

[AMLC, August 06, 2003]

REVISED IMPLEMENTING RULES AND REGULATIONS R.A. NO. 9160, AS AMENDED BY R.A. NO. 9194

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" (the Anti-Money Laundering Act of 2001 [AMLA]), AS AMENDED BY REPUBLIC ACT NO. 9194.

Rule 1.b. Purpose. - These Rules are promulgated to prescribe the procedures and guidelines for the implementation of the AMLA, AS AMENDED BY REPUBLIC ACT NO. 9194.

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 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, and all other institutions, including their subsidiaries and affiliates supervised and/or regulated by the Bangko Sentral

ng Pilipinas (BSP).

(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 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.

Rule 3.a.3. (i) Securities dealers, brokers, salesmen, associated persons of brokers or dealers, 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, pre-need companies or issuers and other similar entities; (iii) foreign exchange corporations, money changers, money payment, remittance, and 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) A securities salesman includes a natural person, employed as such or as an agent, by a dealer, issuer or broker to buy and sell securities.

(d) An associated person of a broker or dealer includes an employee thereof who directly exercises control or supervisory authority, but does not include a salesman, or an agent or a person whose functions are solely clerical or ministerial.

(e) 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.

(f) 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.

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

(h) 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.

(i) A pre-need company or issuer includes any corporation supervised and/or regulated by the SEC and is authorized or licensed to sell or offer for sale pre-need plans. Pre-need plans are contracts which provide for the performance of future service(s) or payment of future monetary consideration at the time of actual need, payable either in cash or installment by the planholder at

prices stated in the contract with or without interest or insurance coverage and includes life, pension, education, internment and other plans, which the Commission may, from time to time, approve.

(j) A foreign exchange corporation includes any enterprise which engages or purports to engage, whether regularly or on an isolated basis, in the sale and purchase of foreign currency notes and such other foreign-currency denominated non-bank deposit transactions as may be authorized under its articles of incorporation.

(k) 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 bonafide 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