

**[AMLC REGULATORY ISSUANCE (B) NO. 1, S.
2018, June 13, 2018]**

**ANTI-MONEY LAUNDERING/COUNTER-TERRORISM FINANCING
GUIDELINES FOR DESIGNATED NON-FINANCIAL BUSINESSES
AND PROFESSIONS**

*Adopted: 10 May 2018
Date Filed: 13 June 2018*

By the authority vested upon the Anti-Money Laundering Council (AMLC) to implement measures as may be necessary and justified to counteract money laundering, in accordance with Section 7(7) of Republic Act No. 9160, also known as the Anti-Money Laundering Act of 2001, as amended, the Council, in its Resolution No. 59, dated 09 May 2018, approved the adoption of the Anti- Money Laundering/Counter-Terrorism Financing Guidelines for Designated Non- Financial Businesses and Professions.

**Anti-Money Laundering/Counter-Terrorism Financing Guidelines for
Designated Non-Financial Businesses and Professions**

PREFACE

Republic Act (RA) No. 10365, which amended RA No. 9160 or the Anti-Money Laundering Act of 2001 (AMLA), included certain types of Designated Non- Financial Businesses and Professions (DNFBPs), as covered persons. This document is formulated in accordance with the provisions of RA No. 9160, as amended, its 2016 Revised Implementing Rules and Regulations (RIRR) and the Financial Action Task Force (FATF) 40 Recommendations and is intended to

ensure that covered persons understand and comply with the requirements and obligations imposed on them.

**TITLE I
GENERAL PRINCIPLES**

Section 1. Policies to Combat Money Laundering and Terrorism Financing.

– DNFBPs, as covered persons, are to be regulated for anti-money laundering (AML) and countering the financing of terrorism (CFT) proportionate to the nature, scale and complexity of the DNFBP's operations in order to prevent criminals from exploiting them. While the Anti-Money Laundering Council (AMLC) is mindful of concerns to minimize unnecessary regulatory burdens and compliance costs for business, money laundering is a serious crime that threatens the competitiveness and openness of the Philippine economy. DNFBPs must therefore apply the following principles throughout their businesses:

- a. Conform with high ethical standards and observe good corporate governance consistent with these Guidelines in order to protect the integrity of DNFBPs;
- b. Know sufficiently their customers and clients to prevent criminal elements and suspicious individuals or entities from transacting with, or establishing or maintaining relationship with the DNFBPs;
- c. Adopt and effectively implement an appropriate AML/CFT risk management system that identifies, understand, assesses, monitors, and controls risks associated with money laundering and terrorist financing (ML/TF);
- d. Comply fully with existing laws and regulations aimed at combating money laundering and terrorist financing by making sure that their officers and employees are aware of their respective responsibilities and carry them out in accordance with a superior and principled culture of compliance;
- e. Cooperate fully with the AMLC for the effective implementation of the AMLA, RA No. 10168, otherwise known as the Terrorism Financing Prevention and Suppression Act of 2012 (TFPSA), their respective implementing rules and regulations, and amendments thereto, and directives and guidance from the AMLC and relevant government agencies.

Section 2. Scope. – These Guidelines shall apply to the following DNFBPs:

- a. Jewelry dealers, dealers in precious metals, and dealers in precious stones;
- b. Company service providers which, as a business, provide any of the following services to third parties:
 - 1. acting as a formation agent of juridical persons;
 - 2. acting as (or arranging for another person to act as) a director or corporate secretary of a company, a partner of a partnership, or a similar position in relation to other juridical persons;
 - 3. providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement; and
 - 4. acting as (or arranging for another person to act as) a nominee shareholder for another person; and
- c. Persons, including lawyers and accountants, who provide any of the following services:
 - 1. managing of client money, securities or other assets;
 - 2. management of bank, savings, securities or accounts;
 - 3. organization of contributions for the creation, operation or management of companies; and

4. creation, operation or management of juridical persons or arrangements, and buying and selling business entities.

TITLE II DEFINITION OF TERMS

Section 3. Definition of Terms. – For purposes of these Guidelines, the following terms are hereby defined as follows:

- a. Account – refers to a business relationship between a DNFBP and a customer/client.
- b. Anti-Money Laundering Act (AMLA) – refers to Republic Act (RA) No. 9160, as amended by RA Nos. 9194, 10167, 10365 and 10927, or other laws that may subsequently amend the AMLA.
- c. Anti-Money Laundering Council (AMLC) – refers to the financial intelligence unit of the Republic of the Philippines which is the government agency tasked to implement the AMLA.
- d. Beneficial Owner – refers to any natural person who:
 1. Ultimately owns or controls the customer and/or on whose behalf a transaction or activity is being conducted; or
 2. Has ultimate effective control over a legal person or arrangement.
- e. Covered Persons – refers to the covered persons under Rule 3(E), of the 2016 Revised Implementing Rules and Regulations of Republic Act No. 9160, as Amended.
- f. Covered Transaction – refers to:
 1. A transaction involving an amount in excess of Five Hundred Thousand Pesos (Php500,000.00) or its equivalent in any other currency;
 2. A transaction exceeding One Million pesos (Php1,000,000.00) or its equivalent in any other currency, in the case of jewelry dealers, dealers in precious metals and dealers in precious stones.
- g. Customer/Client – refers to any person who transacts or attempts to transact with a DNFBP.
- h. Dealer – refers to an individual or entity who buys and/or sells precious metals, precious stones, and/or jewelry in the course of its business activities. The purchases or sales of precious metals, precious stones, and/or jewelry, as referred to herein, exclude those carried out for, connected with, or for the purpose of extracting precious metals or precious stones from a mine, or cutting or polishing precious stones.
- i. Identification Document – refers to any of the following documents:
 1. For Filipino citizens: those issued by any of the following official authorities:

- a) Government of the Republic of the Philippines, including its political subdivisions, agencies, and instrumentalities;
- b) Government-Owned or -Controlled Corporations (GOCCs); and
- c) Covered persons registered with and supervised or regulated by the Bangko Sentral ng Pilipinas (BSP), the Insurance Commission (IC) and the Securities and Exchange Commission (SEC);

2. For foreign nationals:

- a) Passport; and
- b) Alien Certificate of Registration; and c) Alien Employment Permit.

j. Jewel – refers to organic substances that have a market-recognized gem level of quality, beauty and rarity, such as pearl, amber and coral.

k. Jewelry – refers to finished goods deriving fifty percent (50%) or more of their value from jewels, precious metals or precious stones constituting, forming part of, or attached to said finished goods.

l. Monetary Instrument – refers to:

1. Coins or currency of legal tender in the Philippines, or in any other country;
2. Negotiable checks, such as personal checks and bank drafts; and
3. Other similar instruments where title thereto passes to another by endorsement, assignment or delivery;

m. Politically Exposed Person (PEP) – shall be used as defined under Section 3.R of the 2016 RIRR and amendments thereto;

n. Precious metals – refers to gold, silver, platinum, palladium, rhodium, ruthenium, iridium, and osmium at a level of purity of five hundred (500) parts per one thousand (1,000), singly or in any combination, and alloys of precious metals, solders, and plating chemicals, such as rhodium and palladium plating solutions, potassium gold cyanide containing at least sixty- eight and three-tenths percent (68.3%) gold, potassium silver cyanide containing at least sixty-eight percent (68%) silver and silver cyanide in salt solution containing at least fifty-four percent (54%) silver.

o. Precious stones – refers to all gems and stones used in jewelry making, such as gemstones, jewels, and those substances that have market-recognized gem level of quality, beauty, and rarity, such as diamond, corundum (including rubies and sapphires), beryl (including emeralds and aquamarines), chrysoberyl, spinel, topaz, zircon, tourmaline, garnet, crystalline and cryptocrystalline quartz, olivine peridot, tanzanite, jadeite jade, nephrite jade, spodumene, feldspar, turquoise, lapis lazuli, opal and pearl.

p. Proceeds of an Unlawful Activity – refers to anything derived or realized from an unlawful activity. It shall include:

1. All material results, profits, effects and any amount realized from any unlawful activity;
2. All monetary, financial or economic means, devices, documents,

papers or things used in, or having any relation to, any unlawful activity;
and

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

q. Property – refers to anything or item of value, real or personal, tangible or intangible, or any interest therein, or any benefit, privilege, claim, or right with respect thereto, including:

1. Personal property, including proceeds derived therefrom, or traceable to any unlawful activity, such as, but not limited to:

- a) cash;
- b) jewelry, precious metals and stones, and other similar items;
- d) works of art, such as paintings, sculptures, antiques, treasures, and other similar precious objects;
- e) perishable goods;
- f) vehicles, vessels, aircraft, or any other similar conveyance; and
- g) alternative currencies, virtual currencies, cryptocurrencies, and any other digital assets.

2. Personal property, used as instrumentalities in the commission of any unlawful activity, such as:

- a) computers, servers, and other electronic information and communication systems; and
- b) any conveyance, including any vehicle, vessel, and aircraft.

3. Real estate, improvements constructed or crops growing thereon, or any interest therein, standing upon the record of the registry of deeds in the name of the party against whom the freeze order or asset preservation order is issued, or not appearing at all upon such records, or belonging to the party against whom the asset preservation order is issued and held by any other person, or standing on the records of the registry of deeds in the name of any other person, which are:

- a) derived from, or traceable to, any unlawful activity; or
- b) used as an instrumentality in the commission of any unlawful activity.

r. Suspicious Transaction – shall refer to suspicious transactions as defined under paragraph (b-1), Section 3 of the AMLA.

s. Terrorism Financing – refers to those acts defined and punished under Sections 4, 5, 6, 7 and 8 of RA No. 10168.

t. 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 person.

u. Unlawful activity – refers to the unlawful activities under Section 3(i) of the AMLA, as amended.

Definitions of terms under the 2016 RIRR not otherwise mentioned in these