



Republic of the Philippines
ANTI-MONEY LAUNDERING COUNCIL

TARGETED FINANCIAL SANCTIONS
(RELATED TO PROLIFERATION OF WEAPONS OF MASS DESTRUCTION
AND PROLIFERATION FINANCING)

WHEREAS, Section 1 of Republic Act No. 9160, also known as the Anti-Money Laundering Act of 2001, as amended (AMLA), states that, consistent with its foreign policy, the State shall extend cooperation in transnational investigations and prosecutions of persons involved in money laundering activities wherever committed, as well as in the implementation of targeted financial sanctions related to the financing of the proliferation of weapons of mass destruction (WMD), terrorism, and terrorism financing, pursuant to the resolutions of the United Nations Security Council.

WHEREAS, Section 7(15) of the AMLA states that the Anti-Money Laundering Council (AMLC) shall implement targeted financial sanctions relating to proliferation of mass destruction and its financing, including *ex parte* freeze, without delay, against all funds and assets that are owned or controlled, directly or indirectly, including funds and assets derived or generated therefrom, by individuals or entities designated and listed under United Nations Security Council (UNSC) Resolution Nos. 1718 (2006) (concerning the *Democratic People's Republic of Korea*) and 2231 (2015) (concerning the *Islamic Republic of Iran*), and their successor resolutions, as well as any binding resolution of the UNSC.

WHEREAS, Rule 2, Section 1 (IIIII) of the 2018 Implementing Rules and Regulations of the AMLA, as amended by AMLC Regulatory Issuance No. 1, Series of 2021 (IRR), in relation to Section 3(o) of the AMLA, defines "Targeted Financial Sanctions" (TFS) to refer to both asset freezing and prohibition to prevent funds or other assets from being made available, directly or indirectly, for the benefit of any individual, natural or legal persons or entity designated pursuant to UNSC resolutions and its designation process.

WHEREAS, Rule 2, Section 1 (fffff) of the 2018 IRR, in relation to Section 3(p) of the AMLA, defines "Proliferation Financing" (short for "Proliferation of Weapons of Mass Destruction Financing") (PF) to refer to an action or circumstance when a person:

- (1) makes available an asset; or
- (2) provides a financial service; or
- (3) conducts a financial transaction; and the person knows that, or is reckless as to whether, the asset, financial service or financial transaction is intended to, in whole or in part, facilitate proliferation of weapons of mass destruction in relation to UNSC Resolution Nos. 1718 (2006) and 2231 (2015).

WHEREAS, Rule 10, Section 5.2, of the 2018 IRR of the AMLA, states that Targeted Financial Sanctions shall have the following effects and coverage:

5.2.1. *Ex Parte Freeze without Delay.*

The TFS shall require all persons and entities to freeze the following within a matter of hours from the time that the designation and the freeze order is published in the AMLC website:

- (i) all funds or other assets that are owned or controlled by the designated person or entity, and not just those that can be tied to a particular act, plot or threat of proliferation of WMD and PF;
- (ii) those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities;
- (iii) the funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities; and
- (iv) funds or other assets of persons and entities acting on behalf of, or at the direction of designated persons or entities.

5.2.2. *Prohibition against Dealing.*

The TFS shall prohibit any person or entity from making any funds or other assets available for the benefit of designated persons or entities, unless licensed, authorized or otherwise notified in accordance with the relevant UNSC Resolutions.

WHEREAS, Rule 10, Section 5.3, of the 2018 IRR, in relation to Section 10 (b) of the AMLA, states that Targeted Financial Sanctions shall be effective until the basis for its issuance has been lifted.

WHEREAS, Rule 10, Section 5.4, of the 2018 IRR, states that immediately upon receipt or knowledge of the TFS issued by the AMLC, covered persons and concerned government agencies shall observed the provisions of Rule 10, Section 4 (Duties of Covered Persons and Concerned Government Agencies) and to report to the AMLC actions taken in compliance with the prohibition requirements of the relevant UNSC Resolutions, including attempted transactions (both actions shall be referred to as return).

WHEREAS, Rule 10, Section 5.4.2, of the 2018 IRR, states that covered persons and other individuals or entities shall permit the addition to the accounts frozen pursuant to UNSC Resolution Nos. 1718 (2006) or 2231 (2015) of interest or other earnings due on those accounts or payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of said resolutions. Provided, that any such interest, other earnings and payments continue to be subject to these provisions and are frozen.

WHEREFORE, the Council resolved to issue Targeted Financial Sanctions related to Proliferation of Weapons of Mass Destruction and Proliferation Financing:

1. DIRECTING covered persons to incorporate the United Nations Security Council (UNSC) Resolution Nos. 1718 (2005) and 2231 (2015), and successor resolutions under the United Nations Security Council Consolidated List in their Customer Due Diligence/Risk Profiling policies and procedures;
2. DIRECTING all persons, including private individuals, and entities, such as, but not limited to covered persons and concerned government agencies, to FREEZE the properties or funds of designated persons or entities or those whose identities match with all the information provided in the Consolidated List (**Target Match**).
3. DIRECTING all covered persons and concerned government agencies to submit a return to the AMLC within twenty-four (24) hours from effecting the TFS;
4. DIRECTING all persons, including private individuals, and entities, such as, but not limited to covered persons and concerned government agencies, to permit the addition to the accounts frozen of interest or other earnings due on those accounts or payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the TFS. Provided, that any such interest, other earnings and payments continue to be frozen.
5. PROHIBITING all persons, including private individuals, and entities, such as, but not limited to covered persons and concerned government agencies from dealing with properties or funds of designated persons or entities;
6. REQUIRING covered persons to file a suspicious transaction report for attempted transactions or dealings.

7. DIRECTING all persons, including private individuals, and entities, such as, but not limited to covered persons and concerned government agencies, to freeze or put on hold, for a period not exceeding 36 hours, property or funds owned or controlled by persons or entities whose identity matches most, but not all, of the identifier information provided in the Consolidated List (**Potential Target Match**);
8. REQUIRE covered persons and stakeholders to immediately inform the AMLC of any temporary freeze or hold against a potential target match in addition to the filing of a suspicious transaction report;

The Targeted Financial Sanctions related to PF is effective immediately upon publication in the AMLC website.

31 January 2021, Manila, Philippines.

For the AMLC:

ORIGINAL SIGNED
MEL GEORGIE B. RACELA
Executive Director