



Anti-Money Laundering Council
Bangko Sentral ng Pilipinas Complex
Manila, Philippines

RESOLUTION No. 10
Series of 2013

On May 25, 2005, the Council issued Resolution No. 58, which resolved to:

- i. Defer reporting by covered institutions to AMLC of the following "*non-cash, no/low risk*" covered transactions:
 - a. Transactions between banks and the BSP;
 - b. Transactions between banks operating in the Philippines;
 - c. Internal operating expenses of the banks;
 - d. Transactions between banks and government agencies;
 - e. Transactions involving transfer of funds from one deposit account to another deposit account of the same person within the same bank;
 - f. Roll-overs of placements of time deposits; and
 - g. Loan interest/principal payment debited against borrower's deposit account maintained with the lending bank.

- ii. Request the BSP-supervised institutions, through the Association of Bank Compliance Officers (ABCOMP), to determine and report to the AMLC the specific transactions falling within the purview of the aforesaid BSP-identified categories of "*non-cash no/low risk*" covered transactions.

On March 18, 2009, AMLC Resolution No. 58, Series of 2005 was modified by AMLC Resolution No. 24, Series of 2009 where it was resolved that *transactions between banks and government agencies* shall be excluded from deferred reporting. Thus, banks are now required to file CTRs on transactions of government agencies to enable the AMLC Secretariat to effectively follow the trail of funds that are, or may be involved in graft and corruption.

Similar or analogous transactions were thereafter found and considered by other covered institutions as "*non-cash no/low risk*".

The Council resolved to enjoin all covered institutions to defer reporting of the following "*no/low risk*" covered transactions.

1. For covered institutions under the supervisory authority of the Bangko Sentral ng Pilipinas (BSP):

- a. Transactions between BSP-supervised covered institutions and the BSP;
- b. Transactions between banks operating in the Philippines;
- c. Transactions involving transfer of funds from one deposit account to another deposit account of the same person within the same bank;
- d. Roll-over of placements of time deposits and/or other client's investments;
- e. Bank-initiated (transactions of the bank) or system generated transactions:

- i. Internal operating expenses and capital expenditures of covered institutions -

These are necessary expenses of covered institutions for the normal day-to-day running of a business. These are transactions of covered institutions and, therefore, not reportable. These may include payment of salaries, taxes, debt service, SSS premiums, Pag-IBIG contributions and employees' benefits.

- ii. Remittance by a bank, acting as a collecting agent, of taxes and other government fees collected from the public, to the Bureau of Internal Revenue and other government agencies;
 - iii. Remittance by a bank, acting as a collecting agent, of customers' bills payment (*e.g. utilities*);
 - iv. Adjusting entries or reclassification of accounts;
 - v. Service fees, proprietary revenue fees, arrangement fees, loan syndication fees and other form of fees incidental to loans granted or investments sold, provided that the loans granted or the sale of investment was reported at gross or at its principal amount; and
 - vi. Investments of covered institutions in government securities, or in companies listed in the local or international Stock Exchanges.
- f. Payment of loan and/or its corresponding interest regardless of the manner of payment (*cash, fund transfer, debit of account, check*), provided that the grant of loan was previously reported as covered transaction;
 - g. Reclassification of loan to Real and other Properties Acquired (ROPA); provided that the loan avilment was previously reported;
 - h. Installment or partial payment in the sale of ROPA, provided that the total selling price of the ROPA in excess of P500,000.00 was reported at the time of the execution of the contract to sell or sales contract receivable, or deed of sale;
 - i. Loan repricing, loan renewal, loan restructuring, provided that there is no change in borrower's name, otherwise, the loan shall be considered as new loan, hence, reportable;

- j. Transactions of the Trust department of a bank:
 - i. Investment/divestment of Unit Investment Trust Fund (UITF) and Trust and Other Fiduciary Activities (TOFA);
 - ii. Investment/divestment of Investment Management Account (IMA), such as Special Deposit Account, government securities, equities traded in the Philippine Stock Exchange, real estate properties, and deposits with own bank or other banks, and loans granted;
 - iii. Rollover of Investment of UITF, TOFA, and IMA, provided that the initial contribution or placement was previously reported. Any redemption, termination, or cancellation of investment resulting in the closure of the trust account of a client shall be reported;

- k. Transaction of government agencies with banks, except the following:

- i. Disbursements of government agencies that passed through the Modified Disbursement Scheme (MDS), which disbursements are payable to private entities; non-governmental organizations (NGOs); non-profit, charitable or religious foundations; or to individual persons;
- ii. Disbursements of government agencies coursed through other depository banks, other than the MDS accounts, that are payable to private entities; non-governmental organizations (NGOs); non-profit, charitable or religious foundations; or to individual persons;

Government agency refers to any of the various units of the Government, including a department bureau, office, instrumentality, or government-owned or controlled corporations, or a local government or a distinct unit.

- l. Agrarian Reform Receivables;
- m. Payment for agricultural lands under the Agrarian Reform Law.

- 2. For covered institutions under the supervisory authority of the Securities and Exchange Commission (SEC):

- a. Transactions between banks and quasi-banks operating in the Philippines;
- b. Roll-over of client's investments or deposit substitutes;
- c. Transactions between parent bank and its subsidiary or associate financing company or affiliates;
- d. Payment of loan and/or its corresponding interest regardless of the manner of payment (*cash, fund transfer, debit of account, check*), provided that the grant of loan was previously reported as covered transaction;

- e. Loan repricing, loan renewal, loan restructuring, provided that there is no change in borrower's name, otherwise, the loan shall be considered as new loan, hence, reportable;
- f. Investment or Divestment of Mutual Funds;
- g. Internal operating expenses and capital expenditures of covered institutions;

These are necessary expenses of covered institutions for the normal day-to-day running of a business. These are transactions of covered institutions and, therefore, not reportable. These may include payment of salaries, taxes, debt service, SSS premiums, Pag-IBIG contributions and employees' benefits.

- h. Adjusting entries or reclassification of accounts;
- i. Service fees, proprietary revenue fees, arrangement fees, loan syndication fees and other form of fees incidental to loans granted or investments sold, provided that the loans granted or the sale of investment was reported at gross or at its principal amount.

3. For covered institutions under the supervisory authority of the Insurance Commission (IC):

- a. Transactions between domestic insurance companies/professional reinsurers/intermediaries licensed by the Insurance Commission;
- b. Renewal of non-life insurance policies under the same terms and conditions provided that a CTR has been previously filed;
- c. Automatic premium advance;
- d. Collection of premium payments from telemarketing, or direct marketing or through SMS and/or by way of salary deductions, where the bulk settlement exceeds P500,000.00 but the individual transactions are below the reporting threshold amount;
- e. Group Life Insurance and Hospitalization Insurance;
- f. Transactions of members of Mutual Benefit Associations pertaining to basic benefits;
- g. Payment of loan and/or its corresponding interest regardless of the manner of payment, provided that the grant of loan was previously reported as covered transaction;
- h. Bulk settlement of claims on death and disability benefits of a policy where individual claim does not exceed P500,000.00;
- i. Transactions coursed through brokers, agents and other intermediaries, in which case, however, the insurance company (principal) shall report the said transactions.

- j. Internal operating expenses and capital expenditures of covered institutions;

These are necessary expenses of covered institutions for the normal day-to-day running of a business. These are transactions of covered institutions and, therefore, not reportable. These may include payment of salaries, taxes, debt service, SSS premiums, Pag-IBIG contributions and employees' benefits.

- k. Adjusting entries or reclassification of accounts.

The Council further resolved to request the Bangko Sentral ng Pilipinas, the Securities and Exchange Commission, and the Insurance Commission to disseminate copies of this Resolution to covered institutions under their respective supervisory authorities.

This Resolution supersedes Resolution No. 58, Series of 2005 and Resolution No. 24, Series of 2009.

24 January 2013, Manila, Philippines.



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