SEC Memorandum Circular No. 4
Series of 2021

TO : **ALL SEC REGISTERED FINANCING COMPANIES AND LENDING COMPANIES**

SUBJECT : **AMENDMENT OF MEMORANDUM CIRCULAR NO. 16, SERIES OF 2018 OR THE GUIDELINES ON ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM FOR SEC COVERED INSTITUTIONS *("2018 AML/CFT GUIDELINES")* AND MEMORANDUM CIRCULAR NO. 29, SERIES OF 2020 OR THE 2020 GUIDELINES ON THE SUBMISSION AND MONITORING OF THE MONEY LAUNDERING AND TERRORIST PREVENTION PROGRAM (MTPP)**

WHEREAS, the Commission as Supervising Authority is mandated to assist the Anti-Money Laundering Council (AMLC) in supervising the implementation of the Anti-Money Laundering Act, as amended (AMLA), the Terrorist Financing Prevention and Suppression Act (TFPSA), and their respective Implementing Rules and Regulations (IRR), and other AMLC issuances;

WHEREAS, the 2018 AML/CFT Guidelines and the 2020 Guidelines on the Submission and Monitoring of the Money Laundering and Terrorist Financing Prevention Program (MTPP) were issued to guide SEC covered persons in complying with AML/CFT requirements and standards designed to protect the financial system from money laundering and terrorist financing and to ensure that the Philippines is not used as a money laundering site for the proceeds of any illegal activity;

WHEREAS, financing companies and lending companies are financial institutions issued with the license or authority to operate by the Commission and are subject to its supervision and regulatory authority;

WHEREAS, as financial institutions, there is a need to subject financing companies and lending companies to supervision and monitoring for AML/CFT purposes to ensure that such companies are not used for money laundering or terrorist financing;

WHEREFORE, by virtue of the authority vested in the Commission under existing laws and as approved by the Commission *En Banc*, the following rules are hereby promulgated:

SECTION 1. Section 1.2. of the 2018 AML/CFT Guidelines is amended to read as follows:

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Manila Standard, 5 April 2021
Manila Times, 5 April 2021

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"Section 1.2 Covered Persons – The term "covered persons shall refer to persons regulated by the Commission under the SRC, The Investment Houses Law, the Investment Company Act, the Financing Company Act of 1998, the Lending Company Regulation Act of 2007, other laws and regulations implemented by the Commission, and the AMLA, as amended. The covered persons are as follows:

1.2.1 x x x x

1.2.2 x x x x

1.2.3 x x x x

1.2.4 Financing Companies and Lending Companies

1.2.5 x x x x

SECTION 2. All financing companies and lending companies subject to the supervision of the Commission are required to comply with Section 2, Rule 4 of the 2018 IRR of the AMLA and to register with the AMLC's online reporting system pursuant to the AMLC Registration and Reporting Guidelines.

Financing companies and lending companies not yet registered with the AMLC are given a period of two (2) months from the effective date of this Circular to submit proof of such registration to the Anti-Money Laundering Division of the Enforcement and Investor Protection Department (AMLD-EIPD) of the Commission.

SECTION 3. Financing companies and lending companies shall formulate and implement a comprehensive and risk-based Money Laundering and Terrorist Financing Prevention Program (MTTP)[1] that is compliant with the AMLA and the TFPSA and their respective IRR and other AMLC issuances and the 2018 AML/CFT Guidelines, and designed according to their corporate structure and risk profile.

For those financing companies and lending companies who have not yet submitted their MTPPs, the MTPP shall be submitted to the AMLD-EIPD within two (2) months from the effective date of this Circular, in hard and soft copies, duly approved by the Board of Directors or by the country/regional/area head or its equivalent for local branches of foreign financing companies or lending companies.

SECTION 4. Financing and lending companies shall be subject to the AML/CFT supervision of the Commission in accordance with MC No. 26, Series of 2020 and shall adopt and implement a risk based approach to AML/CFT.

SECTION 5. Section 5 of the 2020 Guidelines on the Submission and Monitoring of the Anti-Money Laundering and Terrorist Financing Prevention Program (MC No 29, Series of 2020) is hereby deleted.

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[1] *As prescribed in Chapter 4, Basic Principles and Policies to Combat Money Laundering and Terrorist Financing, Memorandum Circular No. 16, Series of 2018 (2018 AML/CFT Guidelines*

SECTION 6. Failure to comply with this circular shall subject the financing companies and lending companies to the penalties provided under the 2018 AML/CFT Guidelines.

SECTION 7. The AMLD-EIPD shall enforce and monitor compliance with this Circular in coordination with the other Operating Departments of the Commission and impose the applicable sanctions for any violation thereof as may be warranted.

SECTION 8. All rules, regulations, order, circulars and issuances of the Commission inconsistent with this Memorandum Circular are hereby amended and/or repealed accordingly.

SECTION 9. This Memorandum Circular shall take effect fifteen (15) days after its publication in two (2) national newspapers of general circulation and its posting in the Commission's website.

Pasay City, Philippines, 30 March 2021.

FOR THE COMMISSION:

EMILIO B. AQUINO
Chairperson