



MEMORANDUM – 2018-002

TO : ALL TRADING PARTICIPANTS

SUBJECT : AMLC REGISTRATION AND REPORTING GUIDELINES

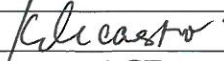

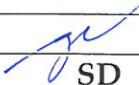
DATE : 19 JANUARY 2018

On 18 January 2018, the Capital Markets Integrity Corporation (CMIC) received from the Securities and Exchange Commission (SEC) a letter dated 10 January 2018, directing CMIC to disseminate to all trading participants (TPs) Anti-Money Laundering Council (AMLC) Resolution No. 107, Series of 2017, approving the AMLC Registration and Reporting Guidelines (ARRG).

For reference, attached is a copy of the SEC's directive, together with a copy of an announcement made in the AMLC's website. A PDF copy of the ARRG may be downloaded at <http://www.amlc.gov.ph/images/PDFs/AMLCARRG.pdf>.

Thank you.


DAISY B. ARCE
President

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MARKETS AND SECURITIES REGULATION DEPARTMENT

10 January 2018

CAPITAL MARKETS INTEGRITY CORPORATION

Unit 27-E1, 27th Floor, Tower 1 & Exchange Plaza
Ayala Avenue, Makati City
Facsimile No. 6596001/8563058

12:03
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Attention : **ATTY. DAISY ARCE**
President

Gentlemen:

This refers to the request of the Anti-Money Laundering Council (AMLC) Secretariat for the Commission to circulate among all covered institutions under its jurisdiction the AMLC Resolution No. 107, Series of 2017, approving the AMLC Registration and Reporting Guidelines (ARRG).

In this regard, please obtain/download copy of the said resolution from AMLC website @ www.amlc.gov.ph and disseminate the same to your members for their information and appropriate action.

Very truly yours,


VICENTE GRACIANO P. FELIZMENIO, JR.
Director

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SCANNED

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The Anti-Money Laundering Council (AMLC) recently issued AMLC Resolution No. 107, series of 2017, approving the AMLC Registration and Reporting Guidelines (ARRG). The four (4)-part ARRG is the AMLC's comprehensive effort to provide the legal and policy framework for registration by covered persons into the AMLC's online system, and to ensure proper and timely compliance with reporting procedures.

The ARRG consolidated under one issuance all related AMLC resolutions, including AMLC Resolution No. 408, series of 2004 (Implementation of the File Transfer and Reporting Facility [FTRF] version 1.5); AMLC Resolution No. 2, series of 2005 (Policies and Guidelines in Reckoning Covered Institutions Compliance with the Prescribed Reporting Period); AMLC Resolution No. 117, series of 2009 (Adoption of Single Institutional Key for the AMLC Secretariat in the Implementation of FTRF V1.5.); AMLC Resolution 10, series of 2013 (No/Low Risk Transactions); AMLC Resolution 10-A, series of 2013 (Covered Transaction (CT) Reporting of Covered Persons Regardless of Mode of Payment); AMLC Resolution 10-B, series of 2013 (Guidelines in the Reporting of Spurious Checks); AMLC Resolution 10-C, series of 2013 (New Format of Reporting (Format 1.0)); AMLC Resolution No. 43, series of 2014 (Submission of Multiple Transactions under one Suspicious Transaction Report [STR]); AMLC Resolution No. 5, series of 2016 (Amendments on Resolution No. 43, series of 2014, Bulk Reporting of STRs); AMLC Resolution No. 61, series of 2016 (New Covered Transaction Report [CTR]/STR reporting period); and AMLC Resolution No. 42, series of 2017 (Online Registration System).

The Anti-Money Laundering Act of 2001, as amended (AMLA) and the 2016 Revised Implementing Rules (RIRR) require covered persons such as banks, insurance companies, and securities dealers to submit STRs within five (5) days from the occurrence, i.e. the date of determination of the suspicious nature of the transaction, which should not exceed ten (10) calendar days.

A major feature of the ARRG is the adoption of the new eighteen (18)-digit registration number that facilitates identification of the covered person, its type of business and industry, and geographic location or branch; and anticipates future demand for registration into the AMLC's database and online system. The ARRG also reiterates the requirement on covered persons to submit complete, accurate, and timely STRs, and imposes additional requirements in the manner of submission to the AMLC. The submission of CTRs beyond 12:01 a.m. of the day following the fifth working day from occurrence of the transaction shall be considered as non-submission of CTRs, and may be subject to appropriate administrative sanction.

If the circumstances for filing an STR have no corresponding transaction, or if transaction monitoring system-generated alerts are only grounds for the covered person to conduct an internal analysis, investigation, and escalation, the suspicious nature of the circumstances shall be determined within sixty (60) calendar days.

Another salient feature is the requirement to establish an STR reporting chain, with reasonable time frames, which starts from the flagging of alerts, to analysis, investigation, and escalation, and ends with the final decision whether or not to file an STR. Said reporting chain should be written into the covered person's Money Laundering and Terrorist Financing Prevention Program (MLPP), and duly approved by its Board of Directors. Proper controls should ensure confidentiality of the process, more particularly, that no "tipping-off" of customers will happen during the entire chain. Moreover, the ARRG highlights the importance of the covered person's compliance officer having access to all customer information files and transactions through the electronic or manual customer monitoring system.

Two (2) new facilities will now allow covered persons to upload Know-Your-Customer (KYC)

documents for STRs and e-returns via the AMLC portal, if the reason for suspicion is based on the predicate crimes of kidnapping for ransom; drug trafficking; hijacking, destructive arson, and murder, including those perpetrated by terrorists against non-combatant persons and similar targets; and acts of terrorism and terrorism financing. The upload of KYC documents should be done before the STR is uploaded.

For the guidance of covered persons, a comprehensive list of red flag indicators is attached as Annex D to the ARRГ.

Although the ARRГ applies to a wide range of covered persons, it excludes casinos, which shall have a separate set of registration and reporting guidelines, to be adopted by the AMLC. Casinos were recently included as covered persons under the AMLA pursuant to Republic Act No. 10927 (the "Casino Law").

According to Executive Director Mel Georgie B. Racela of the AMLC Secretariat, the ARRГ is a significant step toward improving the quality and usefulness of information and reports submitted by covered persons. The imposition of appropriate sanctions, after observance of due process, will ensure a culture of compliance among them.

Racela said, "The AMLC had long wanted a revamp of the system and rules on registration and reporting due to the surge in the number of covered persons, and thus, of their transactions. Moreover, the quality of STRs had to be improved. The AMLC had also striven to find suitable ways to establish a central linkage among the supervising authorities that would facilitate our coordination. Finally, the adoption of the ARRГ should strengthen the tools available to the AMLC in its fight against money laundering and terrorism financing."