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The Anti-Money Laundering Council (AMLC) applies a risk-based approach in performing its overarching role as the primary anti-money laundering/counter-terrorism financing (AML/CTF) supervisor and enforcer to ensure compliance of all covered persons, including designated non-financial businesses and professions (DNFBPs), with the Anti-Money Laundering Act of 2001, as amended; the Terrorism Financing Prevention and Suppression Act of 2012; their respective Implementing Rules and Regulations; and other issuances of the AMLC. This approach includes the conduct of risk-based supervision of targeted financial sanctions (TFS) on all covered persons.

It may be recalled that the Philippines has been included in the Financial Action Task Force List of Jurisdictions under Increased Monitoring or the greylist, indicating that the country must improve its AML/CTF regime. Removal from such list requires accomplishing the country's action plan within the prescribed timeline.

Said action plan includes enhancing the effectiveness of the TFS framework for terrorism financing (TF) and proliferation financing (PF) of weapons of mass destruction. Thus, the Philippines must, among others, demonstrate that covered persons understand their TFS obligations and that supervisors undertake risk-based supervision of TFS measures of financial institutions and DNFBPs.

The AMLC has then selected covered persons to be tested to determine the effectiveness of their customer- and transaction-screening systems in the implementation of TFS. This TFS thematic review is among the initiatives that will effectively demonstrate the AMLC's risk-based supervision of TFS on TF and PF and will help address said action plan.

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