



**NATIONAL ANTI-MONEY
LAUNDERING
AND COUNTERING THE FINANCING
OF TERRORISM STRATEGY**

2023 - 2027

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INTRODUCTION

On 12 November 2018, then President Rodrigo Roa Duterte issued Executive Order (EO) No. 68, adopting the National Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Strategy (NACS) 2018 – 2022. EO 68 likewise created the National AML/CFT Coordinating Committee (NACC) to champion the implementation of the NACS.

With the expiration of the NACS 2018 – 2022, the Philippine Government adopts a new National AML/CFT Strategy for 2023 - 2027. The Philippine government's adoption of the NACS 2023 – 2027 as its national policy based on and informed by the risks and deficiencies identified in the Philippines' 2019 Mutual Evaluation Report (MER) is consistent with FATF Recommendation 2. It reaffirms the authority of the NACC to spearhead the development of AML/CFT policies consistent with the Philippines' legal framework and international standards.

The NACS 2023 – 2027 embodies the Philippine Government's strong political commitment in its fight against money laundering (ML), terrorism financing (TF), and proliferation financing (PF). It recognizes the need for a coordinated, collaborative, and strategic approach involving the government, financial institutions, and other stakeholders. Thus, the NACS 2022 -2027 espouses a "one nation approach" in addressing the risks, correcting deficiencies, and strengthening the country's AML/CFT system.

It affirms the Vision – Mission Statement of the NACS 2018 – 2022, which defines the priorities to enable the Philippine Government to systematically approach a clear vision and undertake a clearly defined mission. Compliance with international AML/CFT standards is at the core of this strategy, as this promotes financial integrity and supports the fight against crimes.

THE VISION STATEMENT

Maintain an internationally compliant and effective AML/CFT regime by ensuring that the Philippines shall not be used as a money laundering, terrorism financing and proliferation financing site as well as preserving the integrity of the country's financial system.

THE MISSION STATEMENT

Combating money laundering, its predicate offenses, terrorism, terrorism financing and proliferation financing by strengthening the AML/CFT legal framework, establishing a strong coordination mechanism, intelligence sharing and enforcement efforts among relevant government agencies and carrying out effective supervision and preventive measures in line with international standards, and increasing society's AML/CFT awareness and support.

Similar to the NACS 2018 – 2022, the NACS 2023 – 2027 identifies key areas of focus in order to effectively combat money laundering, terrorism financing, and proliferation financing. It provides for action plan items that address strategic deficiencies identified in evaluations conducted to assess the country's compliance with international standards and the effectiveness of its AML/CFT system. Collaboration of key government agencies is an essential component in realizing this goal.

STRATEGIC OBJECTIVES

The NACS 2023 – 2027 sets out Strategic Objectives responsive to risks and deficiencies of the country’s AML/CFT systems. Each strategic objective has corresponding action plan items that should be prioritized and accomplished immediately while ensuring that the outcomes reached are sustainable in the long run.

THE STRATEGIC OBJECTIVES	
Objective 1	<i>Demonstrate that the Philippines has addressed strategic deficiencies identified in international AML/CFT assessments and that the measures contribute to effective and sustainable outcomes.</i>
Objective 2	<i>Strengthen law enforcement and prosecutorial capacity for the effective development of financial intelligence, Investigation, Prosecution, and Confiscations in relation to Money Laundering and its Predicate Offenses</i>
Objective 3	<i>Strengthen Mechanisms to Identify, Investigate, and Prosecute Terrorism Financing, including through the Implementation of Measures to Prevent and Disrupt Terrorism Financing</i>
Objective 4	<i>Enhance and implement the framework on Proliferation Financing of Weapons of Mass Destruction</i>
Objective 5	<i>Promote transparency and ensure access to beneficial ownership information by competent authorities</i>
Objective 6	<i>Enhance risk-based supervision of financial institutions and designated non-financial businesses and professions (DNFBPs) to promote understanding of risks and understanding of obligations among supervised sectors</i>
Objective 7	<i>Promote AML/CFT Awareness of Government Agencies, Covered Persons, and the General Public to Effectively Combat Money Laundering, Terrorism Financing, and Proliferation Financing</i>

Philippine agencies are committed to swiftly resolving the identified strategic deficiencies and expeditiously implementing the action plan items. Relevant agencies shall consider these strategic objectives in formulating and implementing relevant work plans and programs to execute herein strategic objectives.

Within each strategic objective, lead agencies are identified with the primary responsibility of implementing and reporting on the required actions. Agencies that are likewise concerned with the outcome of the action item are similarly identified to support

its implementation. All other government agencies should ensure that their plans and programs support the NACS strategic objectives.

STRATEGIC OBJECTIVE 1
ADDRESSING DEFICIENCIES IN A TIMELY MANNER

Demonstrate that the Philippines has addressed strategic deficiencies identified in international AML/CFT assessments and that the measures contribute to effective and sustainable outcomes.

In August 2019, the Asia Pacific Group on Money Laundering (APG)¹ adopted the Philippines Mutual Evaluation Report (MER), which provides an assessment of the country's technical compliance with the Financial Action Task Force (FATF)² Standards and effectiveness of its AML/CFT system. The MER identified strategic deficiencies, which made the Philippines a candidate for the FATF Greylist.

The Philippines was placed under a 16-month "Observation Period" which was the country's last chance to address all deficiencies as indicated in the seventy (70) MER Recommended Actions (MRAs). After the Observation Period, the Philippines submitted a Post Observation Period Report providing a comprehensive progress report by relevant agencies on how deficiencies were addressed.

The deficiencies that were noted in the MER pertain to various aspects of the Philippines AML/CFT framework:

- Need to pass relevant laws to improve the Philippines AML/CFT legal framework;
- Effective implementation of a risk based supervision of covered persons;
- To have timely access to beneficial ownership information by Law Enforcement Agencies;
- Improve the investigation and prosecution of money laundering and terrorism financing cases, aligned with the country's risk profile;
- Improve confiscation of proceeds of crimes at the point of conviction;
- Implementation of cross border cash measures in all international ports;
- Awareness improvement of relevant stakeholders on targeted financial sanctions framework; and
- Implementation of measures to protect non-profit organizations from TF abuse.

Supervisors, regulators, law enforcement agencies, prosecutors, and other relevant government agencies were tasked to address the identified deficiencies following their functions.

¹ The APG is a FATF Style Regional Body to which the Philippines is a founding member. Pursuant to membership rules of the APG, its members shall undergo a mutual peer review system to determine levels of effectiveness and technical compliance to the FATF Standards. These peer review system is called "Mutual Evaluation"

² The FATF is an inter-governmental body that sets standards and promotes effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

Based on the assessment of the FATF's International Cooperation Review Group (ICRG), it was determined that tangible and positive progress was not made across all key MRAs. The failure of the Philippines to show tangible and positive progress in its AML/CFT system was due to lack of material time for relevant government agencies to implement appropriate effectiveness measures. As a result, the Philippines was included in the FATF's list of "Jurisdictions Under Increased Monitoring," commonly known as the "FATF's Grey List". The FATF ICRG provided eighteen (18) action plan items that Philippine authorities must implement within given time frames to exit the grey list.

Broadly, the 18 ICRG action plan items cover supervision of covered persons; access to beneficial ownership information; enhancements in money laundering and terrorism financing investigations, prosecutions and confiscations; enforcement of cross-border declarations; use of targeted financial sanctions in terrorism/TF and proliferation financing; and risk-based measures to protect non-profit organizations.

All action plan items have expired on January 2023. As of writing, there are seven (7) addressed/largely addressed action plan items, with the remaining ten (10) partly addressed and one (1) not addressed action plan items.

While the FATF has not called upon jurisdictions to impose financial countermeasures upon a listed country, it may do so when that country fails to meet the deadlines in accomplishing the various action items. These countermeasures would treat all Filipinos and their businesses as high risk to money laundering and terrorism financing and would lead to additional costs and delays in transactions. For overseas Filipinos workers, it would mean higher remittance costs, thus, less money for daily food and necessities of their families in the Philippines. For Philippine businesses, it would mean higher interest rates, thus higher production costs. Moreover, higher costs and additional layers of customer due diligence may lead to de-risking of Filipino individuals and businesses, that is, rejecting having any business relations with all Filipinos.

For the Philippines to exit the "FATF greylist", all the ICRG Action Plans should be assessed to be largely addressed.

Thus, all relevant government agencies shall affirm their commitment to swiftly address their respective ICRG action plan items and strengthen inter-agency coordination mechanisms to ensure sustained implementation towards positive and tangible progress. All relevant agencies shall likewise commit to gather and regularly provide qualitative and quantitative information that would evidence the implementation of the action plan items.

STRATEGIC OBJECTIVE 2

MONEY LAUNDERING INVESTIGATIONS, PROSECUTIONS, AND CONFISCATIONS

Strengthen law enforcement and prosecutorial capacity for the effective development of financial intelligence, Investigation, Prosecution, and Confiscations in relation to Money Laundering and its Predicate Offenses

Law Enforcement Agencies (LEAs) and the AMLC have the authority and function to develop financial intelligence, investigate ML, its Predicate Offenses, Terrorism and Terrorism Financing. The prosecution of ML is principally carried out through the Department of Justice or the Office of the Ombudsman, as the case may be. The objective is not only to prosecute the crime but also to confiscate its proceeds.

The Philippines has demonstrated an increase in ML investigations and prosecutions in accordance with its risk profile, but further increase in the numbers of ML investigations and prosecutions, especially with respect to high-risk predicate offenses, are required as well as predicate crimes with transnational element/foreign proceeds in which formal and informal cooperation has been sought.

Priority Areas for the NACS Action Plan

Risk Assessments, International Evaluations, and the relevant government agencies have identified areas for improvement on the capacity and collaboration of the FIU, LEAs, and Prosecutors.

- The 2019 Mutual Evaluation Report found inadequate resourcing with respect to development of financial intelligence and money laundering investigations, being that the AMLC was the only designated authority to investigate ML at that time. AMLC was also the main agency which has responsibility to confiscate criminal proceeds through civil forfeiture actions.

To address the issues on investigation resources, the Philippines has coordinated with various LEAs and implemented the Deputized AMLC Financial Investigators (DAFI) framework to serve as force multipliers in the conduct of ML investigations. The purpose of the DAFI program is to enhance the capacity of LEAs in the development of financial intelligence and the conduct of financial investigation, which they can do in parallel with their predicate crime investigations.

The AMLC has likewise increased its manpower complement and implemented innovations relative to financial intelligence analysis. The financial intelligence products are disseminated to LEAs to support their ML and predicate crime investigations.

- In the last NRA, predicate offenses rated high are the following: a) smuggling; b) violations of intellectual property law; c) illegal manufacture and possession

of firearms, ammunition and explosives; d) environmental crimes; e) investment fraud and estafa; f) violation of dangerous drugs law; and g) plunder and violations of the anti-graft and corrupt practices act. A 2020 Risk Study also identified Online Sexual Abuse and Exploitation of Children as a high-risk crime.

- While there has been an increase in the number of money laundering investigations and prosecutions in recent years, the numbers remain relatively low particularly in relation to other high-risk crimes. There is a need to sustainably increase the number of ML investigations and prosecutions predicated on these high-risk offenses through strengthening coordination mechanisms among the LEAs, Prosecutors, AMLC, and other relevant agencies.
- Formal and informal international cooperation mechanisms are not fully utilized when transnational elements and foreign proceeds are identified in ongoing investigations. There has been a low number of outgoing mutual legal assistance requests. There is also a need to increase investigations and prosecutions of crimes with transnational elements and foreign proceeds, especially among DAFI agencies.
- To strengthen the country's framework for confiscation of proceeds of crimes, the Supreme Court issued the Rules on Criminal Forfeiture in 2021. The Rules also provides for provisional remedies in criminal forfeiture involving money laundering and its predicate crimes. There is a need to further implement the Rules to support seizure and confiscations by LEAs and prosecutors.

Philippine LEAs conduct asset tracing as part of their financial investigations. LEAs and Prosecutors also utilize a number of measures (administrative, civil and criminal) to confiscate proceeds of crime. The number of seizures and confiscations, however, remains relatively low particularly in relation to other high-risk crimes. There is a need to sustainably increase the number of seizures and confiscation actions, including as part of criminal actions.

- In 2021, the Supreme Court also included ML and Forfeiture actions within the jurisdiction of the Special Commercial Courts (SCC). This ensures that SCC judges will enhance their expertise in handling ML and confiscation actions. In addition, the Supreme Court designated additional SCCs, bringing the total to 147 SCCs located across various regions.
- The LEAs, Prosecutors, and other relevant LEAs should continuously enhance their knowledge and capacity in order to address the evolving trends of ML, TF, and predicate offenses. This can be done through continuing training programs and strategic research on ML, TF, and crime trends.
- The 2019 MER found that there are low confiscations related to cross border declarations was underpinned by limited coverage of sea/airport entry/exit points and the staffing shortages, may be a contributing factor.

The Bureau of Customs has now implemented cross border declaration measures across all major international sea and airports.

Measures are also in place to enhance the detection and identification of false declarations and confiscations. The BOC should continue implementing these measures to ensure the collection of cross-border declarations, detection of false declarations and institution of confiscation actions, when so warranted.

The action plan items to be identified by the relevant sub-committee and the different agencies shall collectively be implemented by all concerned agencies to enhance their capacity for enforcement and prosecution. Priority is given for actions related to predicate offenses considered as high risk.

**STRATEGIC OBJECTIVE 3
TERRORISM FINANCING**

Strengthen Mechanisms to Identify, Investigate, and Prosecute Terrorism Financing, including through the Implementation of Measures to Prevent and Disrupt Terrorism Financing

Terrorists and threat groups are continuously increasing and evolving their ability to diversify, resort to various sources of funds, and exploit means and channels to transfer or move funds to support their operations, logistics and other terrorist activities. To successfully prevent terrorism, terrorist financing needs to be countered efficiently, as TF is a key phenomenon that allows these terrorist groups to succeed. Thus, it is essential to have efficient coordination and cooperation among law enforcement and intelligence agencies, financial intelligence units, government agencies, and private stakeholders, to ensure strong political commitment at all levels.

Since the passage of R.A. 11479, otherwise known as the Anti-Terrorism Act, the Philippines has been issuing resolutions for designations of terrorist. In addition, the AMLC issues corresponding resolutions containing sanctions freeze order against these designated persons/entities. The financial institutions respond to these resolutions by asset freezing without delay. Based on international assessments, the Philippines must continue to strengthen its framework on denial of funds of designated persons and entities.

For Non-profit organizations (NPO), the Philippines conducted the 2020 Sector Risk Assessment. As a result, the Philippines conducted risk-based audits on NPOs in 2022 and completed the audit/examination of twenty-one (21) NPOs. The Philippines should continue conducting these audits as a measure to prevent terrorist financing abuse.

Based on international assessments, the Philippines LEAs should increase its TF identification, investigation, and prosecution, in line with the risk profile. Also, the Philippines should continue to increase its dedicated TF investigators and strengthen its investigation and prosecution capacity.

Priority Areas for the NACS Action Plan

Terrorism and terrorism financing threat was assessed more extensively under the latest Terrorism and Terrorist Financing Study. The threats and vulnerability posed by Terrorism and Terrorism Financing were rated Medium High. The terrorism and TF risk in the Philippines has been downgraded from HIGH to MEDIUM HIGH. Said rating entails that the public and private sector continue their efforts and strategies that have been undertaken and implemented in the combat against terrorism and its financing. However, the Philippines must continue to be aggressive in its efforts in combating terrorism and its financing. Terrorist groups, international and domestically, are still present; though their activities are becoming dormant and are waning.

- The level of TF investigative activities was found to be inconsistent with the Philippines TF risk profile. At the time of the ME, there were no TF prosecutions.

To address this, the Philippines dedicated considerable resources for TF investigation and prosecution. The DAFI program ensures that LEAs have the capacity and skills to identify and investigate TF. The Department of Justice likewise increased its resources to support TF Prosecutions.

The Supreme Court of the Philippines identified fifteen (15) Regional Trial Courts (RTC) across the region to handle terrorism and counter-terrorism financing cases involving crimes under the Anti-Terrorism Act (RA. 11479) and the Terrorism Financing Prevention and Suppression Act (RA 10168). Said courts are “designated to exclusively and speedily hear, try and decide” the cases committed in respective regions.

There should be continuous provision of capacity building activities to enhance and update skills of investigators, including for financial investigation training on different types of TF activity. Capacities of the dedicated prosecutorial and judicial resources should be continuously enhanced.

- While there has been an increase in TF identification and investigation efforts, improvements are still necessary to further increase the numbers in line with the risk profile.

DAFIs/LEAs should increase use of TF identification mechanisms, including but not limited to proactive initiation of financial inquiries, conduct of separate parallel financial investigations and use of various coordination mechanisms. This should include strengthening Intelligence-sharing, cooperation, and collaboration with other jurisdictions.

DAFIs/LEAs should likewise increase its TF investigations with particular focus on standalone TF offenses and financing of terror networks as well as TF arising out of counter terrorism actions and investigations.

These identification and investigation actions should translate to prosecution of criminal cases on terrorism financing.

- At the time of the MER, strategic deficiencies were noted on the targeted financial sanctions (TFS) framework on terrorism financing as the proscription process under the Human Security Act (HSA) is not in line with the requirements of UN Security Council Resolution (UNSCR) No. 1373. Due to these deficiencies, the Philippines made limited use of the designation framework to deny funds to and freeze assets of terrorists.

The deficiency in the legal framework has since been addressed with the passage of Republic Act No. 11479, or the Anti-Terrorism Act (ATA). Since

then, Philippine authorities have designated terrorists and terrorist organizations and have frozen funds/assets pursuant to AMLC's sanctions freeze order. Philippine authorities should continue using the designation framework to effectively deny funds to designated persons and entities.

- The Philippines continuously assesses terrorism financing risks associated with non-profit organizations. In the 2018 risk study, a number of unregistered organizations were identified with potential TF risk. In the 2021 study conducted by the SEC, risks were again assessed, and mitigation measures were implemented.

The SEC, together with other regulators, has been conducting an aggressive information campaign to educate NPOs on the abuse of NPOs for TF purposes and to encourage registration with the SEC. The SEC likewise conducts risk based supervision to protect the NPO sector and promote legitimate activity. SEC and other competent authorities should continue taking appropriate measures with respect to the NPO sector, including measures to address unregistered organizations, without disrupting legitimate NPO activities.

STRATEGIC OBJECTIVE 4
PROLIFERATION FINANCING

Enhance and implement the framework on Proliferation Financing of Weapons of Mass Destruction

On 30 January 2021, Republic Act (RA) No. 11521, otherwise known as “An Act Further Strengthening the Anti-Money Laundering Law”, took effect and gave birth to the Philippines’ legal framework prohibiting activities related to the financing of the proliferation of weapons of mass destruction (PF). The law also empowered the AMLC to impose targeted financial sanctions against the properties of designated individuals or entities pursuant to UNSCR 1718 and 2231.

After the effectivity of RA No. 11521, the AMLC issued AMLC Regulatory Issuance 2 - 2021, the PF Targeted Financial Sanctions Guidelines, to assist all covered persons in complying with their obligations under AMLC Resolutions issued to implement TFS obligations, including freeze without delay, in relation to UNSC Resolutions 1718 and 2231.

In addition, the DTI – Strategic Trade Management Office (STMO) issued Memorandum Circular No. 21-06 (MC), Implementation of Financing and Brokering Under Republic Act No. 10697, otherwise known as Strategic Trade Management Office to implement the requirements of UNSCR Nos. 1718 (2006) and 2231 (2015).

The MC is issued pursuant to the penal provision provided under Section 19(a)(3) of Republic Act 10697 or the Strategic Trade Management Act. Violations of Section 19 (a)(3) in relation to PF pursuant to UNSCR 1718 and 2231, is now considered as a predicate offense to ML [Section 3(i)(34), AMLA, as amended by RA No. 11521]

The MC requires any natural or juridical person to apply for an individual authorization from STMO before they can engage in brokering activities or making available or providing funds to facilitate the movement/flow of any strategic goods and/or related services if the parties involved in the transaction/s is any of the following:

- a. a designated person under UNSCR 1718 and its subsequent resolutions;
- b. a designated person under UNSCR 2231 and its subsequent resolutions;
- c. any entity owned or controlled by a designated person;
- d. any individual or entity who acts on behalf of or under the direction of a designated person; or
- e. any person in, or who is a national of, the Democratic People’s Republic of Korea.

The MC also prohibit any natural or juridical person operating within the Philippines or any Filipino person, wherever located, is prohibited from engaging in brokering and financing activities, if the parties involved in the transaction/s is any of the following:

- a. a designated person under UNSCR 1718 and its subsequent resolutions;
- b. a designated person under UNSCR 2231 and its subsequent resolutions;

- c. any entity owned or controlled by a designated person;
- d. any individual or entity who acts on behalf of or under the direction of a
- f. designated person; or
- e. any person in, or who is a national of, the Democratic People's Republic of Korea.

Priority Areas for the NACS Action Plan

The legal framework related to Proliferation of the Financing of Weapons of Mass Destruction is in its infancy stage. Thus, relevant government agencies should continue to undertake awareness and capacity building activities to ensure understanding of the public and effective implementation of the measure.

Likewise, relevant government agencies should adopt a cooperation mechanism to ensure a collaborative approach in the identification, investigation, and prosecution of cases related to PF.

To ensure standard approach and effective implementation of the measure, standard training and capacity building activities should be undertaken and relevant manuals covering topics such as, but not limited to investigation and exchange of information should be developed and published.

The Philippines should conduct a gap analysis of its current PF framework and undertake a separate PF Risk Assessment to ensure that its PF legal framework is aligned with international standards.

STRATEGIC OBJECTIVE 5
TRANSPARENCY OF BENEFICIAL OWNERSHIP INFORMATION

Promote transparency and ensure access to beneficial ownership information by competent authorities

Legal persons are created through registration with the Securities and Exchange Commission (SEC) and the Cooperative Development Authority (CDA) while Trust entities are regulated and supervised by the Bangko Sentral ng Pilipinas.

Information on the creation and types of legal persons in the Philippines are available to the public. Likewise, the SEC, CDA and the BSP have mechanisms in place to ensure that beneficial information is submitted, stored and up to date.

Competent authorities have access to beneficial ownership information in the possession of registries, regulators, and financial institutions (CDD Documents). However, timely access of competent authorities, as well as the updating of beneficial ownership information remains to be a challenge.

Priority Areas for the NACS Action Plan

Risk Assessments, International Evaluations, and the relevant government agencies identified areas for improvement on the transparency of legal persons and access to beneficial ownership information.

- In the last NRA, it was noted that not all competent authorities have access to beneficial ownership information held by bank because of the operation of bank secrecy laws.

To address this issue, the SEC and the AMLC should continue to enhance its mechanisms to ensure that competent authorities, including the LEAs, are able to access beneficial ownership information in a timely manner.

- There is a need for the Philippines to enhance and streamline LEAs access to BO information, through the AMLC's mechanisms, including by improving the timeliness and accuracy of such access and enforce BO disclosure obligations to obtain a higher level of timely submission of the GIS through the application of proportional and dissuasive sanctions to non-compliant corporations.

To address this, the SEC should endeavor to increase the number of LEAs and other Competent Authorities with direct access to BO information through the signing of the necessary MOAs/Data Sharing Agreements.

The SEC should continue its efforts, by issuing aggressive policies, in promoting its programs, through continuous outreach actions, related to

the enrolment of legal persons on its eFAST platform to increase the number of legal persons that comply with BO disclosure.

- The SEC should continue to take appropriate enforcement actions against legal persons that fail to comply with BO disclosing obligations including the application of proportionate and dissuasive sanctions and the revision of the penalties applicable to delinquent corporations.

Relevant government agencies should develop plans and programs to implement and address the identified priority areas.

STRATEGIC OBJECTIVE 6

SUPERVISION OF FINANCIAL INSTITUTIONS AND DESIGNATED NON-FINANCIAL BUSINESSES AND PROFESSIONS

Enhance risk-based supervision of financial institutions and designated non-financial businesses and professions (DNFBPs) to promote understanding of risks and understanding of obligations among supervised sectors

The supervisors for financial institutions are the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) and Insurance Commission (IC). The BSP is the supervisor for banks and non-bank financial institutions (NBFIs), such as pawnshops and remittances. The SEC is the supervisor for securities dealers, broker, investment houses, mutual funds and other entities dealing in currency, commodities, or financial derivatives. The IC is the supervisor for insurance companies, pre-need companies, health maintenance organizations and their respective intermediaries. The SAs exercise AML supervision through the issuance of policies and regulations, conduct of examination, and meetings and dialogues with supervised institutions.

The Philippine Amusement and Gaming Corporation (PAGCOR), the Cagayan Economic Zone Authority (CEZA), and the Aurora Pacific Economic Zone and Freeport Authority (APECO), were designated by law as the appropriate government agencies (AGAs) with authority to supervise, assess and monitor compliance of casinos with the obligations under the AMLA.

The AMLC is the AML/CFT Supervisor for covered Designated Non-Financial Businesses and Professions (DNFBPs) such as dealers in precious metals and precious stones, company service providers, persons, including lawyers and accountants engaged in certain activities provided by the law,³ and real estate brokers and dealers.

Priority Areas for the NACS Action Plan

Deficiencies noted in the 2019 MER are focused on DNFBPs and other high-risk sectors such as money service businesses (MSBs) and junkets. Weaknesses were also observed across all sectors in the understanding and implementation of targeted financial sanctions (TFS) obligations on terrorism financing and proliferation financing. At that time, the Philippines TFS framework for TF and PF also have strategic deficiencies.

- DNFBP Supervisors have made enhancements to their risk-based supervision framework. Supervision is at varying stages of implementation. Supervision plan should ensure that higher risk covered persons are prioritized.

³ Persons, including lawyers and accountants, who provide any of the following services: a) managing of client money, securities or other assets; b) management of bank, savings or securities accounts; c) organization of contributions for the creation, operation or management of companies; and d) creation, operation or management of juridical persons or arrangements, and buying and selling business entities.

- For DNFBNs, other than casinos, registration with the AMLC is currently low, with the universe of DNFBNs that should be covered still uncertain. AMLC should implement a strategy to identify DNFBNs to be registered. This should include outreach and possible sanctioning for non-compliance. Concurrently, AMLC should progress its DNFBN examination and enforcement measures, prioritizing higher risk DNFBNs, with a focus on their implementation of AML/CFT obligations, particularly their reporting obligations.
- For casinos, PAGCOR should continue implementation of risk-based supervision, including conduct of examinations and enforcement measures, prioritizing higher risk casinos and sub-sectors. Offshore gaming operators (OGOs) and their service providers (SPs) were recently included under the AMLC and were considered a high-risk sector.
- CEZA and APECO recently adopted their own risk-based policy framework. With respect to APECO, while it has no licensees with authority to operate, it is ready to implement its framework once operations are allowed. With respect to CEZA, it has disseminated questionnaires to their supervised casinos to ensure adequate risk identification of individual casinos to guide its supervision plan.
- There were concerns regarding casinos outsourcing of customer due diligence (CDD) obligations to junket operators, given the major risks posed by junkets. PAGCOR has issued new regulations on fit and proper requirements for junket operators. Examinations conducted by PAGCOR should determine and ensure that CDD requirements on junket participant are conducted by the casinos and that adequate AML/CFT risk mitigation measures are implemented.
- Money service businesses (MSBs) have undergone an extensive re-registration process. There were challenges in identifying and sanctioning unregistered MSBs. The BSP has instituted several measures to identify these unregistered MSBs. These measures should be continuously implemented to ensure protection of the sector and mitigation of risks.
- Strategic deficiencies in the TFS legal framework were addressed with the passage of the ATA providing for a UNSCR 1373 designation framework, and Republic Act 11521, or the 2021 Amendments to the AMLA, providing for a TFS framework on proliferation financing under UNSCR 1781 and 2231.

The AMLC has issued the necessary regulations to guide covered persons in their implementation of TFS TF and PF obligations. Supervisors should ensure that their supervised sectors understand their TFS obligations. Likewise, supervisors should check that covered persons are implementing their TFS obligations.

In 2015, Republic Act No. 10697 or the Strategic Trade Management Act (STMA) was enacted. The law defined strategic goods as, products that, for security reasons or due to international agreements, are of such military importance that their export is either prohibited altogether or subject to specific conditions. Such goods are generally suitable to be used for military purposes or to produce weapons of mass destruction (WMD). The law regulates activities related to strategic goods, including its export, import, transit, transshipment, re-export, reassignment, and provision of related services. It created the Strategic Trade Management Office (STMO) under the Department of Trade and Industry (DTI), to serve as the executive and technical agency of the national government for the establishment of the management systems for the trade in strategic goods.

On 19 July 2020, Republic Act 11479 or the “Anti-Terrorism Act of 2020” took effect. The ATA provides for the legal framework for UNSCR 1373. The salient provisions of the ATA include:

- a. Expansion of the definition of the crime of terrorism;
- b. Criminal provisions in relation to foreign terrorist fighters;
- c. Expansion of investigative powers of competent authorities for terrorism investigations;
- d. Designation of terrorist individual, groups of persons, organizations or associations;
- e. Proscription of terrorist organizations, association, or group of persons;
- f. Authority of the AMLC to investigate, inquire and examine bank accounts; and to issue freeze order;
- g. Expanded composition of the Anti-Terrorism Council, which now includes the AMLC Secretariat Executive Director.

On 19 October 2020, the Implementing Rules and Regulations (IRR) of the ATA also took effect.

Proliferation financing was not assessed as part of the 2nd NRA. The country’s framework for regulation of strategic goods is still evolving, and needs to be further developed to address growing concerns on WMD and to make it more compliant with international standards.

- The STMA regulates financing of strategic goods only under the provision of “related services”. There is a need for clearer guidelines to regulate the financing aspect.
- To effectively regulate entities engaged in manufacturing, exporting and importing of strategic goods, there is a need to create a database and determine the level of risk of these entities.

In the development of action plans to address terrorism and TF risks, priority is given in engaging security/intelligence agencies to include terrorism financing in their area of focus. This is to ensure that LEAs and security/intelligence agencies also gather evidence pertaining to financing of terrorists, terrorist organizations and acts of terrorism, and refer

it to the AMLC for proper investigation.

The agencies concerned also recognize that spread of terrorism in certain regions can also be curbed with the help of the local government units in high-risk regions. Thus, there is need to reinforce local government mechanisms in this regard.

The action plan should addresses the presence of foreign terrorist fighters and the vulnerability of MSBs, NPOs and Overseas Filipino Workers, including seafarers. Targeted outreach is thus crucial to educate these sectors on how to prevent their abuse for TF purposes.

Finally, the focus of the PF action plans is on the further development of the regulatory framework, including the conduct of a risk assessment to properly understand the nature of business of concerned entities.

STRATEGIC OBJECTIVE 7
AML/CFT AWARENESS

Promote AML/CFT Awareness of Government Agencies, Covered Persons, and the General Public to Effectively Combat Money Laundering, Terrorism Financing, and Proliferation Financing

A government who is informed of the ML/TF risks is essential in order to effectively combat ML, its predicate offenses, terrorism and TF. This enables government to apply a risk-based approach in allocating resources and implementing measures to preventive or mitigate ML/TF.

Covered persons who are knowledgeable and conscious of their AML/CFT obligations and the risks faced by the sector are able to effectively prevent ML and assist the government in the investigation and prosecution of crimes. This also raised the effectiveness of compliance level of financial institutions and DNFBPs.

Finally, a general public who is aware of the ML/TF trends, typologies and risks is an effective partner of the government. It will prevent vulnerable sectors and groups of people from being exploited for money laundering and terrorism financing purposes.

Priority Areas for the NACS Action Plan

The Level of AML/CFT awareness has an impact on the implementation of AML/CFT obligations, investigations, and prosecutions, and on the formalization of the economy. The action plans under this strategic objective are also cross-cutting with other strategic objectives

- The increase in investigative and prosecutorial resources should be complemented with continuous capacity building to ensure that dedicated LEAs and prosecutors are able to adequately conduct ML/TF investigations, prosecutions and confiscations.
- The designation of additional Special Commercial Courts and of Anti-Terrorism/Terrorism Financing Courts is a welcome development. Judges and prosecutors assigned in these courts should undergo the necessary trainings to enhance their expertise.
- Timely access and accuracy of beneficial ownership information can contribute to investigations by LEAs. There is a need to continue the aggressive information campaign for legal persons to submit their BO declaration forms as part of the General Information Sheet. The campaign should likewise inform legal persons on sanctions that can be imposed for failure to submit the BO declaration form. Awareness of LEAs on how to access BO information should also be enhanced.

- The registration of other DNFBPs remains a challenge. There is a need to conduct an information campaign to identify DNFBPs and enforce registration requirements. Likewise, for registered DNFBPs, there is a need to continue trainings to promote implementation and understanding of their AML/CFT obligations and risks.
- Risk studies, strategic analysis, and typologies of the AMLC assists covered persons in identifying and reporting suspicious transactions.
- The use of Public Private Partnership mechanisms should be maximized in the field of exchange of studies, typology developments, capacity building activities, and awareness programs.

Aside from risks identified in the 2nd NRA, deficiencies noted in international assessments, discussion in existing coordination mechanisms identifies lack of public awareness on money laundering, predicate offenses and terrorism financing contribute to prevalence of these crimes.

IMPLEMENTATION AND REVIEW OF THE NATIONAL AML/CFT STRATEGY

The National AML/CFT Strategy is a product of the collaborative efforts of key AML/CFT government agencies. Its implementation will be the responsibility of all relevant government agencies which contributed and committed to the strategic objectives and action plans.

A National AML/CFT Coordinating Committee (NACC) shall facilitate inter-agency coordination focused on the development of national policies on AML/CFT /CPF consistent with relevant AML/CFT/CPF laws and international standards, champion the implementation of the NACS 2023-2027 and provide directives to relevant agencies on major issues on the implementation of the NACS 2023-2027.

The National AML/CFT Coordinating Committee shall have the following functions:

- a) Provide overall policy and strategic direction and oversee the implementation of the NACS;
- b) Coordinate the development and implementation of AML/CTF/CPF policies and activities to ensure consistency with the NACS, relevant AML/CTF/CPF laws, and international AML/CTF/CPF standards;
- c) Recommend to relevant government agencies policy and/or operational actions, consistent with the strategic objectives of the NACS, to ensure a multi-agency national response to key AML/CFT/CPF risks;
- d) Ensure that the roles and responsibilities of relevant government agencies as stated in the NACS are efficiently and effectively carried out;
- e) Invite other government agencies and instrumentalities to be part of the NACC or any of its sub-committees, as may be necessary;
- f) Formulate and adopt operational guidelines and rules of procedure for the implementation of a national AML/CFT/CPF strategy, and as may be necessary to carry out its functions and duties;
- g) Call upon any relevant agency, office, or instrumentality to provide assistance, as may be necessary;
- h) Convene and consult relevant AML/CFT/CPF public and private stakeholders on operational and policy issues that may have implications on the implementation and effectiveness of the NACS;
- i) Facilitate the periodic conduct of the money laundering and terrorist financing risk assessment and recommend action plans, which may be included in the NACS, to address the risks identified;
- j) Evaluate the effectiveness of the NACS in light of the evolving ML/TF risks and compliance with international AML/CFT/CPF standards;
- k) Establish and maintain coordination with technical assistance providers to assist relevant government agencies in the implementation of action plans provided in the NACS; and
- l) Promote activities to spread awareness of the NACS and identified high ML/TF/CPF risk areas.

There is also created several sub-committees to assist the NACC in the proper implementation of the strategic objectives and action plans.

- a) The **Financial Intelligence, Law Enforcement and Prosecution sub-committee (FILEPSC)** shall be primarily responsible for the implementation and monitoring of action plans under Strategic Objective 1 (Addressing Deficiencies in a Timely Manner), Strategic Objective 2 (Money Laundering Investigation, Prosecutions, and Confiscations), and Strategic Objective 5 (Transparency of Beneficial Ownership Information). The FILEPSC shall likewise provide support and coordinate efforts in the implementation of Strategic Objective 7 (AML/CFT Awareness).
- b) The **Supervision of Financial Institutions Sub-Committee (SFISC)** shall be primarily responsible for the implementation of the relevant action plans under Strategic Objective 1 (Addressing Deficiencies in a Timely Manner), Strategic Objective 6 (Supervision of Financial Institution and Designated Non-Financial Businesses and Professions). The SFISC shall likewise provide support and coordinate efforts in the implementation of Strategic Objective 3 (Terrorism Financing), Strategic Objective 4 (Proliferation Financing), Strategic Objective 5 (Transparency of Beneficial Ownership Information), and Strategic Objective 7 (AML/CFT Awareness).
- c) The **Supervision of Designated Non-Financial Businesses and Professions Sub-Committee (SDSC)** shall be primarily responsible for the implementation of the relevant action plans under Strategic Objective 1 (Addressing Deficiencies in a Timely Manner), Strategic Objective 6 (Supervision of Financial Institution and Designated Non-Financial Businesses and Professions). The SDSC shall likewise provide support and coordinate efforts in the implementation of Strategic Objective 3 (Terrorism Financing), Strategic Objective 4 (Proliferation Financing), Strategic Objective 5 (Transparency of Beneficial Ownership Information), and Strategic Objective 7 (AML/CFT Awareness).
- d) The **Terrorism Financing Sub-Committee (TFSC)** shall be primarily responsible for the implementation of the action plans under Strategic Objective 1 (Addressing Deficiencies in a Timely Manner), and Strategic Objective 3 (Terrorism Financing). The TFPFSC shall likewise provide support and coordinate efforts in the implementation of Strategic Objective 7 (AML/CFT Awareness).
- e) The **Proliferation Financing Sub-Committee (PFSC)** shall be primarily responsible for the implementation of the action plans under Strategic Objective 1 (Addressing Deficiencies in a Timely Manner), and Strategic Objective 4 (Proliferation Financing). The PFSC shall likewise provide support and coordinate efforts in the implementation of Strategic Objective 7 (AML/CFT Awareness).
- f) The **AML/CFT Awareness Sub-Committee (ACASC)** shall be primarily responsible for the implementation of the action plans under Strategic

Objective 7 (AML/CFT Awareness). The ACASC shall likewise provide support and coordinate efforts in the implementation of Strategic Objective 1 (Addressing Deficiencies in a Timely Manner).

A Secretariat is formed, which shall be responsible for, among others, the coordination, logistics and operations of the meetings, and coordination with and monitoring of duties and responsibilities of the NACC and its sub-committees.

As part of the implementation of the National AML/CFT Strategy, key government agencies shall integrate the identified action plans within their agency's and come up with their own action plans, consistent with the identified strategic objectives. Each agency shall provide reports on progress made against the strategic objectives and amendments to the agency's action plans, where appropriate to do so.

The National AML/CFT Strategy is a dynamic document as ML/TF risks of the country changes from time-to-time. As such, the National Coordinating Committee shall revisit and update the strategic objectives and action plans in 2025, or as the need arises, to keep it relevant.

ANNEX 1 - SUPPORTING AGENCIES

Financial Intelligence Unit	
Anti-Money Laundering Council (AMLC)	
Supervising Agencies	Appropriate Government Agencies
Bangko Sentral ng Pilipinas (BSP)	Philippine Amusement and Gaming Corporation (PAGCOR)
Insurance Commission (IC)	Cagayan Economic Zone Authority (CEZA)
Securities and Exchange Commission (SEC)	Aurora Pacific Economic Zone and Freeport (APECO)
Relevant Government Agencies	
Anti-Terrorism Council (ATC)	National Privacy Commission (NPC)
ATC - Program Management Center (ATC-PMC)	National Security Council (NSC)
Bureau of Customs (BOC)	National Telecommunications Commission (NTC)
Bureau of Immigration (BI)	Office of the Ombudsman (OMB)
Bureau of Internal Revenue (BIR)	Office of the Solicitor General (OSG)
Civil Aviation Authority of the Philippines (CAAP)	Office of Transportation Security (OTS)
Philippine Coast Guard (PCG)	Overseas Workers Welfare Administration (OWWA)
Department of Environment and Natural Resources (DENR)	Philippine Center on Transnational Crime (PCTC)
Department of Finance (DOF)	Philippine Coast Guard (PCG)
Department of Foreign Affairs (DFA)	Philippine Deposit Insurance Corporation (PDIC)
Department of Information and Communications Technology (DICT)	Philippine Drug Enforcement Agency (PDEA)
Department of Interior and Local Government	Philippine Judicial Academy (PhilJA)
Department of Labor and Employment (DOLE)	Philippine Overseas Employment Administration (POEA)
Department of Trade and Industry – Strategic Trade Management Office (DTI-STMO)	Philippine National Police – Anti-Cybercrime Group (PNP – ACG)
Intellectual Property Office of the Philippines	PNP – Anti-Kidnapping Group (PNP – AKG)

(IPOP HL)	
Land Registration Authority (LRA)	PNP – Criminal Investigation and Detection Group (PNP – CIDG)
Land Transportation Office (LTO)	PNP – Directorate for Intelligence (PNP – DI)
Manila International Airport Authority (MIAA)	PNP – Directorate for Investigation and Detective Management (PNP-DIDM)
Maritime Industry Authority (MARINA)	PNP – Intelligence Group (PNP – IG)
National Bureau of Investigation (NBI)	Presidential Anti-Organized Crime Commission (PAOCC)
National Disaster Risk Reduction and Management Council (NDRRMC)	Presidential Legislative Liaison Office (PLLO)
National Intelligence Committee (NIC)	Supreme Court – Office of the Court Administrator (SC – OCA)
National Intelligence Coordinating Agency (NICA)	

TABLE OF ACRONYMS

ACASC	AML/CFT Awareness Sub-Committee
AGA	Appropriate Government Agencies
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
AMLA	Anti-Money Laundering Act of 2001 or Republic Act 9160
AMLC	Anti-Money Laundering Council
APECO	Aurora Pacific Economic Zone and Freeport Authority
BIR	Bureau of Internal Revenue
BNI	Bearer Negotiable Instruments
BOI	Board of Investments
BSP	Bangko Sentral ng Pilipinas
CDA	Cooperative Development Authority
CEZA	Cagayan Economic Zone Authority
CP	Covered Person
DNFBP	Designated Non-Financial Business and Professions
DOJ	Department of Justice
DTI	Department of Trade and Industry
FATF	Financial Action Task Force
FILEPSC	Financial Intelligence, Law Enforcement and Prosecution sub-committee
FIU	Financial Intelligence Unit
HSA	Human Security Act of 2007 or the Republic Act 9372
IC	Insurance Commission
KYC	Know-Your-Customer
LEA	Law Enforcement Agencies
ML	Money Laundering
MLAT	Mutual Legal Assistance Treaties
MOA	Memorandum of Agreement
MSB	Money Service Business
NACB	National AML/CFT Coordinating Body
NACS	National Anti-Money Laundering and Countering the Financing of Terrorism Strategy
NAEC	National AML/CFT Executive Committee (NAEC)
NAWG	National AML/CFT Working Group
NBFI	Non-Bank Financial Institutions
NBI	National Bureau of Investigation
NCMF	National Commission for Muslim Filipinos
NPO	Non-Profit Organizations
NRA	National Risk Assessment
NSSLA	Non-Stock Savings and Loan Associations
OCD	Office of Civil Defense
OFW	Overseas Filipino Workers
OSG	Office of the Solicitor General
PAGCOR	Philippine Amusement and Gaming Corporation
PDEA	Philippine Drug Enforcement Agency
PF	Proliferation Financing
PNP	Philippine National Police
POC	Peace and Order Councils
RA	Republic Act
SA	Supervising Authorities

SDSC	Supervision of Designated Non-Financial Businesses and Professions Sub-Committee
SEC	Securities and Exchange Commission
SFISC	Supervision of Financial Institutions Sub-Committee
STMA	Strategic Trade Management Act
STMO	Strategic Trade Management Office
STR	Suspicious Transaction Report
TF	Terrorism Financing
TFPFSC	Terrorism Financing and Proliferation Financing Sub-Committee
TFPSA	Terrorism Financing Prevention and Suppression Act or Republic Act 10168
WB	World Bank
WMD	Weapons of Mass Destruction