

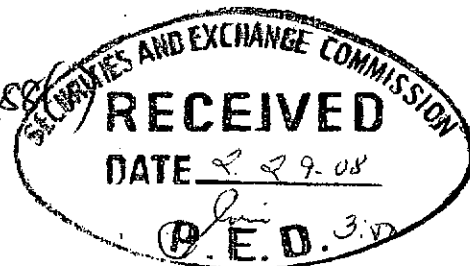


Anti-Money Laundering Council

Bangko Sentral ng Pilipinas Complex
Manila, Philippines

AMLC-OED-08-100

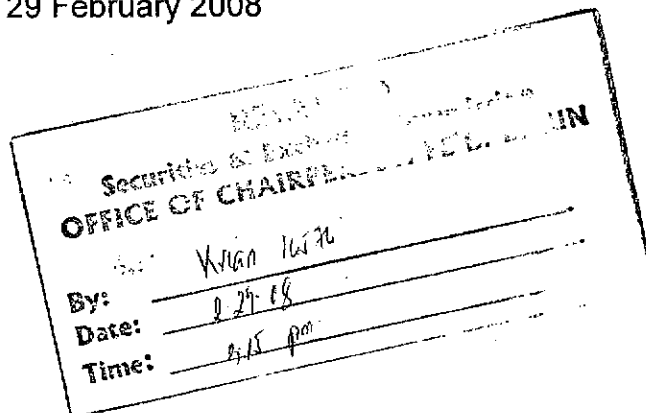
SECRETARIAT
OFFICE OF THE EXECUTIVE DIRECTOR



29 February 2008

HON. FE B. BARIN
Chairperson
Securities and Exchange Commission
SEC Bldg., EDSA, Greenhills
Mandaluyong City

Dear Madam:



Please be informed that the Anti-Money Laundering Council (AMLC), in its Resolution No. 08 dated 20 February 2008 (copy attached), resolved to:

- (i) Advise the covered institutions that, henceforth, subject to any guidelines which the Supervising Authorities may adopt and implement, they may require their customers to present, for purposes of identification, the original of one (1) valid photo-bearing ID issued by an official authority. For this purpose, the term "official authority" shall refer to any of the Government of the Republic of the Philippines, its political subdivisions and instrumentalities, GOCCs and private entities or institutions registered with or supervised or regulated either by the Bangko Sentral ng Pilipinas or Securities and Exchange Commission or Insurance Commission.
- (ii) Recommend to the Bangko Sentral ng Pilipinas, the Securities and Exchange Commission, and the Insurance Commission to adopt and implement guidelines for the covered institutions under their respective jurisdictions for purposes of harmonizing the requirements on customer identification as required under the AMLA and its RIRRs. The guidelines shall include the following:
 1. Clients engaging in transactions with CIs for the first time shall present to the CIs concerned the original of one (1) valid photo-bearing ID issued by an official authority. For this purpose, the term "official authority" shall refer to any of the Government of the Republic of the Philippines, its political subdivisions and instrumentalities, GOCCs and private entities or institutions

Sentral ng Pilipinas or Securities and Exchange Commission or Insurance Commission.

2. Clients shall provide CIs with a clear copy of the valid photo-bearing ID or shall allow the CIs to reproduce and keep a copy of the same, in whatever way deemed most efficient and effective for the CIs.
3. Separate rules shall be provided to govern recording of IDs and other information in the event that there are no facilities or equipment available which will allow IDs to be copied or reproduced.
4. There should be a rule governing acceptance of IDs which can easily be obtained and are more vulnerable to fraud. The particular regulation should provide that the same shall not be acceptable as sole means of identification.
5. Students shall be required to present the original of one (1) valid photo-bearing ID issued by the principal or head of school and shall be required to provide the covered institution with one (1) clear copy thereof.
6. In all cases, the minimum customer information enumerated in Rule 9.1.c of the RIRRs, if applicable, shall be complied with. CIs may require more than one (1) valid photo-bearing ID if there is a need for the same for purposes of satisfying the minimum customer information required.

In this connection, may we request the Securities and Exchange Commission (SEC) to circularize the attached AMLC Resolution to all covered institutions under SEC's supervision or regulation. May we also refer the recommendation embodied therein for appropriate action.

Thank you for your continuing support in the fight against money laundering and terrorist financing.

Very truly yours,


JULIA C. BACAY-ABAD
Officer-in-Charge



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

RESOLUTION NO. 08
Series of 2008

Various associations in the insurance, banking, remittance and securities brokerage industries submitted to the Anti-Money Laundering Council Secretariat (AMLCS) their comments on the requirement on identification documents (IDs) as set forth in Republic Act No. 9160, as amended, or the Anti-Money Laundering Act (AMLA) of 2001, and its Revised Implementing Rules and Regulations (RIRRs).

A majority of the industry associations recommend the relaxation of the customer identification requirement and suggest that: (i) the scope of valid identification documents (IDs) be expanded to include IDs other than those issued by the Government or any of its instrumentalities; and (ii) the number of IDs to be required by the covered institutions (CIs) from their customers be reduced to one (1). Further, representatives of the banking industry recommend that clients be allowed to enter into financial transactions with banks without submitting copies of their IDs. The aforementioned recommendation is anchored on the observation that the current customer identification requirements, as implemented, are restrictive.

On 15 October 2007, the Office of President issued Letter of Instructions (LOI) No.2 which provides, among others, that the concerned agencies, including the Bangko Sentral ng Pilipinas (BSP), shall devise measures to soften the impact of the strengthening of Philippine currency on the families of the OFWs. One of the measures considered to address the foregoing is the relaxation of the requirement on customer identification, a requirement which OFW beneficiaries usually have difficulty meeting. It is thus recommended that the number of valid IDs to be required by CIs from their customers, including OFWs and beneficiaries of OFWs, be reduced to one (1).

The AMLA and its RIRRs require CIs to establish and record the true identity of their clients based on official documents or those issued by an official authority. While the AMLA and its RIRRs do not define the term "official authority" as referring only to those who perform functions by virtue of an authority conferred by the Government or any of its instrumentalities, the use of identification documents issued by official authorities with power not necessarily emanating from the Government or any of its instrumentalities, for purposes of establishing client identity, does not run contrary to the provisions of the AMLA and its RIRRs.

However, although IDs issued by private entities could be considered official documents, wider prudential anti-money laundering/combating the financing of terrorism approach would require that IDs presented to the CIs should be reliable and independent source documents. The same finds basis in Recommendation No. 5 of the Financial Action Task Force (FATF) Forty Recommendations. One prudent measure to satisfy the aforementioned recommendation is the limitation of the acceptance of IDs issued by "private institutions or entities" to those issued by private institutions or entities registered with or under the supervision or regulation of either Bangko Sentral ng Pilipinas or Securities and Exchange Commission (SEC) or Insurance Commission (IC).

Moreover, the acceptance of just one (1) valid photo-bearing ID will still be compliant as long as the same is found to be sufficient to establish and verify the identity of the clients. Thus, for purposes of engaging in transactions with CIs for the first-time, presentation of one (1) valid photo-bearing ID issued by the Government of the Republic of the Philippines, or any of its political subdivisions or instrumentalities, including government-owned or controlled corporations (GOCCs) and private institutions or entities registered with or supervised or regulated either by the BSP or SEC or IC shall suffice.

In cases where the IDs presented are other than those mentioned above or where the circumstances show that the IDs presented or the transactions being carried out are highly suspect, CIs should require other reliable documents sufficient for them to establish and verify the identity of their clients.

With regard to the request to remove the requirement on submission of copy of IDs, FATF's interpretation is helpful. The FATF recommends the keeping of records of identification documents, including copies thereof, sufficient to permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of criminal activity. Thus, the submission of copies of IDs to CIs is essential. CIs may also take responsibility of reproducing copies of the IDs presented and keep the same in whatever way they consider as most efficient and effective (e.g., reproducing and keeping the hard copies or only digital or electronic copies).

Considering the foregoing, the Council resolved to:

- (i) Advise the covered institutions that, henceforth, subject to any guidelines which the Supervising Authorities may adopt and implement, they may require their customers to present, for purposes of identification, the original of one (1) valid photo-bearing ID issued by an official authority. For this purpose, the term "official authority" shall refer to any of the Government of the Republic of the Philippines, its political subdivisions and instrumentalities, GOCCs and private entities or institutions registered with or supervised or regulated either

by the Bangko Sentral ng Pilipinas or Securities and Exchange Commission or Insurance Commission.

- (ii) Recommend to the Bangko Sentral ng Pilipinas, the Securities and Exchange Commission, and the Insurance Commission to adopt and implement guidelines for the covered institutions under their respective jurisdictions for purposes of harmonizing the requirements on customer identification as required under the AMLA and its RIRRs. The guidelines shall include the following:
1. Clients engaging in transactions with CIs for the first time shall present to the CIs concerned the original of one (1) valid photo-bearing ID issued by an official authority. For this purpose, the term "official authority" shall refer to any of the Government of the Republic of the Philippines, its political subdivisions and instrumentalities, GOCCs and private entities or institutions registered with or regulated or supervised either by the Bangko Sentral ng Pilipinas or Securities and Exchange Commission or Insurance Commission.
 2. Clients shall provide CIs with a clear copy of the valid photo-bearing ID or shall allow the CIs to reproduce and keep a copy of the same, in whatever way deemed most efficient and effective for the CIs.
 3. Separate rules shall be provided to govern recording of IDs and other information in the event that there are no facilities or equipment available which will allow IDs to be copied or reproduced.
 4. There should be a rule governing acceptance of IDs which can easily be obtained and are more vulnerable to fraud. The particular regulation should provide that the same shall not be acceptable as sole means of identification.
 5. Students shall be required to present the original of one (1) valid photo-bearing ID issued by the principal or head of school and shall be required to provide the covered institution with one (1) clear copy thereof.

6. In all cases, the minimum customer information enumerated in Rule 9.1.c of the RIRRs, if applicable, shall be complied with. CIs may require more than one (1) valid photo-bearing ID if there is a need for the same for purposes of satisfying the minimum customer information required.

20 February 2008, Manila, Philippines.


AMANDO M. TETANGCO, JR.
Chairman
(Governor, Bangko Sentral Ng Pilipinas)


FE B. BARIN
Member
(Chairman, Securities and Exchange Commission)


EDUARDO T. MALINIS
Member
(Commissioner, Insurance Commission)