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## MEMORANDUM

TO : ALL COVERED PERSONS

FROM :   
SEC. KATRINA PONCE ENRILE  
Administrator and Chief Executive Officer  
AML/CFT Task Force, Chairperson

SUBJECT : FREQUENTLY ASKED QUESTIONS (FAQs) ON TARGETED  
FINANCIAL SANCTIONS (TFS)

DATE : 11 November 2024

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In line with supervisory obligations of CEZA towards its Covered Persons (CP) and to give light to queries and basic information regarding CP's TFS obligation, please refer to the FAQs as hereby discussed:

### FREQUENTLY ASKED QUESTIONS ON TARGETED FINANCIAL SANCTIONS

#### Section 1. General Overview of TFS

##### 1.1 What are Targeted Financial Sanctions (TFS)?

TFS are measures designed to prevent designated individuals, groups, or entities from accessing financial resources. These sanctions typically include asset freezing, prohibitions on providing financial services, and limitations on transactions, particularly concerning terrorism and the financing of weapons of mass destruction (WMD).

##### 1.2 Why is TFS compliance important?

TFS compliance is crucial for the Philippine financial system to prevent funds from being used for financing terrorism and proliferation. Failure to comply may result in administrative penalties and reputational damage for covered persons.

##### 1.3 Which laws govern TFS in the Philippines?

The primary laws related to TFS include:

- **Republic Act (RA) 10168.** The Terrorism Financing Prevention and Suppression Act of 2012.
- **RA 11479.** The Anti-Terrorism Act of 2020.
- **RA 10697.** The Strategic Trade Management Act, targeting WMD

proliferation. These laws align with international standards set by the United Nations Security Council (UNSC) and the Financial Action Task Force (FATF).

## **Section 2. Responsibilities of Covered Persons**

### **2.1 Who is responsible for implementing TFS in the Philippines?**

PAGCOR, AMLC, and the Anti-Terrorism Council (ATC) work together to implement TFS, ensuring that financial institutions and designated non-financial businesses and professions (DNFBPs) comply with TFS obligations.

### **2.2 What are the TFS obligations for covered persons?**

Covered persons must:

- Regularly screen customers against updated sanctions lists;
- Immediately freeze assets associated with designated individuals or entities;
- Report all TFS-related transactions to the AMLC within prescribed timelines; and
- Implement robust internal compliance programs, including staff training and clear documentation processes.

## **Section 3. Screening and Monitoring Requirements**

### **3.1 How can covered persons' access TFS sanctions lists?**

Sanctions lists are available on the following websites:

- **UNSC Consolidated List:** <https://www.un.org/securitycouncil>
- **AMLC and ATC Designations:** <https://www.amlc.gov.ph>

These lists should be checked regularly to adhere with the immediate freezing and reporting requirements.

### **3.2 What methods can be used to screen customers for TFS compliance?**

Effective screening can be done through:

- Automated systems, especially for high-volume entities.
- Manual checks for smaller, less complex operations. Covered persons should consider the risk levels and operational complexity when selecting screening methods.

## **Section 4. Asset Freezing and Reporting**

### **4.1 What actions should be taken if a match is found on a TFS list?**

Upon identifying a match, covered persons should:

- Immediately freeze the assets of the designated individual or entity.
- Report the transaction details to the AMLC within 24 hours.
- Refrain from notifying the client until guidance is received from the AMLC.

**4.2 How are TFS-related suspicious transaction reports (STRs) submitted?**

Covered persons must submit STRs electronically through the AMLC's online platform, ensuring all relevant details are documented, including identification of assets frozen, details of the designated individual/entity, and any actions taken.

**Section 5. Specific Scenarios and Examples**

**5.1 What should covered persons do if the sanctioned individual is no longer a client?**

If a previously sanctioned individual is no longer a client, review historical records to confirm no residual assets or accounts are under their name. Report any findings to AMLC and continue monitoring for potential reappearances.

**5.2 Can covered persons continue business relationships with entities removed from sanctions lists?**

Yes, once an individual/entity is officially removed from the sanctions lists, covered persons may resume business relationships. However, continue monitoring to ensure compliance with updated lists and regulatory guidance.

**Section 6. Penalties and Compliance Program Guidance**

**6.1. What are the penalties for non-compliance with TFS obligations?**

Failure to adhere to TFS requirements may result in:

- Financial penalties or fines
- Suspension or revocation of business licenses
- Reputational harm

It is essential to maintain a strong TFS compliance program to avoid these penalties.

**6.2. How can covered persons ensure ongoing compliance with TFS**

**requirements?**

To ensure compliance, establish a program that includes:

- Frequent updates to sanctions lists;
- Regular staff training on TFS protocols and risk awareness;
- Documentation of screening and reporting processes; and
- Use of advanced screening tools suitable to the risk and complexity of your operations.

## **Section 7. Additional Resources**

### **7.1. Where can covered persons find additional information and guidance on TFS?**

For comprehensive guidance, refer to the following resources:

- **AMLC:** <https://www.amlc.gov.ph>
- **CEZA:** <https://www.ceza.gov.ph>
- **UNSC:** <https://www.un.org/securitycouncil>

These sites provide access to regulations, sanction lists, and compliance guidelines essential for meeting TFS requirements.