination of the 2018 Implementing Rules and Regulations (IRR) of Republic Act No. 9160 or the Anti-Money Laundering Act of 2001, as Amended

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Please be informed that in its Resolution No. 188, Series of 2018, dated 22 November 2018, the Anti-Money Laundering Council (AMLC) approved the 2018 Implementing Rules and Regulations (IRR) of Republic Act No. 9160 or the Anti-Money Laundering Act of 2001, as Amended.

Further, please be advised that on 23 November 2018, the 2018 IRR was published in Business World, a newspaper of general circulation, and took effect on 27 November 2018, with the filing of the 2018 IRR with the Office of the National Register, as provided under Section 3, Rule 35 thereof.

A copy of the 2018 IRR is attached herewith for your information and guidance.

  
**DENNIS B. FUNA**  
 Insurance Commissioner



Encl.: A/S



## **ANTI-MONEY LAUNDERING COUNCIL**

### **2018 IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 9160, OTHERWISE KNOWN AS THE ANTI-MONEY LAUNDERING ACT OF 2001, AS AMENDED**

In accordance with Section 7(7) of Republic Act No. 9160, otherwise known as the “Anti-Money Laundering Act of 2001”, as amended (AMLA), the following rules and regulations are hereby promulgated:

#### **Chapter I. General Provisions**

- Rule 1 – Purpose, Policies and Principles
- Rule 2 – Definition of Terms
- Rule 3 – Unlawful Activities
- Rule 4 – Covered Persons

#### **Chapter II. Supervision and Enforcement**

- Rule 5 – Anti-Money Laundering Council
- Rule 6 – Powers and Functions of the AMLC
- Rule 7 – Supervision and Compliance Checking
- Rule 8 – Investigation and Law Enforcement

#### **Chapter III. Money Laundering, Terrorism Financing, and Asset Forfeiture**

- Rule 9 – Money Laundering and Terrorism Financing
- Rule 10 – Freeze Order
- Rule 11 – Bank Inquiry
- Rule 12 – Asset Forfeiture

#### **Chapter IV. National Risk Assessment and Management**

- Rule 13 – National Risk Assessment
- Rule 14 – National Risk Management

#### **Chapter V. Preventive Measures and Obligations of Covered Persons**

- Rule 15 – Institutional Risk Assessment and Management
- Rule 16 – Money Laundering/Terrorism Financing Prevention Program

#### **Chapter VI. Preventive Measures**

- Rule 17 – Prohibited Accounts
- Rule 18 – Customer Due Diligence

##### **Section 1. Purpose and Applicability of CDD**

- 1.1 Purpose of CDD
- 1.2 When is CDD Applicable
- 1.3 Existing Customers

Section 2. Customer Due Diligence Measures

- 2.1. Measures for CDD
- 2.2. Timing of CDD
- 2.3. Average Due Diligence
- 2.4. Customer Acceptance Policies

Section 3. Customer Identification Process

- 3.1. General Requirement for CIP
- 3.2. First Time Transactions
- 3.3. System for Collection and Recording of Data
- 3.4. Required Identification from Natural Persons
- 3.5. Required Identification Data from Juridical Persons
- 3.6. Required Identification Data from Legal Arrangements
- 3.7. Sufficiency of PSN or PhilID in Proving Identity.

Section 4. Customer Verification Process

- 4.1. General Requirement for CVP
- 4.2. CVP for Juridical Persons and Legal Arrangement
- 4.3. Timing of CVP
- 4.4. Transacting or Using Relationship prior to CVP
- 4.5. Modes of CVP
- 4.6. Use of Communication and Information Technology

Section 5. Identification and Verification of Agents

Section 6. Beneficial Ownership Verification

- 6.1. General Requirement for BOV
- 6.2. Documents Evidencing Relationship
- 6.3. Timing of BOV
- 6.4. BOV for Juridical Persons
- 6.5. BOV for Legal Arrangements

Section 7. Determination of the Purpose of Relationship

Section 8. Ongoing Monitoring Process

- 8.1. General Requirement for OMP
- 8.2. EDD After Conduct of OMP
- 8.3. Review and Updating of Records

Section 9. Risk-based Approach in Conducting CDD

- 9.1. Risk-based CDD
- 9.2. Risk Profiling of Customers
- 9.3. Risk Profiling of Juridical Persons
- 9.4. Documentation of Risk Profiling Results
- 9.5. Standards for RDD, ADD and EDD

Section 10. Enhanced Due Diligence

Section 11. Reduced Due Diligence

Section 12. Failure to Complete CDD

Section 13. CDD and Tipping-off

Rule 19 – Preventive Measures for Specific Transactions and Activities

Rule 20 – Record-Keeping

Rule 21 – Reliance on Third Parties and Service Providers

Rule 22 – Transaction Reporting

#### Chapter VII. Beneficial Ownership

Rule 23 – Beneficial Ownership of Juridical Persons

Rule 24 – Beneficial Ownership of Legal Arrangements

#### Chapter VIII. Sanctions

Rule 25 – Criminal Sanctions

Rule 26 – Administrative Sanctions

Rule 27 – Civil Sanctions

#### Chapter IX. Domestic and International Cooperation.

Rule 28 – Domestic Cooperation

Rule 29 – Mutual Legal Assistance

Rule 30 – Extradition

Rule 31 – Other Forms of International Cooperation

#### Chapter X. Miscellaneous Provisions

Rule 32 – Asset Management, Feedback Mechanism and Statistics

Rule 33 – Non-Intervention in the Operations of the Bureau of Internal Revenue

Rule 34 – Separability and Repealing Clauses

Rule 35 – Transitory Provisions, Modes of Amendment and Effectivity Clause

**CHAPTER I  
GENERAL PROVISIONS**

**RULE 1 – PURPOSE, POLICIES AND PRINCIPLES**

**Section 1. Title and Purpose.**

- 1.1. This set of rules and regulations shall be known as the “2018 Implementing Rules and Regulations” (IRR) of the AMLA.
- 1.2. This IRR was promulgated to provide the details of implementation of the AMLA, as well as to assist all covered persons, supervising authorities, law enforcement and other government agencies, and other stakeholders by prescribing the rules and regulations to combat money laundering, terrorism financing being a predicate offense to money laundering, and other associated unlawful activities.

**Section 2. State Policies on AML/CTF.**

The provisions of this IRR are in line with the following State Policies:

- (a) To protect and preserve the integrity of the Philippine financial system, including the confidentiality of bank accounts.
- (b) To ensure that the Philippines shall not be used as a money laundering site for the proceeds of any unlawful activity.
- (c) To extend cooperation, consistent with Philippines’ foreign policy, in transnational investigations and prosecutions of persons involved in money laundering activities wherever committed.
- (d) To protect life, liberty and property from acts of terrorism and to condemn terrorism and those who support and finance it; and to recognize it as inimical and dangerous to national security and the welfare of the people; and to make the financing of terrorism a crime against the Filipino people, against humanity and against the law of nations.
- (e) To recognize and to adhere to international commitments to combat the financing of terrorism, specifically to the *International Convention for the Suppression of the Financing of Terrorism*, as well as other binding terrorism related resolutions of the United Nations Security Council, pursuant to Chapter 7 of the United Nations Charter.
- (f) To reinforce the fight against terrorism by preventing and suppressing the commission of said offenses through freezing and forfeiture of property or funds while protecting human rights.

### Section 3. Governing Principles.

The anti-money laundering/counter-terrorism financing (AML/CTF) regime of the Philippines shall be governed by the following principles:

- (a) The AMLC, as the country's financial intelligence unit, is vested by law with independence to perform its mandate. It upholds the continuous development of a team of highly ethical and professional personnel and implements efficient processes in the delivery of its mandate.
- (b) The AML/CTF laws, rules and regulations and other relevant issuances are implemented using a risk-based approach in a way that responds to the need to bring the financially excluded into the regulated financial sector, while at the same time maintaining effective safeguards and effective controls against money laundering/terrorism financing risks.
- (c) A strong compliance culture, good governance and observance of high ethical standards in the conduct of business are good foundations for an effective AML/CTF regime. It will be developed and sustained through capacity building and deterrence of violations through imposition of appropriate, proportionate and dissuasive sanctions.
- (d) A sound risk management system to identify, assess, mitigate, monitor, and control risks associated with money laundering/terrorism financing is essential.
- (e) Timely and effective domestic and international cooperation and established coordination mechanism are critical in the investigation and prosecution of money laundering/terrorism financing and associated unlawful activities.
- (f) The implementation of AML laws, rules and regulations shall conform to international AML/CTF standards and best practices.
- (j) The observance of the constitutional requirements on due process, and injunction against *ex post facto* laws and bills of attainder.

## RULE 2 – DEFINITION OF TERMS

### Section 1. Definitions.

For purposes of this IRR, the following terms are hereby defined as follows:

- (a) **"Account"** refers to a bank account, electronic money account, investment account, insurance policy, membership account, and other similar contract or service agreement, business or professional relationships between a covered person and its customers where funds or any monetary instrument of the latter are held by the former.
- (b) **"Anti-Money Laundering Act"** (AMLA) refers to Republic Act No. 9160, as amended by Republic Act Nos. 9194, 10167, 10365, and 10927.
- (c) **"Anti-Money Laundering Council"** (AMLC) refers to the Philippines' central AML/CTF authority and financial intelligence unit, which is the government instrumentality

mandated to implement the AMLA and TFPISA. It also refers to the official name of the Council, which is the governing body of the said government agency.

For purposes of this IRR, the government agency shall be referred hereafter as the "AMLC", while the governing body shall be referred hereafter as the "Council".

- (d) **"Appropriate Government Agency"** (AGA) refers to the Philippine Amusement and Gaming Corporation (PAGCOR), Cagayan Economic Zone Authority (CEZA), Aurora Pacific Economic Zone and Freeport Authority (APECO), or other government agency, as may be determined by law, which may authorize casinos to engage in gaming operations.
- (e) **"Asset"** refers to a monetary instrument, property, or both.
- (f) **"Asset Preservation Order"** (APO) refers to a provisional remedy aimed at preserving monetary instruments or properties in any way related to an unlawful activity or money laundering offense defined herein, during the pendency of civil forfeiture proceedings.
- (g) **"Average Due Diligence"** (ADD) refers to the normal level of customer due diligence that is appropriate in cases where there is medium risk of money laundering or terrorism financing.
- (h) **"Bangko Sentral ng Pilipinas"** (BSP) refers to the central bank of the Republic of the Philippines established pursuant to the provisions of the 1987 Constitution and Republic Act No. 7653.
- (i) **"Bank Inquiry"** (BI) refers to a provisional remedy that allows the AMLC to examine or inquire into particular bank accounts or investment with a bank or non-bank financial institution, notwithstanding the provisions of Republic Act No. 1405, as amended; Republic Act No. 6426, as amended; Republic Act No. 8791; and other bank secrecy laws.
- (j) **"Bearer Negotiable Instruments"** (BNIs) refers to monetary instruments in bearer form such as, traveler's checks; negotiable instruments, including checks, promissory notes and money orders, that are either in bearer form, endorsed without restriction, made out to a fictitious payee, or otherwise in such form that title thereto passes upon delivery; and incomplete instruments, including checks, promissory notes and money orders, signed, but with the payee's name omitted.
- (k) **"Bearer Shares"** refers to negotiable instruments that accord ownership in a juridical person to the person who possesses the bearer share certificate.
- (l) **"Beneficial Owner"** refers to any natural person who:
  - (1) Ultimately owns or controls the customer and/or on whose behalf a transaction or activity is being conducted;
  - (2) Has ultimate effective control over a juridical person or legal arrangement; or
  - (3) Owns, at least, twenty percent (20%) shares, contributions or equity interest in a juridical person or legal arrangement.

Control includes whether the control is exerted by means of trusts, agreements, arrangements, understandings, or practices, and whether or not the individual can exercise control through making decisions about financial and operating policies.

- (m) **“Beneficial Ownership Verification”** (BOV) is the process of taking reasonable measures to identify and verify the beneficial owner, including the determination of the true nature of the beneficial owner’s capacities and duties vis-à-vis his agent, nominee or trustee.
- (n) **“Beneficiary”** refers to:
  - (1) *General*: any person for whose benefit an account was created or transaction was made.
  - (2) *For trust agreements*: any person for whose benefit the trust has been created.
  - (3) *For life insurance or investment-linked insurance policies*: any person who will be paid the policy proceeds.
  - (4) *For wire transfers*: refers to a person or legal arrangement who is identified by the originator as the receiver of the requested wire transfer.
- (n) **“Beneficiary Financial Institution”** refers to the financial institution, which receives the wire transfer from the originating/ordering financial institution, directly or through an intermediary financial institution, and makes the funds available to the beneficiary.
- (o) **“Biometric Information”** refers to front facing photograph, fingerprint, iris scan, and/or such other unique identifiable features of an individual.
- (p) **“Casino”** refers to a business authorized by the appropriate government agency to engage in gaming operations.
- (q) **“Casino Cash Transaction”** refers to transactions involving the receipt of cash by a casino paid by or on behalf of a customer; or transactions involving the payout of cash by a casino to a customer or to any person in his behalf.
- (r) **“Civil Forfeiture”** (CF) refers to the non-conviction-based proceedings aimed at forfeiting, in favor of the government, monetary instruments or properties related to an unlawful activity or money laundering offense defined herein.
- (s) **“Close Relationship/Associate”** refers to persons who are widely and publicly known, socially or professionally, to maintain a particularly close relationship with the PEP, and include persons who are in a position to conduct substantial domestic and international financial transactions on behalf of the PEP.
- (t) **“Correspondent Banking”** refers to the provision of banking services by one bank, called the correspondent bank, to another bank, called the respondent bank.
- (u) **“Company Service Provider”** (CSP) refers to a person engaged in the business of providing the following services for customers, who need to perform or offer a service

or activity, but are not capable of doing or do not want to do so directly due to financial or operational reasons, or business judgment:

- (1) acting as a formation agent of juridical persons;
  - (2) acting as (or arranging for another person to act as) a director or corporate secretary of a company, a partner of a partnership, or a similar position in relation to other juridical persons;
  - (3) providing a registered office; business address or accommodation, correspondence or administrative address for a company, a partnership or any other juridical person or legal arrangement; and
  - (4) acting as (or arranging for another person to act as) a nominee shareholder for another person.
- (v) **“Cover Payment”** refers to a wire transfer that combines a payment message sent directly by the originating/ordering financial institution to the beneficiary financial institution with the routing of the funding instruction, called the cover, from the originating/ordering financial institution to the beneficiary financial institution through one or more intermediary financial institutions.
- (w) **“Covered Transaction”** refers to:
- (1) A transaction in cash or other equivalent monetary instrument exceeding Five Hundred Thousand pesos (PHP500,000.00).
  - (2) A transaction with or involving jewelry dealers, dealers in precious metals and dealers in precious stones in cash or other equivalent monetary instrument exceeding One Million pesos (Php1,000,000.00).
  - (3) A casino cash transaction exceeding Five Million Pesos (PHP5,000,000.00) or its equivalent in other currency.
- (x) **“Covered Transaction Report”** (CTR) refers to a report on a covered transaction, as herein defined, filed by a covered person before the AMLC.
- (y) **“Cross-Border Wire Transfer”** refers to any wire transfer where the originating and/or beneficiary financial institutions are located in different countries. It shall also refer to any chain of wire transfers in which, at least, one of the financial institutions involved is located in a different country.
- (z) **“Customer/Client”** refers to any person who keeps or maintains an account, or otherwise transacts business with a covered person. It includes the following:
- (1) Beneficial owner, or any natural person who ultimately owns or controls a customer and/or on whose behalf an account is maintained or a transaction is conducted;
  - (2) Transactors, agents and other authorized representatives of beneficial owners;