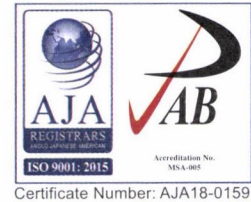




Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



Circular Letter (CL) No.:	2019-64
Date:	05 November 2019
Supersedes:	None

CIRCULAR LETTER

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

SUBJECT : Dissemination of the Rules of Procedure in Administrative Cases under Republic Act No. 9160 or the Anti-Money Laundering Act of 2001, as Amended, and Its Implementing Rules and Regulations, and Guidelines and Other Issuances of the Anti-Money Laundering Council, and the Imposition of Administrative Sanctions (RPAC)

In its Resolution No. 134, Series of 2019, dated 26 July 2019, the Anti-Money Laundering Council (AMLC) approved the AMLC Procedural Issuance (API) No. 1, Series of 2019 re Rules of Procedure in Administrative Cases under Republic Act No. 9160 or the Anti-Money Laundering Act of 2001, as Amended, and Its Implementing Rules and Regulations, and Guidelines and Other Issuances of the Anti-Money Laundering Council, and the Imposition of Administrative Sanctions (RPAC).

Further, please be advised that on 20 August 2019, said RPAC was published in Business World, a newspaper of general circulation, and took effect on the same day as provided in Section 7, Rule IV thereof.

A copy of the said RPAC is attached herewith for your information and guidance.

DENNIS B. FUNA
Insurance Commissioner



Encl.: A/S



**AMLC PROCEDURAL ISSUANCE (API)
A, B and C, No. 1
Series of 2019**

Subject: Rules of Procedure in Administrative Cases under Republic Act No. 9160 or the Anti-Money Laundering Act of 2001, as Amended, and its Implementing Rules and Regulations, and Guidelines and Other Issuances of the Anti-Money Laundering Council, and the Imposition of Administrative Sanctions

Pursuant to the authority vested upon the Anti-Money Laundering Council (AMLC) under Sections 7(7), 7(11) and 14(f) of Republic Act (RA) No. 9160 or the Anti-Money Laundering Act of 2001, as amended (AMLA), the Rules of Procedure in Administrative Cases under Republic Act No. 9160, as Amended, and its Implementing Rules and Regulations, and Guidelines and Other Issuances of the Anti-Money Laundering Council, and the Imposition of Administrative Sanctions, are hereby promulgated:

**RULE I
GENERAL PROVISIONS**

Section 1. Title. - These Rules shall be known as the *Rules of Procedure on Administrative Cases under Republic Act No. 9160 or the Anti-Money Laundering Act of 2001, as Amended, and its Implementing Rules and Regulations, and Guidelines and Other Issuances of the Anti-Money Laundering Council.*

Section 2. Declaration of Policy. - It is the declared policy of the State to protect and preserve the integrity and confidentiality of bank accounts, and to ensure that the Philippines shall not be used as a money laundering and terrorism financing site for the proceeds of any unlawful activity. Consistent thereto, the State shall ensure compliance by covered persons with the AMLA, its Implementing Rules and Regulations (IRR) and all issuances of the Anti-Money Laundering Council (AMLC).

Section 3. Applicability. - These Rules shall apply to administrative cases under the AMLA, and its IRR, and guidelines and other issuances of the AMLC, committed from the date of effectivity of RA No. 10365, or 07 March 2013.

Section 4. Nature of Proceedings. – The proceedings under these Rules shall be summary in nature, and shall be conducted without necessarily adhering to the technical rules of procedures and evidence applicable to judicial trials.

In the absence of applicable provision in these Rules, and pursuant to the summary nature of these proceedings, the pertinent provisions of the Rules of Court may be applied suppletorily.

Section 5. Repealing Clause. – The *Rules on the Imposition of Administrative Sanctions under Republic Act No. 9160, as Amended (RIAS)*, are hereby repealed.

Section 6. Separability Clause. – If any part or provision of these Rules is declared invalid or unconstitutional, other provisions not affected thereby shall remain in force and effect.

Section 7. Definition of Terms. – For purposes of these Rules, the following definitions are hereby adopted:

- (a) **Administrative Sanction.** – refers to the action taken by the AMLC involving a respondent found to have committed a violation. It may include penalty and non-penalty measures, such as assessment, reprimand, warning, or such other measures as may be necessary and justified to prevent and counteract money laundering and terrorism financing.
- (b) **Assessment.** – refers to the monetary penalty imposed under Rule IV of these Rules.
- (c) **Covered Person.** – refers to persons and entities referred to as such under the AMLA and its amendments.
 - (1) Persons supervised and/or regulated by the Bangko Sentral ng Pilipinas (BSP), including their subsidiaries and affiliates, which are also covered persons, supervised and/or regulated by the BSP such as:
 - (a) Banks;
 - (b) Quasi-banks;
 - (c) Trust entities
 - (d) Pawnshops;
 - (e) Non-stock savings and loan associations;

- (f) Other non-bank financial institutions, which under special laws are subject to BSP supervision and/or regulation;
 - (g) Electronic money issuers; and
 - (h) Foreign exchange dealers, money changers, and remittance and transfer companies.
- (2) Persons supervised or regulated by the Insurance Commission (IC), such as:
- (a) Insurance companies;
 - (b) Pre-need companies;
 - (c) Insurance agents;
 - (d) Insurance brokers;
 - (e) Professional reinsurers;
 - (f) Reinsurance brokers;
 - (g) Holding companies;
 - (h) Holding company systems;
 - (i) Mutual benefit associations; and
 - (j) All other persons and their subsidiaries and affiliates supervised or regulated by the IC.
- (3) Persons supervised or regulated by the Securities and Exchange Commission (SEC), such as:
- (a) Securities dealers, brokers, salesmen, investment houses, and other similar persons managing securities or rendering services, such as investment agents, advisors, or consultants;
 - (b) Mutual funds or open-end investment companies, close-end investment companies or issuers, and other similar entities; and
 - (c) Other entities, administering or otherwise dealing in commodities, or financial derivatives based thereon, valuable objects, cash substitutes, and other similar monetary instruments or properties, supervised or regulated by the SEC.
- (4) The following Designated Non-Financial Businesses and Professions (DNFBPs):
- (a) Jewelry dealers.
 - (b) Dealers in precious metals, and dealers in precious stones.
 - (c) Company service providers, which, as a business, provide any of the following services to third parties:

- (i) Acting as a formation agent of juridical persons;
 - (ii) Acting as (or arranging for another person to act as) a director or corporate secretary of a company, a partner of a partnership, or a similar position in relation to other juridical persons;
 - (iii) Providing a registered office; business address or accommodation, correspondence or administrative address for a company, a partnership or any other juridical person or legal arrangement; and
 - (iv) Acting as (or arranging for another person to act as) a nominee shareholder for another person.
- (d) Persons, including lawyers, accountants and other professionals, who provide any of the following services:
- (i) Managing of client money, securities or other assets;
 - (ii) Management of bank, savings, securities or other assets;
 - (iii) Organization of contributions for the creation, operation or management of companies; and
 - (iv) Creation, operation or management of juridical persons or arrangements, and buying and selling business entities.
- (5) Casinos, including internet-based casinos and ship-based casinos, with respect to their casino cash transactions related to their gaming operations.
- (d) **Formal Charge.** – refers to the initiation of an administrative case upon a finding by the Litigation and Evaluation Group of the AMLC Secretariat of the existence of a *prima facie* case.
- (e) **Prima Facie Case.** – refers to an administrative case as herein provided, based on evidence as may be sufficient to establish a given fact, or the group or chain of facts constituting the basis of a Formal Charge, and which, if not rebutted or contradicted, will sustain the imposition of administrative sanctions against the respondent.
- (f) **Report of Compliance (ROC).** – refers to the findings of the Compliance and Supervision Group of the AMLC Secretariat relative to the compliance issues discovered in the (i) course of a money laundering and terrorism financing investigation

and prosecution; (ii) exercise of its compliance checking functions; or (iii) evaluation of findings of the supervising authorities.

- (g) **Reprimand.** – refers to a sanction of formal censure.
- (h) **Respondent.** – refers to the covered person, its director, partners, proprietor, officer or employee, who is the subject of a formal charge.
- (i) **Restoration.** – refers to the restitution of the value of a monetary instrument or property that was released in violation of a freeze order, provisional asset preservation order or asset preservation order.
- (j) **Substantial Evidence.** – refers to that quantum of proof which a reasonable mind might accept as adequate to justify that a specific violation was committed.
- (k) **Violation.** – refers to non-compliance with any provision of the AMLA, its IRR and all AMLC issuances. A violation is committed either on a ‘per order/resolution’, ‘per account’, ‘per transaction’, ‘per customer’, ‘per examination’ or ‘daily’ basis. One violation shall be considered as one count.
- (l) **Warning.** – refers to the AMLC’s action that effectively puts the respondent on guard against the consequence of impending or future violations.

RULE II PROCEDURE

Section 1. Administrative Investigation: How Initiated. – Administrative investigation may be initiated upon referral of the ROC to the Litigation and Evaluation Group (LEG) of the AMLC Secretariat.

Section 2. Preliminary Administrative Investigation. – Upon receipt of the ROC, the LEG shall conduct a fact-finding investigation, which involves an *ex-parte* evaluation of documents, to determine whether a *prima facie* case exists to warrant the filing of a Formal Charge.

In the absence of a *prima facie* case, the LEG shall notify the Compliance and Supervision Group (CSG) of the AMLC Secretariat accordingly.

Section 3. Formal Charge. –

- (a) Upon determination of the existence of a *prima facie* case, the LEG shall file a Formal Charge before the Adjudication and Enforcement Unit (AEU) against the respondent. The Formal Charge shall contain the following:
- (1) Name and address of respondent;
 - (2) Specific violation of laws, rules and regulations;
 - (3) Date or period when the violation is committed;
 - (4) Statement of Facts;
 - (5) Statement of Attendant Circumstances;
 - (6) Statement of Findings;
 - (7) Statement that a *prima facie* case exists for a specific violation; and
 - (8) Relevant documents.
- (b) At any time prior to the actual receipt of the respondent's Answer, the Formal Charge may be withdrawn, without prejudice to the re-filing of the Formal Charge within a reasonable period of time, both as a matter of right, or on the following grounds:
- (1) Additional or newly-discovered evidence which could not have been discovered and/or produced at the time of filing of the Formal Charge; and
 - (2) Amendment of the ROC, requiring substantial amendments to the Formal Charge.
- (c) After actual receipt of the Answer, the LEG may withdraw the Formal Charge, for good cause shown, without prejudice to the re-filing of the Formal Charge, which shall be done within a reasonable period of time.
- (d) In both instances under (b) and (c), the respondent shall be given ten (10) working days to file its Answer to the re-filed Formal Charge.

Once the answer has been filed and revised by the respondent, all the parties involved should be accordingly furnished with all motions and resolutions.

- (e) At any time before the submission of the case for Resolution, the respondent, upon motion, may propose to the AMLC payment of the assessment. The AMLC, upon good cause shown by the