

**REVISED IMPLEMENTING RULES AND REGULATIONS  
REPUBLIC ACT NO. 9160, AS AMENDED  
BY REPUBLIC ACT NO. 9194 AND REPUBLIC ACT NO. 10167**

**RULE 1**

Title

**Rule 1.a. Title.** - These Rules shall be known and cited as the "Revised Rules and Regulations Implementing Republic Act No. 9160" otherwise known as The Anti-Money Laundering Act of 2001, as amended by Republic Act. No. 9194 and Republic Act No. 10167 (the AMLA, as amended).

**Rule 1.b. Purpose.** - These Rules are promulgated to prescribe the procedures and guidelines for the implementation of the AMLA, as amended.

**RULE 2**

Declaration of Policy

**Rule 2. Declaration of Policy.** - It is hereby declared the policy of the State to protect the integrity and confidentiality of bank accounts and to ensure that the Philippines shall not be used as a money laundering site for the proceeds of any unlawful activity. Consistent with its foreign policy, the Philippines shall extend cooperation in transnational investigations and prosecutions of persons involved in money laundering activities wherever committed.

**RULE 3**

Definitions

**Rule 3. Definitions.** - For purposes of this Act, the following terms are hereby defined as follows:

**Rule 3. a.** "Covered Institution" refers to:

**Rule 3.a.1.** Banks, offshore banking units, quasi-banks, trust entities, non-stock savings and loan associations, pawnshops, foreign exchange dealers, money changers, remittance agents, electronic money issuers and other financial institutions which under special laws are subject to Bangko Sentral ng Pilipinas (BSP) supervision and/or regulation, including their subsidiaries and affiliates.

(a) A subsidiary means an entity more than fifty percent (50%) of the outstanding voting stock of which is owned by a bank, quasi-bank, trust entity or any other institution supervised or regulated by the BSP.



(b) An affiliate means an entity at least twenty percent (20%) but not exceeding fifty percent (50%) of the voting stock of which is owned by a bank, quasi-bank, trust entity, or any other institution supervised and/or regulated by the BSP.

**Rule 3.a.2.** Insurance companies, insurance agents, insurance brokers, professional reinsurers, reinsurance brokers, holding companies, holding company systems, pre-need companies, mutual benefit associations and all other persons and entities supervised and/or regulated by the Insurance Commission (IC).

(a) An insurance company includes those entities authorized to transact insurance business in the Philippines, whether life or non-life and whether domestic, domestically incorporated or branch of a foreign entity. A contract of insurance is an agreement whereby one undertakes for a consideration to indemnify another against loss, damage or liability arising from an unknown or contingent event. Transacting insurance business includes making or proposing to make, as insurer, any insurance contract, or as surety, any contract of suretyship as a vocation and not as merely incidental to any other legitimate business or activity of the surety, doing any kind of business specifically recognized as constituting the doing of an insurance business within the meaning of Presidential Decree (P.D.) No. 612, as amended, including a reinsurance business and doing or proposing to do any business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of P.D. No. 612, as amended.

(b) An insurance agent includes any person who solicits or obtains insurance on behalf of any insurance company or transmits for a person other than himself an application for a policy or contract of insurance to or from such company or offers or assumes to act in the negotiation of such insurance.

(c) An insurance broker includes any person who acts or aids in any manner in soliciting, negotiating or procuring the making of any insurance contract or in placing risk or taking out insurance, on behalf of an insured other than himself.

(d) A professional reinsurer includes any person, partnership, association or corporation that transacts solely and exclusively reinsurance business in the Philippines, whether domestic, domestically incorporated or a branch of a foreign entity. A contract of reinsurance is one by which an insurer procures a third person to insure him against loss or liability by reason of such original insurance.

(e) A reinsurance broker includes any person who, not being a duly authorized agent, employee or officer of an insurer in which any reinsurance is effected, acts or aids in any manner in negotiating contracts of reinsurance or placing risks of effecting reinsurance, for any insurance company authorized to do business in the Philippines.

(f) A holding company includes any person who directly or indirectly controls any authorized insurer. A holding company system includes a holding company together with its controlled insurers and controlled persons.



(g) A pre-need company refers to any corporation registered with the Commission and authorized/licensed to sell or offer to sell pre-need plans. The term "pre-need company" also refers to schools, memorial chapels, banks, non-bank financial institutions and other entities which have also been authorized/licensed to sell or offer to sell pre-need plans insofar as their pre-need activities or business are concerned.

Pre-need plans are contracts, agreements, deeds or plans for the benefit of the planholders which provide for the performance of future service/s, payment of monetary considerations or delivery of other benefits at the time of actual need or agreed maturity date, as specified therein, in exchange for cash or installment amounts with or without interest or insurance coverage and includes life, pension, education, interment and other plans, instruments, contracts or deeds as may in the future be determined by the Commission.

(h) Mutual Benefit Association refers to any society, association or corporation, without capital stock, formed or organized not for profit but mainly for the purpose of paying sick benefits to members, or of furnishing financial support to members while out of employment, or of paying to relatives of deceased members of fixed or any sum of money, irrespective of whether such aim or purpose is carried out by means of fixed dues or assessments collected regularly from the members, or of providing, by the issuance of certificates of insurance, payment of its members of accident or life insurance benefits out of such fixed and regular dues or assessments, but in no case shall include any society, association, or corporation with such mutual benefit features and which shall be carried out purely from voluntary contributions collected not regularly and or no fixed amount from whomsoever may contribute.

**Rule 3.a.3.** (i) Securities dealers, brokers, salesmen, investment houses, investment agents and consultants, trading advisors, and other entities managing securities or rendering similar services; (ii) mutual funds or open-end investment companies, close-end investment companies, common trust funds or issuers and other similar entities; (iii) transfer companies and other similar entities; and (iv) other entities administering or otherwise dealing in currency, commodities or financial derivatives based thereon, valuable objects, cash substitutes and other similar monetary instruments or property supervised and/or regulated by the Securities and Exchange Commission (SEC).

(a) A securities broker includes a person engaged in the business of buying and selling securities for the account of others.

(b) A securities dealer includes any person who buys and sells securities for his/her account in the ordinary course of business.

(c) An investment house includes an enterprise which engages or purports to engage, whether regularly or on an isolated basis, in the underwriting of securities of another person or enterprise, including securities of the Government and its instrumentalities.

(d) A mutual fund or an open-end investment company includes an investment company which is offering for sale or has outstanding, any redeemable security of which it is the issuer.



(e) A closed-end investment company includes an investment company other than open-end investment company.

(f) A common trust fund includes a fund maintained by an entity authorized to perform trust functions under a written and formally established plan, exclusively for the collective investment and reinvestment of certain money representing participation in the plan received by it in its capacity as trustee, for the purpose of administration, holding or management of such funds and/or properties for the use, benefit or advantage of the trustor or of others known as beneficiaries.

(g) Investment Advisor/Agent/Consultant shall refer to any person:

(1) who for an advisory fee is engaged in the business of advising others, either directly or through circulars, reports, publications or writings, as to the value of any security and as to the advisability of trading in any security; or

(2) who for compensation and as part of a regular business, issues or promulgates, analyzes reports concerning the capital market, except:

- (a) any bank or trust company;
- (b) any journalist, reporter, columnist, editor, lawyer, accountant, teacher;
- (c) the publisher of any bona fide newspaper, news, business or financial publication of general and regular circulation, including their employees;
- (d) any contract market;
- (e) such other person not within the intent of this definition, provided that the furnishing of such service by the foregoing persons is solely incidental to the conduct of their business or profession.

(3) any person who undertakes the management of portfolio securities of investment companies, including the arrangement of purchases, sales or exchanges of securities.

**Rule 3.b.** "Customer" refers to any person or entity that keeps an account, or otherwise transacts business, with a covered institution and any person or entity on whose behalf an account is maintained or a transaction is conducted, as well as the beneficiary of said transactions. A customer also includes the beneficiary of a trust, an investment fund, a pension fund or a company or person whose assets are managed by an asset manager, or a grantor of a trust. It includes any insurance policy holder, whether actual or prospective.

**Rule 3.b.1.** "Beneficial owner" refers to a natural person who ultimately owns or controls the account and/or the person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.



**Rule 3.b.2.** "Politically Exposed Person" (PEP) refers to a natural person who is or has been entrusted with prominent public positions in the Philippines or in a foreign State, including heads of state or of government, senior politicians, senior national or local government, judicial or military officials, senior executives of government or state owned or controlled corporations and important political party officials.

**Rule 3.c.** "Offender" refers to any person who commits a money laundering offense.

**Rule 3.d.** "Person" refers to any natural or juridical person.

**Rule 3.e.** "Proceeds" refers to an amount derived or realized from an unlawful activity. It includes:

(i) All material results, profits, effects and any amount realized from any unlawful activity;

(ii) All monetary, financial or economic means, devices, documents, papers or things used in or having any relation to any unlawful activity; and

(iii) All moneys, expenditures, payments, disbursements, costs, outlays, charges, accounts, refunds and other similar items for the financing, operations, and maintenance of any unlawful activity.

**Rule 3.e.1.** "Monetary Instrument" refers to:

(a) Coins or currency of legal tender of the Philippines, or of any other country;

(b) Drafts, checks and notes;

(c) Securities or negotiable instruments, bonds, commercial papers, deposit certificates, trust certificates, custodial receipts or deposit substitute instruments, trading orders, transaction tickets and confirmations of sale or investments and money market instruments;

(d) Contracts or policies of insurance, life or non-life, contracts of suretyship, pre-need plans and mutual benefit association instruments; and

(e) Other similar instruments where title thereto passes to another by endorsement, assignment or delivery.

**Rule 3.e.2.** "Property" includes any thing or item of value, real or personal, tangible or intangible, or any interest therein or any benefit, privilege, claim or right with respect thereto.

**Rule 3.e.3.** "Related Accounts" are those accounts, the funds and sources of which originated from and/or are materially linked to the monetary instruments or properties subject of the freeze order.



Rule 3.e.3.a. Materially linked accounts include but are not limited to the following:

- (1) All accounts or monetary instruments belonging to the same person whose accounts, monetary instruments or properties are the subject of the freeze order;
- (2) All accounts or monetary instruments held, owned or controlled by the owner or holder of the accounts, monetary instruments or properties subject of the freeze order, whether such accounts are held, owned or controlled singly or jointly with another person;
- (3) All accounts or monetary instruments the funds of which are transferred to the accounts, monetary instruments or properties subject of the freeze order without any legal or trade obligation, purpose or economic justification;
- (4) All "In Trust For" (ITF) accounts where the person whose accounts, monetary instruments or properties are the subject of the freeze order is either the trustee or the trustor;
- (5) All accounts held for the benefit or in the interest of the person whose accounts, monetary instruments or properties are the subject of the freeze order;
- (6) All accounts or monetary instruments under the name of the immediate family or household members of the person whose accounts, monetary instruments or properties are the subject of the freeze order if the amount or value involved is not commensurate with the business or financial capacity of the said family or household member;
- (7) All accounts of corporate and juridical entities that are substantially owned, controlled or effectively controlled by the person whose accounts, monetary instruments or properties are subject of the freeze order;
- (8) All shares or units in any investment accounts and/or pooled funds of the person whose accounts, monetary instruments or properties are subject of the freeze order; and
- (9) All other accounts, shares, units or monetary instruments that are similar, analogous or identical to any of the foregoing.

Rule 3.f. "Supervising Authority" refers to the BSP, the SEC and the IC. Where the BSP, SEC or IC supervision applies only to the registration of the covered institution, the BSP, the SEC or the IC, within the limits of the AMLA, as amended, shall have the authority to require and ask assistance from the government agency having regulatory power and/or licensing authority over said covered institution for the implementation and enforcement of the AMLA, as amended, and these Rules.



**Rule 3.g.** "Transaction" refers to 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.

**Rule 3.g.1.** "Covered Transaction" is a transaction in cash or other equivalent monetary instrument involving a total amount in excess of five hundred thousand pesos (Php500,000.00) within one (1) banking day.

**Rule 3.g.2.** "Suspicious Transaction" is a transaction, regardless of amount, where any of the following circumstances exists:

- (a) there is no underlying legal or trade obligation, purpose or economic justification;
- (b) the client is not properly identified;
- (c) the amount involved is not commensurate with the business or financial capacity of the client;
- (d) taking into account all known circumstances, it may be perceived that the client's transaction is structured in order to avoid being the subject of reporting requirements under the act;
- (e) any circumstance relating to the transaction which is observed to deviate from the profile of the client and/or the client's past transactions with the covered institution;
- (f) the transaction is in any way related to an unlawful activity or any money laundering activity or offense under this act that is about to be, is being or has been committed;
- (g) any transaction that is similar, analogous or identical to any of the foregoing.

**Rule 3.h.** "Unlawful activity" refers to any act or omission or series or combination thereof involving or having relation, to the following:

(a.) Kidnapping for ransom under Article 267 of Act No. 3815, otherwise known as the Revised Penal Code, as amended;

(1) Kidnapping for ransom

(b.) Sections 4, 5, 6, 8, 9, 10, 11, 12,13, 14, 15 and 16 of Republic Act No. 9165, otherwise known as the Comprehensive Dangerous Drugs Act of 2002;

(2) Importation of prohibited drugs;

(3) Sale of prohibited drugs;



- (4) Administration of prohibited drugs:
- (5) Delivery of prohibited drugs
- (6) Distribution of prohibited drugs
- (7) Transportation of prohibited drugs
- (8) Maintenance of a Den, Dive or Resort for prohibited users
- (9) Manufacture of prohibited drugs
- (10) Possession of prohibited drugs
- (11) Use of prohibited drugs
- (12) Cultivation of plants which are sources of prohibited drugs
- (13) Culture of plants which are sources of prohibited drugs

(c.) Section 3 paragraphs b, c, e, g, h and i of Republic Act No. 3019, as amended, otherwise known as the Anti-Graft and Corrupt Practices Act;

(14) Directly or indirectly requesting or receiving any gift, present, share, percentage or benefit for himself or for any other person in connection with any contract or transaction between the Government and any party, wherein the public officer in his official capacity has to intervene under the law;

(15) Directly or indirectly requesting or receiving any gift, present or other pecuniary or material benefit, for himself or for another, from any person for whom the public officer, in any manner or capacity, has secured or obtained, or will secure or obtain, any government permit or license, in consideration for the help given or to be given, without prejudice to Section 13 of R.A. 3019;

(16) Causing any undue injury to any party, including the government, or giving any private party any unwarranted benefits, advantage or preference in the discharge of his official, administrative or judicial functions through manifest partiality, evident bad faith or gross inexcusable negligence;

(17) Entering, on behalf of the government, into any contract or transaction manifestly and grossly disadvantageous to the same, whether or not the public officer profited or will profit thereby;

(18) Directly or indirectly having financial or pecuniary interest in any business contract or transaction in connection with which he intervenes or takes part in his official



capacity, or in which he is prohibited by the Constitution or by any law from having any interest:

(19) Directly or indirectly becoming interested, for personal gain, or having material interest in any transaction or act requiring the approval of a board, panel or group of which he is a member, and which exercise of discretion in such approval, even if he votes against the same or he does not participate in the action of the board, committee, panel or group.

(d.) Plunder under Republic Act No. 7080, as amended;

(20) Plunder through misappropriation, conversion, misuse or malversation of public funds or raids upon the public treasury;

(21) Plunder by receiving, directly or indirectly, any commission, gift, share, percentage, kickbacks or any other form of pecuniary benefit from any person and/or entity in connection with any government contract or project or by reason of the office or position of the public officer concerned;

(22) Plunder by the illegal or fraudulent conveyance or disposition of assets belonging to the National Government or any of its subdivisions, agencies, instrumentalities or government-owned or controlled corporations or their subsidiaries;

(23) Plunder by obtaining, receiving or accepting, directly or indirectly, any shares of stock, equity or any other form of interest or participation including the promise of future employment in any business enterprise or undertaking;

(24) Plunder by establishing agricultural, industrial or commercial monopolies or other combinations and/or implementation of decrees and orders intended to benefit particular persons or special interests;

(25) Plunder by taking undue advantage of official position, authority, relationship, connection or influence to unjustly enrich himself or themselves at the expense and to the damage and prejudice of the Filipino people and the Republic of the Philippines.

(e.) Robbery and extortion under Articles 294, 295, 296, 299, 300, 301 and 302 of the Revised Penal Code, as amended;

(26) Robbery with violence or intimidation of persons;

(27) Robbery with physical injuries, committed in an uninhabited place and by a band, or with use of firearms on a street, road or alley;

(28) Robbery in an uninhabited house or public building or edifice devoted to worship.

(f.) Jueteng and Masiao punished as illegal gambling under Presidential Decree No. 1602:



(29) Jueteng;

(30) Masiao.

(g.) Piracy on the high seas under the Revised Penal Code, as amended and Presidential Decree No. 532;

(31) Piracy on the high seas;

(32) Piracy in inland Philippine waters;

(33) Aiding and abetting pirates and brigands.

(h.) Qualified theft under Article 310 of the Revised Penal Code, as amended;

(34) Qualified theft.

(i.) Swindling under Article 315 of the Revised Penal Code, as amended;

(35) Estafa with unfaithfulness or abuse of confidence by altering the substance, quality or quantity of anything of value which the offender shall deliver by virtue of an obligation to do so, even though such obligation be based on an immoral or illegal consideration;

(36) Estafa with unfaithfulness or abuse of confidence by misappropriating or converting, to the prejudice of another, money, goods or any other personal property received by the offender in trust or on commission, or for administration, or under any other obligation involving the duty to make delivery or to return the same, even though such obligation be totally or partially guaranteed by a bond; or by denying having received such money, goods, or other property;

(37) Estafa with unfaithfulness or abuse of confidence by taking undue advantage of the signature of the offended party in blank, and by writing any document above such signature in blank, to the prejudice of the offended party or any third person;

(38) Estafa by using a fictitious name, or falsely pretending to possess power, influence, qualifications, property, credit, agency, business or imaginary transactions, or by means of other similar deceits;

(39) Estafa by altering the quality, fineness or weight of anything pertaining to his art or business;

(40) Estafa by pretending to have bribed any government employee;



(41) Estafa by postdating a check, or issuing a check in payment of an obligation when the offender has no funds in the bank, or his funds deposited therein were not sufficient to cover the amount of the check;

~~(42) Estafa by inducing another, by means of deceit, to sign any document;~~

(43) Estafa by resorting to some fraudulent practice to ensure success in a gambling game;

(44) Estafa by removing, concealing or destroying, in whole or in part, any court record, office files, document or any other papers.

(j.) Smuggling under Sections 2702 and 2703 of Act No. 2711, otherwise known as the Revised Administrative Code of 1917, as amended by Republic Act No. 455 and under Republic Act No. 1937, as amended, otherwise known as the Tariff and Customs Code of the Philippines;

(45) Fraudulent importation of any vehicle;

(46) Fraudulent exportation of any vehicle;

(47) Assisting in any fraudulent importation;

(48) Assisting in any fraudulent exportation;

(49) Receiving smuggled article after fraudulent importation;

(50) Concealing smuggled article after fraudulent importation;

(51) Buying smuggled article after fraudulent importation;

(52) Selling smuggled article after fraudulent importation;

(53) Transportation of smuggled article after fraudulent importation;

(54) Fraudulent practices against customs revenue.

(k.) Violations under Republic Act No. 8792, otherwise known as the Electronic Commerce Act of 2000;

k.1. Hacking or cracking, which refers to:

(55) unauthorized access into or interference in a computer system/server or information and communication system;



(56) any access in order to corrupt, alter, steal, or destroy using a computer or other similar information and communication devices, information and communications system, including the knowledge and consent of the owner of the computer; or

(57) the introduction of computer viruses and the like, resulting in the corruption, destruction, alteration, theft or loss of electronic data messages or electronic document;

k.2. Piracy, which refers to:

(58) the unauthorized copying, reproduction,

(59) the unauthorized dissemination, distribution,

(60) the unauthorized importation,

(61) the unauthorized use, removal, alteration, substitution, modification,

(62) the unauthorized storage, uploading, downloading, communication, making available to the public, or

(63) the unauthorized broadcasting of protected material, electronic signature or copyrighted works including legally protected sound recordings or phonograms or information material on protected works, through the use of telecommunication networks, such as, but not limited to, the internet, in a manner that infringes intellectual property rights;

k.3. Violations under Republic Act No. 7394, otherwise known as The Consumer Act of the Philippines and other relevant or pertinent laws through transactions covered by or using electronic data messages or electronic documents:

(64) Sale of any consumer product that is not in conformity with standards under the Consumer Act;

(65) Sale of any product that has been banned by a rule under the Consumer Act;

(66) Sale of any adulterated or mislabeled product using electronic documents;

(67) Adulteration or misbranding of any consumer product;

(68) Forging, counterfeiting or simulating any mark, stamp, tag, label or other identification device;

(69) Revealing trade secrets;

(70) Alteration or removal of the labeling of any drug or device held for sale;



(71) Sale of any drug or device not registered in accordance with the provisions of the E-Commerce Act;

(72) Sale of any drug or device by any person not licensed in accordance with the provisions of the E-Commerce Act;

(73) Sale of any drug or device beyond its expiration date;

(74) Introduction into commerce of any mislabeled or banned hazardous substance;

(75) Alteration or removal of the labeling of a hazardous substance;

(76) Deceptive sales acts and practices;

(77) Unfair or unconscionable sales acts and practices;

(78) Fraudulent practices relative to weights and measures;

(79) False representations in advertisements as the existence of a warranty or guarantee;

(80) Violation of price tag requirements;

(81) Mislabeled consumer products;

(82) False, deceptive or misleading advertisements;

(83) Violation of required disclosures on consumer loans;

(84) Other violations of the provisions of the E-Commerce Act;

(l.) Hijacking and other violations under Republic Act No. 6235, otherwise known as the Anti-Hijacking Law; 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;

(85) Hijacking;

(86) Destructive arson;

(87) Murder;

(88) Hijacking, destructive arson or murder perpetrated by terrorists against non-combatant persons and similar targets;

(m.) Fraudulent practices and other violations under Republic Act No. 8799, otherwise known as the Securities Regulation Code of 2000;



(89) Sale, offer or distribution of securities within the Philippines without a registration statement duly filed with and approved by the SEC;

(90) Violation of reportorial requirements imposed upon issuers of securities;

(91) Manipulation of security prices by creating a false or misleading appearance of active trading in any listed security traded in an Exchange or any other trading market;

(92) Manipulation of security prices by effecting, alone or with others, a series of transactions in securities that raises their prices to induce the purchase of a security, whether of the same or different class, of the same issuer or of a controlling, controlled or commonly controlled company by others;

(93) Manipulation of security prices by effecting, alone or with others, a series of transactions in securities that depresses their price to induce the sale of a security, whether of the same or different class, of the same issuer or of a controlling, controlled or commonly controlled company by others;

(94) Manipulation of security prices by effecting, alone or with others, a series of transactions in securities that creates active trading to induce such a purchase or sale through manipulative devices such as marking the close, painting the tape, squeezing the float, hype and dump, boiler room operations and such other similar devices;

(95) Manipulation of security prices by circulating or disseminating information that the price of any security listed in an Exchange will or is likely to rise or fall because of manipulative market operations of any one or more persons conducted for the purpose of raising or depressing the price of the security for the purpose of inducing the purchase or sale of such security;

(96) Manipulation of security prices by making false or misleading statements with respect to any material fact, which he knew or had reasonable ground to believe was so false and misleading, for the purpose of inducing the purchase or sale of any security listed or traded in an Exchange;

(97) Manipulation of security prices by effecting, alone or with others, any series of transactions for the purchase and/or sale of any security traded in an Exchange for the purpose of pegging, fixing or stabilizing the price of such security, unless otherwise allowed by the Securities Regulation Code or by the rules of the SEC;

(98) Sale or purchase of any security using any manipulative deceptive device or contrivance;

(99) Execution of short sales or stop-loss order in connection with the purchase or sale of any security not in accordance with such rules and regulations as the SEC may prescribe as necessary and appropriate in the public interest or the protection of the investors;



(100) Employment of any device, scheme or artifice to defraud in connection with the purchase and sale of any securities;

(101) Obtaining money or property in connection with the purchase and sale of any security by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

(102) Engaging in any act, transaction, practice or course of action in the sale and purchase of any security which operates or would operate as a fraud or deceit upon any person;

(103) Insider trading;

(104) Engaging in the business of buying and selling securities in the Philippines as a broker or dealer, or acting as a salesman, or an associated person of any broker or dealer without any registration from the Commission;

(105) Employment by a broker or dealer of any salesman or associated person or by an issuer of any salesman, not registered with the SEC;

(106) Effecting any transaction in any security, or reporting such transaction, in an Exchange or using the facility of an Exchange which is not registered with the SEC;

(107) Making use of the facility of a clearing agency which is not registered with the SEC;

(108) Violations of margin requirements;

(109) Violations on the restrictions on borrowings by members, brokers and dealers;

(110) Aiding and Abetting in any violations of the Securities Regulation Code;

(111) Hindering, obstructing or delaying the filing of any document required under the Securities Regulation Code or the rules and regulations of the SEC;

(112) Violations of any of the provisions of the implementing rules and regulations of the SEC;

(113) Any other violations of any of the provisions of the Securities Regulation Code;

(n.) Sections 4, 5, 6 and 7 of Republic Act No. 10168, otherwise known as the Terrorism Financing Prevention and Suppression Act of 2012:



(114) Directly or indirectly, willfully and, without lawful excuse, possessing, providing, collecting or using property or funds or making available property, funds or financial service or other related services, by any means, with the unlawful and willful intention that they should be used or with the knowledge that they are to be used, in full or in part: (a) to carry out or facilitate the commission of any terrorist act; (b) by a terrorist organization, association or group; or (c) by an individual terrorist;

(115) Organizing or directing others to commit financing of terrorism;

(116) Attempt to commit the crimes of financing of terrorism and dealing with property or funds of designated persons;

(117) Conspiracy to commit the crimes of financing of terrorism and dealing with property or funds of designated persons;

(118) Cooperating, by previous or simultaneous acts, in the execution of either the crime of financing of terrorism or conspiracy to commit the crime of financing of terrorism;

(119) Having knowledge of the commission of the crime of financing of terrorism but without having participated therein as principal, taking part subsequent to the commission of the crime of financing of terrorism by profiting from it or by assisting the principal or principals in the crime of financing of terrorism to profit by the effects of the crime, or by concealing or destroying the effects of the crime in order to prevent its discovery, or by harboring, concealing or assisting in the escape of the principal in the crime of financing of terrorism; and

(o) Felonies or offenses of a similar nature to the aforementioned unlawful activities that are punishable under the penal laws of other countries.

In determining whether or not a felony or offense punishable under the penal laws of other countries is "of a similar nature", as to constitute an unlawful activity under the AMLA, as amended, the nomenclature of said felony or offense need not be identical to any of the unlawful activities listed under Rule 3.h.

**Rule 3.i.** "Wire/Fund Transfer" refers to any transaction carried out on behalf of an originator (both natural and juridical) through a financial institution (Originating Institution) by electronic means with a view to making an amount of money available to a beneficiary at another financial institution (Beneficiary Institution). The originator person and the beneficiary person may be the same person.

**Rule 3.i.1.** "Cross Border" transfer refers to any wire transfer where the originating and beneficiary institutions are located in different countries. It shall also refer to any chain of wire transfers that has at least one cross-border element.

**Rule 3.i.2.** "Domestic Transfer" refers to any wire transfer where the originating and beneficiary institutions are located in the same country. It shall refer to any



chain of wire transfers that takes place entirely within the borders of a single country, even though the system used to effect the fund/wire transfer may be located in another country.

**Rule 3.i.3.** “Originating institution” refers to the entity utilized by the originator to transfer funds to the beneficiary and can either be (a) a covered institution as specifically defined by these Rules and as generally defined by the AMLA, as amended, and these Rules, or (b) a financial institution or other entity operating outside the Philippines that is other than the covered institution referred to in (a) but conducts business operations and activities similar to it.

**Rule 3.i.4.** “Beneficiary institution” refers to the entity that will pay out the money to the beneficiary and can either be (a) a covered institution as specifically defined by these Rules and as generally defined by the AMLA, as amended, and these Rules, or (b) a financial institution or other entity operating outside the Philippines that is other than the covered institution referred to in (a) but conducts business operations and activities similar to it.

**Rule 3.i.5.** “Intermediary institution” refers to the entity utilized by the originating and beneficiary institutions where both have no correspondent banking relationship with each other but have established relationship with the intermediary institution. It can either be (a) a covered institution as specifically defined by the AMLA, as amended, and these Rules, or (b) a financial institution or other entity operating outside the Philippines that is other than the covered institution referred to in (a) but conducts business operations and activities similar to it.

## **RULE 4**

### **Money Laundering Offense**

**Rule 4. Money Laundering Offense.** - Money laundering is a crime whereby the proceeds of an unlawful activity as herein defined are transacted, thereby making them appear to have originated from legitimate sources. It is committed by the following:

(a) Any person knowing that any monetary instrument or property represents, involves, or relates to, the proceeds of any unlawful activity, transacts or attempts to transact said monetary instrument or property.

(b) Any person knowing that any monetary instrument or property involves the proceeds of any unlawful activity, performs or fails to perform any act as a result of which he facilitates the offense of money laundering referred to in paragraph (a) above.

(c) Any person knowing that any monetary instrument or property is required under this Act to be disclosed and filed with the Anti-Money Laundering Council (AMLC), fails to do so.



## RULE 5

### Jurisdiction of Money Laundering Cases and Money Laundering Investigation Procedures

**Rule 5.a. Jurisdiction of Money Laundering Cases.** – The Regional Trial Courts shall have the jurisdiction to try all cases on money laundering. Those committed by public officers and private persons who are in conspiracy with such public officers shall be under the jurisdiction of the Sandiganbayan.

**Rule 5.b. Investigation of Money Laundering Offenses.** - The AMLC shall investigate:

- (1) suspicious transactions;
- (2) covered transactions deemed suspicious after an investigation conducted by the AMLC;
- (3) money laundering activities; and
- (4) other violations of the AMLA, as amended.

**Rule 5.c. Attempts at Transactions.** - Section 4 (a) and (b) of the AMLA, as amended, provides that any person who attempts to transact any monetary instrument or property representing, involving or relating to the proceeds of any unlawful activity shall be prosecuted for a money laundering offense. Accordingly, the reports required under Rule 9.c of these Rules shall include those pertaining to any attempt by any person to transact any monetary instrument or property representing, involving or relating to the proceeds of any unlawful activity.

## RULE 6

### Prosecution of Money Laundering

**Rule 6.a. Prosecution of Money Laundering.** -

(1) Any person may be charged with and convicted of both the offense of money laundering and the unlawful activity as defined under Section 3.i of the AMLA, as amended.

(2) Any proceeding relating to the unlawful activity shall be given precedence over the prosecution of any offense or violation under the AMLA, as amended, without prejudice to the ex-parte application by the AMLC with the Court of Appeals for a freeze order with respect to the monetary instrument or property involved therein and resort to other remedies provided under the AMLA, as amended, the Rules of Court and other pertinent laws and rules.

**Rule 6.b.** When the AMLC finds, after investigation, that there is probable cause to charge any person with a money laundering offense under Section 4 of the AMLA, as amended, it shall cause a complaint to be filed, pursuant to Section 7 (4) of the AMLA, as amended, before the



Department of Justice or the Office of the Ombudsman, which shall then conduct the preliminary investigation of the case.

**Rule 6.c.** If after due notice and hearing in the preliminary investigation proceedings, the Department of Justice, or the Office of the Ombudsman, as the case may be, finds probable cause for a money laundering offense, it shall file the necessary information before the Regional Trial Courts or the Sandiganbayan.

**Rule 6.d.** Trial for the money laundering offense shall proceed in accordance with the Code of Criminal Procedure or the Rules of Procedure of the Sandiganbayan, as the case may be.

**Rule 6.e.** Knowledge of the offender that any monetary instrument or property represents, involves, or relates to the proceeds of an unlawful activity or that any monetary instrument or property is required under the AMLA, as amended, to be disclosed and filed with the AMLC, may be established by direct evidence or inferred from the attendant circumstances.

**Rule 6.f.** All the elements of every money laundering offense under Section 4 of the AMLA, as amended, must be proved by evidence beyond reasonable doubt, including the element of knowledge that the monetary instrument or property represents, involves or relates to the proceeds of any unlawful activity.

**Rule 6.g.** No element of the unlawful activity, however, including the identity of the perpetrators and the details of the actual commission of the unlawful activity need be established by proof beyond reasonable doubt. The elements of the offense of money laundering are separate and distinct from the elements of the felony or offense constituting the unlawful activity.

## **RULE 7**

### **Creation of Anti-Money Laundering Council (AMLC)**

#### **Rule 7.a. The Anti-Money Laundering Council –**

**Rule 7.a.1. Composition.** – 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.

**Rule 7.a.2. Unanimous Decision.** – The AMLC shall act unanimously in discharging its functions as defined in the AMLA, as amended, and in these Rules. However, in the case of the incapacity, absence or disability of any member to discharge his functions, the officer duly designated or authorized to discharge the functions of the Governor of the BSP, the Chairman of the SEC or the Insurance Commissioner, as the case may be, shall act in his stead in the AMLC.

**Rule 7.b. Functions.** - The functions of the AMLC are defined hereunder:



(1) to require and receive covered or suspicious transaction reports from covered institutions:

(2) to issue orders addressed to the appropriate Supervising Authority or the covered institution to determine the true identity of the owner of any monetary instrument or property subject of a covered or suspicious transaction report, or request for assistance from a foreign State, or believed by the Council, on the basis of substantial evidence, to be, in whole or in part, wherever located, representing, involving, or related to, directly or indirectly, in any manner or by any means, the proceeds of an unlawful activity;

(3) to investigate suspicious transactions and covered transactions deemed suspicious after an investigation by the AMLC, money laundering activities and other violations of the AMLA, as amended;

(4) to file with the Court of Appeals, ex-parte, through the Office of the Solicitor General:

a.) a petition for the freezing of any monetary instrument or property alleged to be proceeds of any unlawful activity as defined under sub-paragraphs (a) to (o) of Rule 3.h hereof;

b.) an application for authority to inquire into or examine any particular deposit or investment, including related accounts, with any banking institution or non-bank financial institution;

(5) to institute civil forfeiture proceedings and all other remedial proceedings through the Office of the Solicitor General;

(6) to file complaints with the Department of Justice or the Office of the Ombudsman for the prosecution of money laundering offenses and other violations under the AMLA, as amended;

(7) to formulate and implement such measures as may be inherent, necessary, implied, incidental and justified under the AMLA, as amended, to counteract money laundering. Subject to such limitations as provided for by law, the AMLC is authorized under Section 7 (7) of the AMLA, as amended, to establish an information sharing system that will enable the AMLC to store, track, analyze and investigate money laundering transactions and to disseminate results of its analysis and investigation to competent authorities for the resolute prevention, detection and prosecution of money laundering offenses and other violations of the AMLA, as amended. For this purpose, the AMLC shall install a computerized system that will be used in the creation and maintenance of an information database;

(8) to receive and take action in respect of any request from foreign states for assistance in their own anti-money laundering operations as provided in the AMLA, as amended. The AMLC is authorized under Sections 7 (8) and 13 (b) and (d) of the AMLA, as amended, to receive and take action in respect of any request of foreign states for assistance in their own anti-



money laundering operations, in respect of conventions, resolutions and other directives of the United Nations (UN), the UN Security Council, and other international organizations of which the Philippines is a member. However, the AMLC may refuse to comply with any such request, convention, resolution or directive where the action sought therein contravenes the provisions of the Constitution, or the execution thereof is likely to prejudice the national interest of the Philippines.

(9) to develop educational programs on the pernicious effects of money laundering, the methods and techniques used in money laundering, the viable means of preventing money laundering and the effective ways of prosecuting and punishing offenders.

(10) to enlist the assistance of any branch, department, bureau, office, agency or instrumentality of the government, including government-owned and -controlled corporations, in undertaking any and all anti-money laundering operations, which may include the use of its personnel, facilities and resources for the more resolute prevention, detection and investigation of money laundering offenses and prosecution of offenders. The AMLC may require the intelligence units of the Armed Forces of the Philippines, the Philippine National Police, the Department of Finance, the Department of Justice, as well as their attached agencies, and other domestic or transnational governmental or non-governmental organizations or groups to divulge to the AMLC all information that may, in any way, facilitate the resolute prevention, investigation and prosecution of money laundering offenses and other violations of the AMLA, as amended, and other relevant laws and regulations.

(11) to issue and implement rules, regulations, orders and resolutions as may be necessary and proper to effectively implement the AMLA, as amended, and other relevant laws and regulations.

(12) to impose administrative sanctions pursuant to Rule 14.a.4 for the violation of laws, rules, regulations, orders and resolutions issued pursuant thereto, as may be determined by the AMLC.

Rule 7.c. Meetings. - The AMLC shall meet once a month, or as often as may be necessary at the call of the Chairman.

## **RULE 8**

### **Creation of a Secretariat**

**Rule 8. The Anti-Money Laundering Council Secretariat.** – The Council shall be assisted by the AMLC Secretariat in the discharge of its functions.

**Rule 8.a. The Executive Director.** – The Secretariat shall be headed by an Executive Director who shall be appointed by the AMLC for a term of five (5) years. He must be a member of the Philippine Bar, at least thirty-five (35) years of age, must have served for at least five (5) years either at the BSP, the SEC or the IC and of good moral character, unquestionable integrity and known probity. He shall be considered a full-time permanent employee of the BSP with the rank



of Assistant Governor, and shall be entitled to such benefits and subject to rules and regulations, as well as prohibitions, as are applicable to officers of similar rank.

**Rule 8.b. Composition.** – In organizing the Secretariat, the AMLC may choose from those who have served, continuously or cumulatively, for at least five (5) years in the BSP, the SEC or the IC. All members of the Secretariat shall be considered regular employees of the BSP and shall be entitled to such benefits and subject to such rules and regulations as are applicable to BSP employees of similar rank.

**Rule 8.c. Detail and Secondment.** – The AMLC is authorized under Section 7(10) of the AMLA, as amended, to enlist the assistance of the BSP, the SEC or the IC, or any other branch, department, bureau, office, agency or instrumentality of the government, including government-owned and controlled corporations, in undertaking any and all anti-money laundering operations. This includes the use of any member of their personnel who may be detailed or seconded to the AMLC, subject to existing laws and Civil Service Rules and Regulations. Detailed personnel shall continue to receive their salaries, benefits and emoluments from their respective mother units. Seconded personnel shall receive, in lieu of their respective compensation packages from their respective mother units, the salaries, emoluments and all other benefits which their AMLC Secretariat positions are entitled to.

## RULE 9

### Prevention of Money Laundering; Customer Identification Requirements and Record Keeping

#### Rule 9.a. Customer Identification Requirements.

**Rule 9.a.1. Customer Identification.** – Covered institutions shall establish and record the true identity of its clients based on official documents. They shall maintain a system of verifying the true identity of their clients and, in case of corporate clients, require a system of verifying their legal existence and organizational structure, as well as the authority and identification of all persons purporting to act on their behalf. Covered institutions shall establish appropriate systems and methods based on internationally compliant standards and adequate internal controls for verifying and recording the true and full identity of their customers.

**Rule 9.a.2. Trustee, Nominee and Agent Accounts.** - When dealing with customers who are acting as trustee, nominee, agent or in any capacity for and on behalf of another, covered institutions shall verify and record the true and full identity of the persons on whose behalf a transaction is being conducted. Covered institutions shall also establish and record the true and full identity of such trustees, nominees, agents and other persons and the nature of their capacity and duties. In case a covered institution has doubts as to whether such persons are being used as dummies in circumvention of existing laws, it shall immediately make the necessary inquiries to verify the status of the business relationship between the parties.



**Rule 9.a.3. Minimum Information/Documents Required for Individual Customers. -**

Covered institutions shall require customers to produce original documents of identity issued by an official authority, bearing a photograph of the customer. Examples of such documents are identity cards and passports. The following minimum information/documents shall be obtained from individual customers:

- (a) Name;
- (b) Present address;
- (c) Permanent address;
- (d) Date and place of birth;
- (e) Nationality;
- (f) Nature of work and name of employer or nature of self-employment/business;
- (g) Contact numbers;
- (h) Tax identification number, Social Security System number or Government Service Insurance System number;
- (i) Specimen signature;
- (j) Source of funds; and
- (k) Names of beneficiaries in case of insurance contracts and whenever applicable.

**Rule 9.a.4 Valid Identification Documents. -**

Customers and the authorized signatory/ies of a corporate or juridical entity who engage in a financial transaction with a covered institution for the first time shall be required to present the original and submit a clear copy of at least one (1) valid photo-bearing ID issued by an official authority.

For this purpose, the term *official authority* shall refer to any of the following:

- i. Government of the Republic of the Philippines;
- ii. Its political subdivisions and instrumentalities;
- iii. Government-Owned or Controlled Corporations (GOCCs); and
- iv. Private entities or institutions registered with or supervised or regulated either by the BSP, SEC or IC.

In case the identification document presented to the covered institution does not bear any photo of the customer or authorized signatory, or the photo bearing ID or a copy thereof does not clearly show the face of the customer or authorized signatory, a covered institution may utilize its own technology to take the photo of the customer or authorized signatory.

**Rule 9.a.5. Minimum Information/Documents Required for Corporate and Juridical Entities. -**

Before establishing business relationships, covered institutions shall endeavor to ensure that the customer is a corporate or juridical entity which has not been or is not in the process of being dissolved, wound up or voided, or that its business or operations has not been or is not in the process of being, closed, shut down, phased out, or terminated. Dealings with shell companies and corporations, being legal entities which have no business substance in their own right but through which financial transactions may be conducted, should be undertaken with extreme caution. The following minimum information/documents shall be obtained from



customers that are corporate or juridical entities, including shell companies and corporations which have no business substance in their own right but through which financial transactions may be conducted:

- (a) Certificates of Registration issued by the Department of Trade and Industry for single proprietors, or by the Securities and Exchange Commission, for corporations and partnerships, and by the BSP, for money changers/foreign exchange dealers and remittance agents;
- (b) Articles of Incorporation/Partnership;
- (c) Latest General Information Sheet which lists the names of directors/trustees/partners, principal stock holders owning at least twenty percent (20%) of the outstanding capital stock and primary officers such as the President and Treasurer ;
- (d) Beneficial owners and beneficiaries of the corporate and/or juridical entities; and
- (e) Board or Partners' resolution duly certified by the Corporate/Partners' Secretary authorizing the signatory to sign on behalf of the entity;
- (f) For entities registered outside of the Philippines, similar documents and/or information shall be obtained duly authenticated by the Philippine Consulate where said entities are registered.

**Rule 9.a.6. Prohibition against Certain Accounts.** - Covered institutions shall maintain accounts only in the true and full name of the account owner or holder. The provisions of existing laws to the contrary notwithstanding, anonymous accounts, accounts under fictitious names, and all other similar accounts shall be absolutely prohibited.

**Rule 9.a.7. Prohibition against opening of Accounts without Face-to-face Contact.** - No new accounts shall be opened and created without face-to-face contact and full compliance with the requirements under Rule 9.a.3 of these Rules.

**Rule 9.a.8. Numbered Accounts.** - Peso and foreign currency non-checking numbered accounts shall be allowed: Provided, That the true identity of the customers of all peso and foreign currency non-checking numbered accounts are satisfactorily established based on official and other reliable documents and records, and that the information and documents required under the provisions of these Rules are obtained and recorded by the covered institution. No peso and foreign currency non-checking accounts shall be allowed without the establishment of such identity and in the manner herein provided, Provided, further, That covered and suspicious transaction reports involving peso and foreign currency non-checking numbered accounts submitted to the AMLC pursuant to Rule 7.b.1 of these Rules shall contain the true name of the account holder. The BSP may conduct annual testing for the purpose of determining the existence and true identity of the owners of such accounts. The SEC and the IC may conduct similar testing more often than once a year and covering such other related purposes as may be allowed under their respective charters.

**Rule 9.a.9. Risk-based Customer Identification Process.** - A covered institution shall develop clear, written and graduated customer acceptance policies and procedures including a set of criteria for customers that are likely to pose low, normal or high risk to their operations as well as the standards in applying reduced, average and enhanced due diligence including a set of



conditions for the denial of account opening. These policies and procedures shall ensure that the financially or socially disadvantaged are not denied access to financial services while at the same time prevent suspicious individuals or entities from opening an account.

**Rule 9.a.9.a. Enhanced Due Diligence.** - Enhanced due diligence shall be applied to customers that are assessed by the covered institution or these Rules as high risk for money laundering and terrorist financing, which enhanced diligence, at a minimum, should observe the following measures:

- i. Obtain senior management approval for establishing (or continuing, for existing customers) such business relationships;
- ii. Take reasonable measures to establish the source of wealth and source of funds; and
- iii. Conduct enhanced ongoing monitoring of the business relationship.

**Rule 9.a.9.a.1. Reduced Due Diligence.** - Whenever reduced due diligence is applied in accordance with the covered institution's customer acceptance policy, the following rules shall apply:

a.) For individual customers classified as low risk, a covered institution may open an account under the true and full name of the account owner or owners upon presentation of an acceptable ID only.

b.) For corporate, partnership, and sole proprietorship entities, and other entities such as banking institutions, trust entities and quasi-banks authorized by the Supervising Authorities to operate as such, publicly listed companies subject to regulatory disclosure requirements, government agencies including GOCCs, a covered institution may open an account under the official name of these entities with only item (e) of those required under Rule 9.a.5 (Board or Partners' Resolution duly certified by the Corporate/Partners' Secretary authorizing the signatory to sign on behalf of the entity) obtained at the time of account opening.

**Rule 9.a.9.b. High-risk customer.** - A customer from a country other than the Philippines that is recognized as having inadequate internationally accepted anti-money laundering standards, or does not sufficiently apply regulatory supervision or the Financial Action Task Force (FATF) recommendations, or presents greater risk for money laundering, its associated predicate offenses including corruption and terrorism financing, is considered a high risk customer and shall be subject to enhanced due diligence measures under Rule 9.a.9.a. Information relative to these are available from publicly available information such as the websites of FATF, FATF Style Regional Bodies (FSRB) like the Asia Pacific Group on Money Laundering and the Egmont Group, the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury, or other reliable third parties such as regulators or exchanges, which shall be a component of a covered institution's customer identification process.

**Rule 9.a.10. Outsourcing of the Conduct of Face-to-Face Contact.** - Subject to rules promulgated for the purpose by Supervising Authorities, a covered institution may outsource to a counterparty the conduct of the requisite face-to-face contact.



**Rule 9.a.11. Third party reliance.** - Subject to the rules promulgated for the purpose by Supervising Authorities, where a third party has already conducted the requisite face-to-face contact and the identification requirements on its own customer in accordance with these Rules and its own Money Laundering and Terrorist Financing Prevention Program, a covered institution may rely on the representation of the third party that it has already undertaken said face-to-face contact and customer identification requirements.

**Rule 9.a.12. Outsourcing of the gathering of minimum information and/or documents.** - Subject to rules promulgated for the purpose by Supervising Authorities, a covered institution may outsource to a counter-party the gathering of the minimum information and/or documents required to be obtained by these Rules provided that the ultimate responsibility for knowing the customer and for keeping the identification documents shall lie with the covered institution.

**Rule 9.a.13. Trustee, Nominee, Agent or Intermediary account.** - Where any transaction is conducted by a trustee, nominee, agent or intermediary, either as an individual or through a fiduciary relationship, a corporate vehicle or partnership, on behalf of a trustor, principal, beneficial owner or person on whose behalf a transaction is being conducted, covered institutions shall establish and record the true and full identity and existence of both the (1) trustee, nominee, agent or intermediary and the (2) trustor, principal, beneficial owner or person on whose behalf the transaction is being conducted. The covered institution shall determine the true nature of the parties' capacities and duties by obtaining a copy of the written document evidencing their relationship and apply the same standards for assessing the risk profile and determining the standard of due diligence to be applied to both.

In case it entertains doubts as to whether the trustee, nominee, agent, or intermediary is being used as a dummy in circumvention of existing laws, it shall apply enhanced due diligence under Rule 9.a.9.a.

**Rule 9.a.14. Where the Customer Transacts Through a Trustee, Nominee, Agent or Intermediary which is a Third Party.** - A covered institution may rely on the customer identification process undertaken by a third party subject to the rules on Third Party reliance to be promulgated by the Supervising Authorities.

**Rule 9.a.15. On-going monitoring of customers, accounts and transactions.** - A covered institution shall, on the basis of materiality and risk, update all identification information and documents of existing customers required to be obtained under the AMLA, as amended, and these Rules.

A covered institution shall establish a system that will enable it to understand the normal and reasonable account activity of customers and to detect unusual or suspicious patterns of account activity. A risk-and-materiality-based on-going monitoring of customers' accounts and transactions shall be part of a covered institution's customer due diligence procedures.



**Rule 9.a.15.a. Unusual or suspicious patterns of account activity.** - A covered institution shall apply enhanced due diligence under Rule 9.a.9.a on its customer if it acquires information in the course of its customer account or transaction monitoring that:

1. Raises doubt as to the accuracy of any information or document provided or the ownership of the entity;
2. Justifies re-classification of the customer from low or normal risk to high-risk pursuant to these Rules or by its own criteria; or
3. Indicates that any of the circumstances for the filing of a suspicious transaction exists such as but not limited to the following:
  - a. Transacting without any underlying legal or trade obligation, purpose or economic justification;
  - b. Transacting an amount that is not commensurate with the business or financial capacity of the customer or deviates from his profile;
  - c. Structuring of transactions in order to avoid being the subject of covered transaction reporting; or
  - d. Knowing that a customer was or is engaged or engaging in any unlawful activity as herein defined.

Where additional information cannot be obtained, or any information or document provided is false or falsified, or result of the validation process is unsatisfactory, the covered institution shall terminate and refrain from further conducting business relationship with the customer without prejudice to the reporting of a suspicious transaction to the AMLC when circumstances warrant.

**Rule 9.a.16. Politically Exposed Persons.** - A Covered institution shall take reasonable measures to determine whether a customer or beneficial owner is a PEP as defined under Rule 3.b.2 hereof. In cases of higher risk business relationship with such persons including foreign PEPs, a covered institution shall apply the enhanced due diligence measures under Rule 9.a.9.a.

The requirements for all types of PEPs should also apply to family members or close associates of such PEPs.

**Rule 9.a.17. Correspondent Banking.** - Correspondent banking refers to activities of one bank (the correspondent bank) having direct connection or friendly service relations with another bank (the respondent bank). Because of the risk associated with dealing with correspondent accounts where it may unknowingly facilitate the transmission, or holding and management of proceeds of unlawful activities or funds intended to finance terrorist activities, a covered institution shall adopt policies and procedures for correspondent banking activities and designate an officer responsible in ensuring compliance with these policies and procedures. A covered institution may rely on the customer identification process undertaken by the respondent bank. In such case, it shall apply the rules on Third Party reliance to be promulgated by the



Supervising Authorities, treating the respondent bank as the Third Party as defined therein. In addition, the correspondent bank shall:

(a) Gather sufficient information about the respondent institution to understand fully the nature of the respondent's business and to determine from publicly available information the reputation of the institution and the quality of supervision, including whether it has been subject to money laundering or terrorist financing investigation or regulatory action.

(b) Assess the respondent institution's anti-money laundering and terrorist financing controls.

(c) Obtain approval from senior management before establishing correspondent relationships.

(d) Document the respective responsibilities of both institutions.

(e) With respect to "payable-through accounts", be satisfied that the respondent bank has verified the identity of, and performed on-going due diligence on, the customers having direct access accounts of the correspondent and that it is able to provide relevant customer identification data upon request by the correspondent bank.

Correspondent banking customers presenting greater risk, including shell companies, shall be subject to enhanced due diligence under Rule 9.a.9.a.

**Rule 9.a.18. Wire/Fund Transfers.** - Because of the risk associated with dealing with wire/fund transfers, where a covered institution may unknowingly transmit proceeds of unlawful activities or funds intended to finance terrorist activities, it shall establish policies and procedures designed to prevent it from being utilized for that purpose which shall include, but not limited to, the following:

(a) The beneficiary institution shall not accept instructions to pay-out wire/fund transfers to non-customer beneficiary, unless it has conducted the necessary customer due diligence to establish the true and full identity and existence of said beneficiary. Should the originator and beneficiary be the same person, the beneficiary institution may rely on the customer due diligence conducted by the originating institution subject to the rules on Third Party reliance to be promulgated by the Supervising Authorities, treating the originating institution as Third Party as herein defined;

(b) The originating institution shall not accept instructions to wire/fund transfer from a non-customer originator, unless it has conducted the necessary customer due diligence to establish the true and full identity and existence of said originator;

(c) In cross border wire/fund transfers, if the originator is a high risk customer as herein described, the beneficiary institution shall conduct enhanced due diligence under Rule 9.a.9.a on the beneficiary and the originator. Where additional information cannot be obtained, or any information or document provided is false or falsified, or result of the validation process



is unsatisfactory, the beneficiary institution shall refuse to effect the wire/fund transfers or the pay-out of funds without prejudice to the reporting of a suspicious transaction to the AMLC when circumstances warrant;

(d) Whenever possible, manually initiated fund transfer (MIFT) instructions should not be the primary delivery method. Every effort shall be made to provide client with an electronic banking solution. However, where MIFT is utilized, the Supervising Authorities shall issue pertinent rules on validation procedures;

(e) Cross border and domestic wire/fund transfers and related message not exceeding a threshold amount to be determined by the Supervising Authorities or its equivalent in foreign currency shall include accurate and meaningful originator and beneficiary information. The following information shall remain with the transfer or related message through the payment chain:

1. the name of the originator;
2. the name of the beneficiary; and
3. an account number of the originator and beneficiary, or in its absence, a unique transaction reference number

For cross border and domestic wire/fund transfers and related message amounting to said threshold amount to be determined by the Supervising Authorities or more or its equivalent in foreign currency, the following information accompanying all qualifying wire transfers should always contain:

1. the name of the originator;
2. the originator account number where such an account is used to process the transaction;
3. the originator's address, or national identity number, or customer identification number, or date and place of birth;
4. the name of the beneficiary; and
5. the beneficiary account number where such an account is used to process the transaction.

(f) Should any wire/fund transfer amounting to the threshold amount to be determined by the Supervising Authorities or more or its equivalent in foreign currency be unaccompanied by the required originator and beneficiary information, the beneficiary institution shall exert all efforts to establish the true and full identity and existence of the originator by requiring additional information from the originating institution or intermediary institution. It shall likewise apply enhanced due diligence under Rule 9.a.9.a to establish the true and full identity and existence of the beneficiary. Where additional information cannot be obtained, or any information or document provided is false or falsified, or result of the validation process is unsatisfactory, the beneficiary institution shall refuse to effect the wire/fund transfer or the pay-out of funds without prejudice to the reporting of a suspicious transaction to the AMLC when circumstances warrant.



**Rule 9.a.19. Shell Company/Shell Bank.** - A covered institution shall undertake business/banking relationship with a shell company with extreme caution and always apply enhanced due diligence under Rule 9.a.9.a.

~~No shell bank shall be allowed to operate or be established in the Philippines.~~ A covered institution shall refuse to enter into, or continue, correspondent banking relationship with them. It shall likewise guard against establishing relations with foreign financial institutions that permit their accounts to be used by shell banks.

**Rule 9.a.20.-Foreign Exchange Dealers, Money Changers and Remittance Agents-** A covered institution shall require their customers who are foreign exchange dealers, money changers and remittance agents to submit a copy of the certificate of registration issued to them by the BSP as part of their customer identification requirement. Such customers shall be subject to enhanced due diligence under Rule 9.a.9.a.

#### **Rule 9.b. Record Keeping Requirements.**

**Rule 9.b.1. Record Keeping: Kinds of Records and Period for Retention.** - All records of all transactions of covered institutions shall be maintained and safely stored for five (5) years from the dates of transactions. Said records and files shall contain the full and true identity of the owners or holders of the accounts involved in the covered transactions and all other customer identification documents. Covered institutions shall undertake the necessary adequate security measures to ensure the confidentiality of such records and files. Covered institutions shall prepare and maintain documentation, in accordance with the aforementioned client identification requirements, on their customer accounts, relationships and transactions such that any account, relationship or transaction can be so reconstructed as to enable the AMLC, and/or the courts to establish an audit trail for money laundering. Covered institutions shall likewise keep the electronic copies of all covered and suspicious transaction reports for at least five (5) years from the dates of submission to the AMLC.

**Rule 9.b.2. Existing and New Accounts and New Transactions.** - All records of existing and new accounts and of new transactions shall be maintained and safely stored for five (5) years from October 17, 2001 or from the dates of the accounts or transactions, whichever is later.

**Rule 9.b.3. Closed Accounts.** - With respect to closed accounts, the records on customer identification, account files and business correspondence shall be preserved and safely stored for at least five (5) years from the dates when they were closed.

**Rule 9.b.4. Retention of Records Where a Case of Money Laundering, Civil Forfeiture or Underlying Unlawful Activity, Has Been Filed in Court.** - If a money laundering, civil forfeiture or the underlying unlawful activity case based on or pertaining to any record kept by the covered institution concerned has been filed in court, said record must be retained and safely kept beyond the period stipulated in the three (3) immediately preceding sub-Rules, as the case may be, until it is confirmed that the case has been resolved, decided or terminated with finality by the court.



**Rule 9.b.5. Form of Records.** – Records shall be retained as originals in such forms as are admissible in court pursuant to existing laws and the applicable rules promulgated by the Supreme Court.

**Rule 9.c. Reporting of Covered and Suspicious Transactions.**

**Rule 9.c.1. Period of Reporting Covered Transactions and Suspicious Transactions.**

- Covered institutions shall report to the AMLC all covered transactions and suspicious transactions within five (5) working days from occurrence thereof, unless the supervising authority concerned prescribes a longer period not exceeding ten (10) working days.

Should a transaction be determined to be both a covered and a suspicious transaction, the covered institution shall report the same as a suspicious transaction.

**Rule 9.c.2. Covered and Suspicious Transaction Report Forms.** – The Covered Transaction Report (CTR) and the Suspicious Transaction Report (STR) shall be in the forms prescribed by the AMLC.

Covered transaction reports and suspicious transaction reports shall be submitted in a secured manner to the AMLC in electronic form.

**Rule 9.c.3. Exemption from Bank Secrecy Laws.** – When reporting covered or suspicious transactions to the AMLC, covered institutions and their officers and employees, shall not be deemed to have violated R.A. No. 1405, as amended, R.A. No. 6426, as amended, R.A. No. 8791 and other similar laws, but are prohibited from communicating, directly or indirectly, in any manner or by any means, to any person the fact that a covered or suspicious transaction report was made, the contents thereof, or any other information in relation thereto. In case of violation thereof, the concerned officer and employee of the covered institution shall be criminally liable.

**Rule 9.c.4. Confidentiality Provisions.** – When reporting covered transactions or suspicious transactions to the AMLC, covered institutions and their officers and employees, are prohibited from communicating, directly or indirectly, in any manner or by any means, to any person, entity, the media, the fact that a covered or suspicious transaction report was made, the contents thereof, or any other information in relation thereto. Neither may such reporting be published or aired in any manner or form by the mass media, electronic mail, or other similar devices. In case of violation thereof, the concerned officer, and employee, of the covered institution, or media shall be held criminally liable.

**Rule 9.c.5. Safe Harbor Provisions.** – No administrative, criminal or civil proceedings shall lie against any person for having made a covered transaction report or a suspicious transaction report in the regular performance of his duties and in good faith, whether or not such reporting results in any criminal prosecution under this Act or any other Philippine law.



## RULE 10

### Authority to File Petitions for Freeze Order

#### Rule 10.a. Freezing of any monetary instrument or property. –

(1) Upon verified *ex parte* petition by the AMLC and after determination that probable cause exists that any monetary instrument or property is in any way related to any unlawful activity as defined in Rule 3.h hereof or to a money laundering offense, the Court of Appeals may issue a freeze order on said monetary instrument or property which shall be effective immediately.

(2) The Rule of Procedure in Cases of Civil Forfeiture, Asset Preservation, and Freezing of Monetary Instrument, Property, or Proceeds representing, Involving, or Relating to an Unlawful Activity or Money Laundering Offense under Republic Act No. 9160, As Amended (A.M. No. 05-11-04-SC) shall govern the proceedings in all petitions for freeze order instituted pursuant to RA No. 9160, as amended.

(3) Considering the intricate and diverse web of related and interlocking accounts pertaining to the monetary instruments or properties that any person may create in the different covered institutions, their branches and/or other units, the AMLC may file a petition with the Court of Appeals for the freezing of the monetary instruments or properties in the names of the reported owners/holders and monetary instruments or properties named in the Petition of the AMLC including related accounts as defined under Rule 3.e.3 of these Rules.

(3) The freeze order shall be effective for twenty (20) days unless extended by the Court of Appeals upon motion by the AMLC.

(4) The Court shall act on the petition to freeze within twenty-four (24) hours from filing of the petition. If the petition is filed a day before a nonworking day, the computation of the twenty-four (24) hour period shall exclude the nonworking days.

(5) A person whose account has been frozen may file a motion to lift the freeze order and the court must resolve this motion before the expiration of the twenty (20) – day original freeze order.

(6) No court shall issue a temporary restraining order or a writ of injunction against any freeze order, except the Supreme Court.

**Rule 10.b. Definition of Probable Cause.** - Probable cause includes such facts and circumstances which would lead a reasonably discreet, prudent or cautious man to believe that an unlawful activity and/or a money laundering offense is about to be, is being or has been committed and that the account or any monetary instrument or property sought to be frozen is in any way related to said unlawful activity and/or money laundering offense.



**Rule 10.c. Duty of Covered Institutions upon receipt thereof. –**

**Rule 10.c.1.** Upon receipt of the notice of the freeze order, the covered institution concerned shall immediately freeze the monetary instrument or property and related accounts subject thereof.

**Rule 10.c.2.** The covered institution shall likewise immediately furnish a copy of the notice of the freeze order upon the owner or holder of the monetary instrument or property or related accounts subject thereof.

**Rule 10.c.3.** Within twenty-four (24) hours from receipt of the freeze order, the covered institution concerned shall submit to the Court of Appeals and the AMLC, by personal delivery, a detailed written return on the freeze order, specifying all the pertinent and relevant information which shall include the following:

- (a) the account numbers;
- (b) the names of the account owners or holders;
- (c) the amount of the monetary instrument, property or related accounts as of the time they were frozen;
- (d) all relevant information as to the nature of the monetary instrument or property;
- (e) any information on the related accounts pertaining to the monetary instrument or property subject of the freeze order; and
- (f) the time when the freeze thereon took effect.

**Rule 10.d.** Upon receipt of the freeze order issued by the Court of Appeals and upon verification by the covered institution that the related accounts originated from and/or are materially linked to the monetary instrument or property subject of the freeze order, the covered institution shall freeze these related accounts wherever these may be found.

The return of the covered institution as required under Rule 10.c.3 shall include the fact of such freezing and an explanation as to the grounds for the identification of the related accounts.

If the related accounts cannot be determined within twenty-four (24) hours from receipt of the freeze order due to the volume and/or complexity of the transactions or any other justifiable factor(s), the covered institution shall effect the freezing of the related accounts, monetary instruments and properties as soon as practicable and shall submit a supplemental return thereof to the Court of Appeals and the AMLC within twenty-four (24) hours from the freezing of said related accounts, monetary instruments and properties.

**Rule 10.e. Extension of the Freeze Order.** - Before the twenty (20) day period of the freeze order issued by the Court of Appeals expires, the AMLC may file a motion with the same court for an extension of said period. Upon the timely filing of such motion and pending resolution thereof by the Court of Appeals to extend the period, said period shall be deemed suspended and the freeze order shall remain effective. However, the covered institution shall not lift the effects of the freeze order without securing official confirmation from the AMLC.



**Rule 10.f. Prohibition against Issuance of Freeze Orders against candidates for an electoral office during election period.** – No assets shall be frozen to the prejudice of a candidate for an electoral office during an election period within twenty-four (24) hours from the freezing of said related accounts, monetary instruments and properties.

## **RULE 11**

### **Authority to Inquire into Deposits or Investments**

#### **Rule 11.a. Authority to Inquire into Deposits or Investments with court order.**

**RULE 11.a.1** Notwithstanding the provisions of Republic Act No. 1405, as amended; Republic Act No. 6426, as amended; Republic Act No. 8791, and other laws, the AMLC may inquire into or examine any particular deposit or investment, including related accounts, with any banking institution or non-bank financial institution and their subsidiaries and affiliates upon order by the Court of Appeals based on an *ex parte* application in cases of violation of this Act, when it has been established that there is probable cause that the deposits or investments involved, including related accounts, are related to an unlawful activity as defined in Rule 3.h hereof or a money laundering offense under Rule 4 hereof; except in cases as provided under Rule 11.b.

**Rule 11.a.2.** The Court of Appeals shall act on the application to inquire into or examine any deposit or investment with any banking institution or non-bank financial institution within twenty-four (24) hours from filing of the application.

**Rule 11.a.3** A court order *ex parte* must be obtained before the AMLC can inquire into the related accounts; provided, that the procedure for the *ex parte* application for an order of inquiry into the principal account shall be the same with that of the related accounts.

**Rule 11.a.4.** The authority to inquire into or examine the main account and the related accounts shall comply with the requirements of Article III, Sections 2 and 3 of the 1987 Constitution, which are hereby incorporated by reference.

**Rule 11.b. Authority to Inquire into Bank Deposits without court order.** – The AMLC may inquire into or examine deposits or investments with any banking institution or non-bank financial institution and their subsidiaries and affiliates without a court order in cases involving any of the following unlawful activities:

(1) Kidnapping for ransom under Article 267 of Act No. 3815, otherwise known as the Revised Penal Code, as amended;

(2) Sections 4, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15 and 16 of Republic Act No. 9165, otherwise known as the Comprehensive Dangerous Drugs Act of 2002;



(3) 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; and

(4) Felonies or offenses of a nature similar to those mentioned in Section 3(i) (1), (2) and (12) of the AMLA, as amended, which are punishable under the penal laws of other countries, and terrorism and conspiracy to commit terrorism as defined and penalized under Republic Act No. 9372.

**Rule 11.b.1. Procedure for examination without a court order.** - Where any of the unlawful activities enumerated under Rule 11.b is involved, and there is probable cause that the deposits or investments with any banking institution or non-bank financial institution and their subsidiaries and affiliates are in anyway related to any of these unlawful activities, the AMLC shall issue a resolution authorizing the inquiry into or examination of any deposit or investment with such banking institution or non-bank financial institution and their subsidiaries and affiliates concerned.

**Rule 11.b.2. Duty of the banking institution or non-bank financial institution upon receipt of the AMLC resolution.** - The banking institution or the non-bank financial institution and their subsidiaries and affiliates shall, immediately upon receipt of the AMLC resolution, allow the AMLC and/or its authorized representatives full access to all records pertaining to the deposit or investment account.

Any officer, employee, stockholder, owner, representative, agent, manager, director or officer-in-charge of any banking or non-bank institution who purposely fails or willfully refuses to permit the AMLC or its Secretariat's duly authorized personnel to conduct an inquiry into or examination of deposits or investments shall be punished by a fine of not less than One Hundred Thousand Philippine Pesos (PHP100,000.00) nor more than Five Hundred Thousand Philippine Pesos (PHP500,000.00). The imposition of administrative penalty shall be without prejudice to the filing of appropriate criminal charges against said officer, employee, stockholder, owner, representative, agent, manager, director or officer-in-charge of any banking or non-bank financial institution.

**Rule 11.c. - BSP Authority to check compliance with the AMLA, as amended, and these Rules.** - To ensure compliance with the requirements of the AMLA, as amended, and these Rules, the BSP may, in the course of a periodic or special examination, check the compliance of a covered institution through generally accepted examination techniques which may include account transaction sampling and use of electronic audit software in accordance with BSP Examination Procedures for AML/CFT Activities. For this purpose, it may undertake the following activities:

1. Review any customer identification and account opening documents and records of existing accounts, including but not limited to deposits, investments, loans, treasury, custodianship, trust and fiduciary accounts, to determine compliance with the requisite: a) conduct of face-to-face contact except as provided for under Rules 9.a.10, 9.a.11 and 9.a.13 of these Rules; b) completeness and accuracy of the minimum information and documents required



to be obtained under these Rules; and c) records-retention period, as well as compliance with all other regulations issued by the AMLC and the BSP to assess that the covered institution has properly established and verified the true and full identity of its customers.

2. Require a covered institution to ~~provide~~ BSP examiners access to electronic copies of all covered and suspicious transaction reports filed by the covered institution with the AMLC in order to determine accurate and complete reporting of said transactions to the AMLC pursuant to the AMLA, as amended, these Rules and BSP issuances.

3. Review supporting transaction records and documents, including the electronic or manual AML/CFT system, for purposes of ascertaining that all covered and suspicious transactions were captured and reported to the AMLC, within the period allowed by the AMLA, as amended, and these Rules, and to determine proper maintenance and retention of transaction documents and records.

4. Review all documents and records related to closed accounts, peso and foreign currency non-checking numbered accounts, high-risk accounts, suspicious transactions reported to the AMLC and accounts which are the subject of a money laundering case, to ensure that a covered institution is properly monitoring these types of accounts/transactions and is complying with records-retention requirements under the AMLA, as amended, these Rules and/or BSP AML/CFT regulations.

**Rule 11.c.1 BSP Examination Procedures for AML/CFT Activities and Risk Rating System.** - To ensure compliance with the AMLA, as amended, and these Rules, the BSP shall promulgate its examination procedures for AML/CFT activities and adopt a risk rating system that will assess a covered institution and its subsidiaries and affiliates' overall AML/CFT risk management system.

Any findings of the BSP which may constitute a violation of any provision of the AMLA, as amended, and these Rules shall be referred to the AMLC for its appropriate action without prejudice to the BSP taking appropriate action against a non-complying covered institution and its responsible personnel.

## **RULE 12**

### **Authority to Institute Forfeiture Proceedings**

**Rule 12.a. Authority to Institute Civil Forfeiture Proceedings.** – The AMLC is authorized under Section 7 (3) of the AMLA, as amended, to institute civil forfeiture proceedings and all other remedial proceedings through the Office of the Solicitor General.

**Rule 12.b. Applicable Rule.** The Rule of Procedure in Cases of Civil Forfeiture, Asset Preservation, and Freezing of Monetary Instrument, Property, or Proceeds Representing, Involving, or Relating to an Unlawful Activity or Money Laundering Offense under Republic Act No. 9160, As Amended (A.M. No. 05-11-04-SC) shall govern all civil forfeiture proceedings instituted pursuant to the AMLA, as amended.



**Rule 12.c. Claim on Forfeited Assets.** - Where the court has issued an order of forfeiture in a proceeding instituted pursuant to Section 12 of the AMLA, as amended, any other person claiming an interest therein may apply, by verified petition, for a declaration that the same legitimately belongs to him, and for segregation or exclusion of the monetary instrument or property corresponding thereto. The verified petition shall be filed with the court which rendered the order of forfeiture within fifteen (15) days from the date of finality of the order of forfeiture, in default of which the said order shall become executory.

**Rule 12.d. Payment in lieu of Forfeiture.** - Where the court has issued an order of forfeiture of the monetary instrument or property related to an unlawful activity under Section 3 (i) of the AMLA, as amended, or a money laundering offense under Section 4 of the AMLA, as amended, and said order cannot be enforced because any particular monetary instrument or property cannot, with due diligence, be located, or it has been substantially altered, destroyed, diminished in value or otherwise rendered worthless by any act or omission, directly or indirectly, attributable to the offender, or it has been concealed, removed, converted or otherwise transferred to prevent the same from being found or to avoid forfeiture thereof, or it is located outside the Philippines or has been placed or brought outside the jurisdiction of the court, or it has been commingled with other monetary instruments or property belonging to either the offender himself or a third person or entity, thereby rendering the same difficult to identify or be segregated for purposes of forfeiture, the court may, instead of enforcing the order of forfeiture of the monetary instrument or property or part thereof or interest therein, accordingly order the offender to pay an amount equal to the value of said monetary instrument or property. This provision shall apply in both civil and criminal forfeiture.

## **RULE 13**

### **Mutual Assistance among States**

**Rule 13.a. Request for Assistance from a Foreign State.** - Where a foreign State makes a request for assistance in the investigation or prosecution of a money laundering offense, the AMLC may execute the request or refuse to execute the same and inform the foreign State of any valid reason for not executing the request or for delaying the execution thereof. The principles of mutuality and reciprocity shall, for this purpose, be at all times recognized.

**Rule 13.b. Powers of the AMLC to Act on a Request for Assistance from a Foreign State.** - The AMLC may execute a request for assistance from a foreign State by: (1) tracking down, freezing, restraining and seizing assets alleged to be proceeds of any unlawful activity under the procedures laid down in the AMLA, as amended, and in these Rules; (2) giving information needed by the foreign State within the procedures laid down in the AMLA, as amended, and in these Rules; and (3) applying for an order of forfeiture of any monetary instrument or property with the court: Provided, That the court shall not issue such an order unless the application is accompanied by an authenticated copy of the order of a court in the requesting State ordering the forfeiture of said monetary instrument or property of a person who has been convicted of a money laundering offense or an unlawful activity in the requesting state, and a certification or an



affidavit of a competent officer of the requesting State stating that the conviction and the order of forfeiture are final and that no further appeal lies in respect of either.

**Rule 13.c. Obtaining Assistance from Foreign States.** - The AMLC may make a request to any foreign State for assistance in (1) tracking down, freezing, restraining and seizing assets alleged to be proceeds of any unlawful activity; (2) obtaining pertinent information and documents that it needs relating to any money laundering offense or any other matter directly or indirectly related thereto; (3) to the extent allowed by the law of the foreign State, applying with the proper court therein for an order to enter any premises belonging to or in the possession or control of, any or all of the persons named in said request, and/or search any or all such persons named therein and/or remove any document, material or object named in said request: Provided, That the documents accompanying the request in support of the application have been duly authenticated in accordance with the applicable law or regulation of the foreign State; and (4) applying for an order of forfeiture of any monetary instrument or property in the proper court in the foreign State: Provided, That the request is accompanied by an authenticated copy of the order of the Regional Trial Court ordering the forfeiture of said monetary instrument or property and an affidavit of the clerk of court stating that the order of forfeiture is final and that no further appeal lies in respect of it.

**Rule 13.d. Limitations on Requests for Mutual Assistance.** - The AMLC may refuse to comply with any request for assistance where the action sought by the request contravenes any provision of the Constitution or the execution of a request is likely to prejudice the national interest of the Philippines, unless there is a treaty between the Philippines and the requesting State relating to the provision of assistance in relation to money laundering offenses.

**Rule 13.e. Requirements for Requests for Mutual Assistance from Foreign States.** - A request for mutual assistance from a foreign State must (1) confirm that an investigation or prosecution is being conducted in respect of a money launderer named therein or that he has been convicted of any money laundering offense; (2) state the grounds on which any person is being investigated or prosecuted for money laundering or the details of his conviction; (3) give sufficient particulars as to the identity of said person; (4) give particulars sufficient to identify any covered institution believed to have any information, document, material or object which may be of assistance to the investigation or prosecution; (5) ask from the covered institution concerned any information, document, material or object which may be of assistance to the investigation or prosecution; (6) specify the manner in which and to whom said information, document, material or object obtained pursuant to said request, is to be produced; (7) give all the particulars necessary for the issuance by the court in the requested State of the writs, orders or processes needed by the requesting State; and (8) contain such other information as may assist in the execution of the request.

**Rule 13.f. Authentication of Documents.** - For purposes of Sections 7 and 13 (f) of the AMLA, as amended, a document is authenticated if the same is signed or certified by a judge, magistrate or equivalent officer in or of, the requesting State, and authenticated by the oath or affirmation of a witness or sealed with an official or public seal of a minister, secretary of state, or officer in or of, the government of the requesting State, or of the person administering the government or a department of the requesting territory, protectorate or colony. The certificate of



authentication may also be made by a secretary of the embassy or legation, consul general, consul, vice consul, consular agent or any officer in the foreign service of the Philippines stationed in the foreign State in which the record is kept, and authenticated by the seal of his office.

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**Rule 13.g. Supplementary Application of the Revised Rules of Court. –**

**Rule 13.g.1.** For attachment of Philippine properties in the name of persons convicted of any unlawful activity as defined in Section 3 (i) of the AMLA, as amended, execution and satisfaction of final judgments of forfeiture, application for examination of witnesses, procuring search warrants, production of bank documents and other materials and all other actions not specified in the AMLA, as amended, and these Rules, and assistance for any of the aforementioned actions, which is subject of a request by a foreign State, resort may be had to the proceedings pertinent thereto under the Revised Rules of Court.

**Rule 13.g.2. Authority to Assist the United Nations and other International Organizations and Foreign States. –** The AMLC is authorized under Sections 7 (8) and 13 (b) and (d) of the AMLA, as amended, to receive and take action in respect of any request of foreign States for assistance in their own anti-money laundering operations. It is also authorized under Section 7 (7) of the AMLA, as amended, to cooperate with the National Government and/or take appropriate action in respect of conventions, resolutions and other directives of the United Nations (UN), the UN Security Council, and other international organizations of which the Philippines is a member. However, the AMLC may refuse to comply with any such request, convention, resolution or directive where the action sought therein contravenes the provision of the Constitution or the execution thereof is likely to prejudice the national interest of the Philippines.

**Rule 13.h. Extradition. –** The Philippines shall negotiate for the inclusion of money laundering offenses as defined under Section 4 of the AMLA, as amended, among the extraditable offenses in all future treaties. With respect, however, to the state parties that are signatories to the United Nations Convention Against Transnational Organized Crime that was ratified by the Philippine Senate on October 22, 2001, money laundering is deemed to be included as an extraditable offense in any extradition treaty existing between said state parties, and the Philippines shall include money laundering as an extraditable offense in every extradition treaty that may be concluded between the Philippines and any of said state parties in the future.

**RULE 14**  
Penal Provisions

**Rule 14.a. Penalties for the Crime of Money Laundering.**

**Rule 14.a.1. Penalties under Section 4 (a) of the AMLA, as amended. –** The penalty of imprisonment ranging from seven (7) to fourteen (14) years and a fine of not less than Three Million Philippine Pesos (PHP3,000,000.00) but not more than twice the value of the monetary



instrument or property involved in the offense, shall be imposed upon a person convicted under Section 4 (a) of the AMLA, as amended.

**Rule 14.a.2. Penalties under Section 4 (b) of the AMLA, as amended.** - The penalty of imprisonment from four (4) to seven (7) years and a fine of not less than One Million Five Hundred Thousand Philippine Pesos (PHP1,500,000.00) but not more than Three Million Philippine Pesos (PHP3,000,000.00), shall be imposed upon a person convicted under Section 4 (b) of the AMLA, as amended.

**Rule 14.a.3. Penalties under Section 4 (c) of the AMLA, as amended.** - The penalty of imprisonment from six (6) months to four (4) years or a fine of not less than One Hundred Thousand Philippine Pesos (PHP100,000.00) but not more than Five Hundred Thousand Philippine Pesos (PHP500,000.00), or both, shall be imposed on a person convicted under Section 4(c) of the AMLA, as amended.

**Rule 14.a.4. Administrative Sanctions.** - (1) After due notice and hearing, the AMLC shall, at its discretion, impose fines upon any covered institution, its officers and employees, or any person who violates any of the provisions of Republic Act No. 9160, as amended by Republic Act No. 9194 and Republic Act No. 10167 and rules, regulations, orders and resolutions issued pursuant thereto. The fines shall be in amounts as may be determined by the Council, taking into consideration all the attendant circumstances, such as the nature and gravity of the violation or irregularity, but in no case shall such fines be less than One Hundred Thousand Philippine Pesos (PHP100,000.00) but not to exceed Five Hundred Thousand Philippine Pesos (PHP500,000.00). The imposition of the administrative sanctions shall be without prejudice to the filing of criminal charges against the persons responsible for the violations.

**Rule 14.b. Penalties for Failure to Keep Records** - The penalty of imprisonment from six (6) months to one (1) year or a fine of not less than One Hundred Thousand Philippine Pesos (PHP100,000.00) but not more than Five Hundred Thousand Philippine Pesos (PHP500,000.00), or both, shall be imposed on a person convicted under Section 9 (b) of the AMLA, as amended.

**Rule 14.c. Penalties for Malicious Reporting.** - Any person who, with malice, or in bad faith, reports or files a completely unwarranted or false information relative to money laundering transaction against any person shall be subject to a penalty of six (6) months to four (4) years imprisonment and a fine of not less than One Hundred Thousand Philippine Pesos (PHP100,000.00) but not more than Five Hundred Thousand Philippine Pesos (PHP500,000.00), at the discretion of the court: Provided, That the offender is not entitled to avail the benefits of the Probation Law.

**Rule 14.d. Penalties for Breach of Confidentiality.** - The punishment of imprisonment ranging from three (3) to eight (8) years and a fine of not less than Five Hundred Thousand Philippine Pesos (PHP500,000.00) but not more than One Million Philippine Pesos (PHP1,000,000.00), shall be imposed on a person convicted for a violation under Section 9(c) of the AMLA, as amended. In case of a breach of confidentiality that is published or reported by media, the



responsible reporter, writer, president, publisher, manager and editor-in-chief shall be liable under the AMLA, as amended.

**Rule 14.e. Refusal by a Public Official or Employee to Testify.** – Any public official or employee who is called upon to testify and refuses to do the same or purposely fails to testify shall suffer the same penalties prescribed herein.

**Rule 14.f. Where Offender is a Juridical Person, Alien or Public Officer.** - If the offender is a corporation, association, partnership or any other juridical person, the penalty of imprisonment and/or fine shall be imposed upon the responsible officers, as the case may be, who participated in, or allowed by their gross negligence the commission of the crime and the court may suspend or revoke its license. If the offender is an alien, he shall, in addition to the penalties herein prescribed, be deported without further proceedings after serving the penalties herein prescribed. If the offender is a public official or employee, he shall, in addition to the penalties prescribed herein, suffer perpetual or temporary absolute disqualification from office, as the case may be.

## **RULE 15**

### **Prohibitions Against Political Harassment**

**Rule 15.a. Prohibition against Political Persecution.** – The AMLA, as amended, and these Rules shall not be used for political persecution or harassment or as an instrument to hamper competition in trade and commerce. No case for money laundering may be filed to the prejudice of a candidate for an electoral office during an election period.

**Rule 15.b. Provisional Remedies Application; Exception.** –

**Rule 15.b.1.** - The AMLC may apply, in the course of the criminal proceedings, for provisional remedies to prevent the monetary instrument or property, including related accounts, subject thereof from being removed, concealed, converted, commingled with other property or otherwise to prevent its being found or taken by the applicant or otherwise placed or taken beyond the jurisdiction of the court.

**Rule 15.b.2.** Where there is conviction for money laundering under Section 4 of the AMLA, as amended, the court shall issue a judgment of forfeiture in favor of the Government of the Philippines with respect to the monetary instrument or property, including related accounts, found to be proceeds of one or more unlawful activities.

## **RULE 16**

### **Restitution**

**Rule 16. Restitution.** - Restitution for any aggrieved party shall be governed by the provisions of the New Civil Code.



**RULE 17**  
Implementing Rules and Regulations and  
Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Programs

**Rule 17.a. Implementing Rules and Regulations.** – These Rules or any portion thereof may be revised or amended by unanimous vote of the members of the AMLC.

**Rule 17.b.** The BSP, the SEC and the IC shall issue their respective AML/CFT Guidelines and Circulars to assist the AMLC in effectively implementing the provisions of the AMLA, as amended, these Rules, as well as other pertinent laws and rules.

**Rule 17.c. Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Programs (AML/CFT Program).** –

**Rule 17.c.1.** All covered institutions shall formulate and implement their AML/CFT Programs in accordance with Section 9 and other pertinent provisions of the AMLA, as amended, these Rules, and AML/CFT Guidelines and Circulars issued by Supervising Authorities including, but not limited to, information dissemination on money laundering and terrorism financing activities and their prevention, detection and reporting, and the training of their responsible personnel. Every covered institution shall make available, upon request by the AMLC or the Supervising Authorities, its AML/CFT Program.

Every covered institution shall regularly update its AML/CFT Program in no case longer than, at least once every two years, to incorporate changes in AML/CFT policies and procedures, latest trends in money laundering and terrorism financing typologies, and latest pertinent issuances by Supervising Authorities. Any revision or update in the AML/CFT Program shall likewise be approved by Board of Directors or the country/regional head or its equivalent for local branches of foreign banks/entities/companies.

**Rule 17.c.2.** Every covered institution's AML/CFT Program shall include detailed procedures implementing a comprehensive, institution-wide "know-your-client" policy, set-up an effective dissemination of information on money laundering and terrorism financing activities and their prevention, detection and reporting, adopt internal policies, procedures and controls, designate compliance officers at senior officer level, institute adequate screening and recruitment procedures, and set-up internal audit and compliance functions to test the AML/CFT system.

**Rule 17.c.3.** Covered institutions shall adopt, as part of their AML/CFT Programs, a system of flagging and monitoring transactions that qualify as suspicious transactions or covered transactions. All covered institutions, including banks insofar as non-deposit and non-government bond investment transactions are concerned, shall incorporate in their AML/CFT Programs the provisions of these Rules and such other guidelines for reporting to the AMLC of all transactions that engender the reasonable belief that a money laundering offense is about to be, is being, or has been committed.



**Rule 17.d. Training of Personnel.** - Covered institutions shall provide all their responsible officers and personnel with efficient and effective training and continuing education programs to enable them to fully comply with all their obligations under the AMLA, as amended, and these Rules.

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## **RULE 18**

### **Appropriations For and Budget of the AMLC**

**Rule 18.a. Budget.** – The annual budget appropriated by Congress for the AMLC in the General Appropriations Act shall be used to defray the capital, maintenance and operational expenses of the AMLC.

**Rule 18.b. Costs and Expenses.** - The budget shall answer for indemnification for legal costs and expenses reasonably incurred for the services of external counsel in connection with any civil, criminal or administrative action, suit or proceedings to which members of the AMLC and the Executive Director and other members of the Secretariat may be made a party by reason of the performance of their functions or duties. The costs and expenses incurred in defending the aforementioned action, suit or proceeding may be paid by the AMLC in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the member to repay the amount advanced should it be ultimately determined that said member is not entitled to such indemnification.

## **RULE 19**

### **Separability Clause**

**Rule 19. Separability Clause.** – If any provision of these Rules or the application thereof to any person or circumstance is held to be invalid, the other provisions of these Rules, and the application of such provision or Rule to other persons or circumstances, shall not be affected thereby.

## **RULE 20**

### **Repealing Clause**

**Rule 20. Repealing Clause.** – All laws, decrees, executive orders, rules and regulations or parts thereof, including the relevant provisions of Republic Act No. 1405, as amended; Republic Act No. 6426, as amended; Republic Act No. 8791, as amended, and other similar laws, as are inconsistent with the AMLA, as amended, are hereby repealed, amended or modified accordingly; Provided, that the penal provisions shall not apply to acts done prior to the effectivity of the AMLA on October 17, 2001.

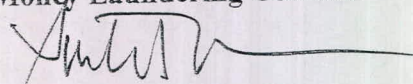


**RULE 21**  
Effectivity of the Rules

**Rule 22. Effectivity.** – These Rules shall take effect fifteen (15) days after complete publication in the Official Gazette or in a newspaper of general circulation.

Approved this 23<sup>rd</sup> day of August 2012 in the City of Manila.

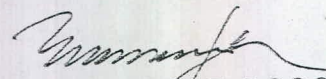
**By the Anti-Money Laundering Council:**



**AMANDO M. TETANGCO, JR.**  
Chairman  
(Governor, Bangko Sentral ng Pilipinas)



**TERESITA J. HERBOSA**  
Member  
(Chairperson, Securities and Exchange Commission)



**EMMANUEL F. DOOC**  
Member  
(Commissioner, Insurance Commission)