



# BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

## CIRCULAR NO. 1206

Series of 2024

**Subject: Consolidated Rules for Money Service Businesses (MSBs) under the New "Manual of Regulations for Non-bank Financial Institutions (MORNBFI)-M"**

The Monetary Board, in its Resolution No. 1362 dated 28 November 2024, approved the attached consolidated rules for MSBs<sup>1</sup>. The consolidated rules shall be lodged under the "M-Regulations" of the MORNBFI. The M-Regulations expunges in its entirety Sections 901-N and 902-N of the MORNBFI and puts these together with other applicable MORNBFI provisions to form an integrated set of rules bespoke to MSBs.

The constitution of the M-Regulations is anchored on the expanded regulatory and supervisory authority of the Bangko Sentral over MSBs by virtue of the enactment of Republic Act (RA) No. 11211, amending RA No. 7653 (The New Central Bank Act). Currently, the regulatory provisions for MSBs are mostly found in Sections 901-N and 902-N of the MORNBFI, together with other pertinent provisions of the N-Regulations. The integration of all these provisions in just one book, the M-Regulations, will provide supervised MSBs and stakeholders a compendium of existing rules and regulations. This will make referencing easier for better clarity of standards and requirements applicable to MSBs. The M-Regulations sets forth the regulatory framework for the Bangko Sentral's supervision over MSBs. It is designed to accommodate regulatory enhancements match-fit for a fast-moving, complex, and at times, unpredictable risk environment of the MSBs.

**Section 1.** Sections 901-N on "Money Service Business Operations" and 902-N on "Virtual Asset Service Providers (VASP)" of the MORNBFI, and their related Appendices, are hereby deleted and superseded by the attached consolidated rules for MSBs (Annex A and its Appendices) which shall be incorporated as M-Regulations of the MORNBFI.

**Section 2.** Certain sections of the MORNBFI and the Manual of Regulations for Banks (MORB) with reference to Sections 901-N and/or 902-N of the MORNBFI are hereby amended, as follows:

Section	Subtitle/Provision	New Reference Section
<b>MORNBFI</b>		
702-Q (Issuance and Operations of Electronic Money)	Definitions	102-M (Authority to Operate from the Bangko Sentral)
103-P (Authority to Operate from the Bangko Sentral)	Classification of pawnshop operator license	101-M (Scope of Authority of MSBs)
Section 162-P (Disclosure requirements to the audited financial statements)	Annex B of Appendix P-18 (Disclosure Requirements to the Audited Financial Statements)	Appendix M-7 (Checklist of Bangko Sentral Requirements in the Submission of Audited Financial Statements and Annual Audit Report)

<sup>1</sup> non-bank businesses engaged in remittance transfer and/or money changing/foreign exchange dealing, to include Remittance Transfer Companies (RTCs), Money Changers/Foreign Exchange Dealers (MC/FXD), E-Money Issuers (EMIs), and Virtual Asset Service Providers (VASPs)

Section	Subtitle/Provision	New Reference Section
402-N (Issuance and Operations of Electronic Money)	Certificate of Authority	102-M (Authority to Operate from the Bangko Sentral)
	Reporting Requirements	153-M (Reports)
	Voluntary Closure of EMI Business or Surrender of EMI License	106-M (Voluntary Surrender of Money Service Business License)
<b>MORB</b>		
702 (Issuance and Operations of Electronic Money)	Definitions	102-M (Authority to Operate from the Bangko Sentral)

**Section 3.** This Circular shall take effect fifteen (15) calendar days after its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:

  
**ELI M. REMOLONA, JR.**  
Governor

23 DEC 2024

MANUAL OF REGULATIONS FOR NON-BANK FINANCIAL INSTITUTIONS

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# MANUAL OF REGULATIONS FOR NON-BANK FINANCIAL INSTITUTIONS

## M-REGULATIONS

### POWERS OF THE BANGKO SENTRAL

#### 001-M SUPERVISORY ENFORCEMENT POLICY

The provisions of Sec. 001-N shall be adopted to the extent applicable to money service businesses (MSBs).

**Sanctions.** Monetary penalties and other sanctions committed by erring Remittance and Transfer Companies (RTCs) and Money Changers/Foreign Exchange Dealers (MCs/FXDs) shall be imposed for the following violations:

Nature of Violation/Exception	Possible Sanctions/Penalties
Operating without prior Bangko Sentral registration	<ul style="list-style-type: none"> <li>Applicable penalty prescribed under Sections 36 and 37 of R.A. No. 7653 (New Central Bank Act, as amended)</li> <li>Disqualification from registration</li> <li>Watchlisting of owners/partners/principal officers</li> </ul>
Violation of any of the provisions of R.A. No. 9160 (Anti-Money Laundering Act of 2001, as amended) and its revised implementing rules and regulations	<ul style="list-style-type: none"> <li>Written reprimand</li> <li>Disqualification from holding any position in any Bangko Sentral supervised or regulated institution.</li> <li>Applicable penalty prescribed under R.A. No. 7653, as amended, and AMLA, as amended</li> <li>Cancellation of registration</li> </ul>
Violation of other provisions/requirements of M-Regulations	<ul style="list-style-type: none"> <li>Penalties and sanctions under R.A. No. 7653, as amended, and other applicable laws, rules, and regulations</li> <li>Cancellation of registration</li> </ul>
Erroneous/delayed/unsubmitted report	<ul style="list-style-type: none"> <li>Monetary penalty of P60 for each occurrence (in case of Erroneous report) or for each day (in case of Delayed or Unsubmitted reports) which will accumulate until such time the report has been determined compliant with the reporting requirements prescribed herein or in subsequent guidelines</li> </ul>

For a report initially considered *Erroneous* but subsequently complied with the reporting requirements or guidelines within the prescribed deadline, the penalty shall be derived by multiplying the penalty of P60 against the number of times the subject report was submitted before being considered compliant.

For *Delayed* reports, the penalty of P60 shall be multiplied by the number of calendar days delayed. If the report is initially considered *Erroneous* but was able to

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comply with the reporting requirements or guidelines but after the prescribed deadline (i.e., Delayed), the penalty shall be the sum of the penalty for being Erroneous before deadline and the penalty for being Delayed as previously described.

For *Unsubmitted* reports, computation of the penalty shall be based on three times (3x) the number of days applied for determining a report to be unsubmitted [i.e., Thirty (30) days].

### **002-M MONETARY PENALTIES ON MSBs, AND/OR THEIR DIRECTORS, OFFICERS AND/OR EMPLOYEES**

The Bangko Sentral recognizes the need to impose monetary penalties as one of the possible administrative sanctions to hold MSBs, and/or their directors, officers and/or employees accountable for their conduct, deter future commission of violations, and achieve the overarching supervisory objectives of changed behavior and mitigated risks.

Pursuant to Section 37 of R.A. No. 7653, as amended, MSBs, and/or their directors, officers and/or employees may be imposed a maximum monetary penalty of ₱1 million for each transactional violation or ₱100 thousand per calendar day for violations of a continuing nature. In case profit is gained or loss is avoided as a result of the violation, the Bangko Sentral may also impose a fine of no more than three (3) times the profit gained, or loss avoided.

To ensure fairness, consistency, and reasonableness in the imposition of monetary penalties, the Bangko Sentral takes into consideration the attendant circumstances of each case, such as the nature and gravity of the violation or irregularity and the size of the financial institution, including other aggravating and mitigating factors. Further, in accordance with Section 001-M, the Bangko Sentral may impose monetary penalties, singly or in combination with non-monetary sanctions, if appropriate.

The guidelines on the imposition of monetary penalties for violations in which sanctions fall under Section 37 of R.A. No. 7653 (The New Central Bank Act), as amended, and other applicable laws are in Appendix M-1.

**PART ONE**

**ORGANIZATION AND MANAGEMENT**

**A. ESTABLISHMENT AND ORGANIZATION OF MONEY SERVICE BUSINESSES**

**101-M SCOPE OF AUTHORITY OF MSBs**

The following rules and regulations shall govern the operations and reporting obligations of non-bank entities engaged in remittance, money changing, and/or foreign exchange dealing, pursuant to Section 3 of Republic Act (R.A.) No. 7653, as amended, [The New Central Bank Act], Section 3, in relation to Section 11, of R.A. No. 9160, as amended, [The Anti-Money Laundering Act (AMLA) of 2001], Section 3(c) of R.A. No. 10168 (The Terrorism Financing Prevention and Suppression Act of 2012) and their implementing rules and regulations, and Section 80 of R.A. No. 7653, as amended (The New Central Bank Act).

***Definition of terms.***

- a. *Virtual asset (VA)* – any type of digital unit that can be digitally traded, or transferred, and can be used for payment or investment purposes. It can be defined as a “property”, “proceeds”, “funds”, “funds or other assets”, and other “corresponding value”. It is used as a medium of exchange or a form of digitally stored value created by agreement within the community of VA users. VAs shall be broadly construed to include digital units of exchange that (i) have a centralized repository or administrator; (ii) are decentralized and have no centralized repository or administrator; or (iii) may be created or obtained by computing or manufacturing effort. VAs are not issued nor guaranteed by any jurisdiction and do not have legal tender status.

Virtual currency (VC), previously defined as any type of digital unit that is used as a medium of exchange or a form of digitally stored value created by agreement within the community of VC users, shall now be referred to as VA.

For purposes of these guidelines, digital units of exchange that are used for (i) the payment of goods and services solely provided by its issuer or a limited set of merchants specified by its issuer (e.g., gift checks); or (ii) the payment of virtual goods and services within an online game (e.g., gaming tokens) shall not be considered as VAs.

- b. *Fiat currency* – government-issued currency that is designated as legal tender in its country of issuance through government decree, regulation, or law.
- c. *Remittance and Transfer Company (RTC)* – any entity that provides Money or Value Transfer Service (MVTs). *MVTs* refers to financial services that involve the acceptance of cash, cheques, other monetary instruments or other stores of value and the payment of a corresponding sum in cash or other form to a beneficiary by means of a communication, message, transfer, or through a clearing network. RTCs may be operating as:
- (1) *Remittance Agent (RA)* – any entity that operates a remittance business network which includes any or combination of the following:

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- (a) *Remittance Direct Agent (RDA)* – any entity that is covered by a direct contracted remittance agreement or similar agreement to act on behalf of a third party engaged in remittance business.
- (b) *Remittance Network Provider (RNP)* – any entity that provides a network of Remittance Sub-Agents to perform remittance services to RTC.
- (c) Such other similar entities as may be determined by the Monetary Board.

For the purpose of this Section, entities functioning as an RA as herein defined shall be registered as such, notwithstanding whether they are also acting as Remittance Sub-Agent (RSA).

- (2) *Remittance Platform Provider (RPP)* – any entity that provides a shared or common platform/IT infrastructure and maintains settlement accounts in order to provide funds for remittance transactions within its network.

Foreign RPP shall do business in the Philippines through its locally incorporated subsidiary: *Provided*, That an existing foreign RPP doing business in the Philippines shall have two (2) years within which to incorporate a local subsidiary: *Provided, further*, That in the meantime that the foreign RPP does not have a locally incorporated subsidiary, it shall constitute a resident agent which shall, among others, be liable for all its obligations in the Philippines.

- (3) *E-Money Issuer (EMI)* – any entity authorized by the Bangko Sentral under Sec. 702 of the MORB which provides money transfer or remittance services using electronic stored money value system and similar digital financial services.
- (4) *Virtual Asset Service Provider (VASP)* – any entity that offers services or engages in activities that provide facility for the transfer or exchange of Virtual Assets (VAs), which involve the conduct of one or more of the following activities:
  - (a) Exchange between VAs and fiat currencies;
  - (b) Exchange between one or more form of VAs;
  - (c) Transfer of VAs; and,
  - (d) Safekeeping and/or administration of VAs or instruments enabling control over VAs.

Virtual Currency Exchanges, previously defined as any entity that offers services or engages in activities that provide facility for the conversion or exchange of fiat currency to VC or vice versa, shall now be referred to as VASPs.

- d. *Remittance Sub-Agent (RSA)* – refers to any person authorized by the RTC to perform certain relevant undertakings in the remittance business. This includes any person that is allowed by an RDA, RNP, and/or EMI to do any part of the remittance business in their behalf.

An RSA shall no longer be required to register with the Bangko Sentral. However, the RTC shall comply with the notification requirements as provided in Sections 103-M (General Requirements for the Conduct of MSB Operations) and 104-M (Specific Requirements to Conduct Remittance Business).



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- e. *Money Changer (MC)/Foreign Exchange Dealer (FXD)* – any entity that engages in money changing/foreign exchange dealing business. This includes authorized agent banks' subsidiary/affiliate forex corporations (AAB-forex corps), among others.
- f. *Remittance business* – the transferring of funds or facilitating the movement of funds or monetary instruments from the sender or originator to a receiver or beneficiary locally and/or internationally and undertaken by any financial institution.
- g. *Money changing/Foreign exchange dealing* – the buying or selling of currencies in exchange for another currency.
- h. *Monetary instrument* – refers to:
  - (1) Coins or currency of legal tender of the Philippines, or of any other country;
  - (2) Drafts, checks, and notes; and
  - (3) Other similar instruments where title thereto passes to another by endorsement, assignment, or delivery.
- i. *Head office* – the principal or main place of business of an RTC/MC/FXD.
- j. *Branch* – any company-owned office or place of business other than the Head Office of an RTC/MC/FXD.
- k. *RSA office* – for purposes of this Section, it shall be considered as an extension office of an RTC. It includes the head office and branches of an RSA.
- l. *Offices* – refer collectively to the head office, branches, and RSA office where money changing/foreign exchange dealing and/or remittance transactions shall be conducted.
- m. *VA Custodians* – refer to a VASP performing the act of Item “c(4)(d)” above.
- n. *Money Service Business (MSB)* – refers to non-bank entities engaged in remittance, money changing, and/or foreign exchange dealing, as defined under items “f” and “g” above.

### 102-M AUTHORITY TO OPERATE FROM THE BANGKO SENTRAL

**Requirements for registration.** RTCs/MCs/FXD shall be registered with the Bangko Sentral before they can operate.

- a. *Registration of RTCs/MCs/FXD<sup>1</sup>.* For registration purposes, RTCs/MCs/FXD shall be classified into following:

Type	Classification
A	Large-Scale Operator - Remittance Agent with or without money changing/foreign exchange dealing operations with average monthly network volume of transactions of at least P75.00 million

<sup>1</sup> See Guidelines on the Submission of Application for Registration and Activities Requiring Prior Bangko Sentral Approval or Notification under Memorandum No. M-2019-018 dated 2 July 2019.

Type	Classification
B	Small-Scale Operator - Remittance Agent with or without money changing/foreign exchange dealing operations with average monthly network volume of transactions of less than P75.00 million
C	E-Money Issuer as authorized under Sec. 702 of MORB
D	Remittance Platform Provider
E	Large-Scale Operator - Money Changer/Foreign Exchange Dealer with average monthly network volume of transactions of at least P50.00 million
F	Small-Scale Operator - Money Changer/Foreign Exchange Dealer with average monthly network volume of transactions of less than P50.00 million
	VASP with safekeeping and/or administration services for VAs (i.e., VA Custodian)
	VASP without safekeeping and/or administration services for VAs

RTCs/MCs/FXD's shall submit the Application for Registration and Notarized Deed of Undertaking (*Appendix M-2*) to the appropriate supervising department of the Bangko Sentral.

RTCs/MCs/FXD's shall adhere to the registration procedures contained in Appendix M-3.

- b. *Issuance of Bangko Sentral Certificate of Registration (COR) and Metal Plate.* RTCs/MCs/FXD's shall be issued with the corresponding COR upon fulfillment of the registration requirements. Within three (3) months from the date of issuance of the COR, a Bangko Sentral-registered RTC/MC/FXD shall commence operations; otherwise, the COR shall be cancelled.

However, the Bangko Sentral shall not issue a COR in cases of the following:

- (1) Failure to provide the complete required documents; and
- (2) Any of the RTC/MC/FXD's proprietors, or any of its partners, directors, or principal officers, as applicable, is not fit and proper.

In considering the application for COR, the Bangko Sentral shall take into account the fitness and propriety of the proprietor, partner, directors, or principal officers. In determining whether a person is fit and proper, regard shall be given to the following: integrity/probity, market reputation, competence, and financial capacity.

A metal plate bearing the unique registration number of the RTC/MC/FXD shall be issued to each RTC/MC/FXD head office. The Bangko Sentral reserves the right to collect reasonable amount to cover the cost of production/issuance of the metal plate.

- c. *Mandatory training requirements.* The proprietors<sup>2</sup>, partners, directors, president or officer of equivalent rank and function, over-all head of the money service business operation and the head of the compliance unit shall attend a seminar on AML/CFT

<sup>2</sup> Refer to owner of single proprietorship MSBs.

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laws, rules and regulations, before start of operations, conducted by the Bangko Sentral, Anti-Money Laundering Council (AMLC), or any reputable training provider<sup>3</sup>.

**Fees.** Registration and annual service fees shall be paid by RTCs/MCs/FXD to the Bangko Sentral.

- a. Registration fee. The one-time, non-refundable registration fee for RTCs/MCs/FXD shall be as follows:

Type	Registration Fee
A	P100,000
B	P20,000
C	P100,000
D	P100,000
E	P100,000
F	P20,000
VASP with safekeeping and/or administration services for VAs (i.e., VA Custodian)	P100,000
VASP without safekeeping and/or administration services for VAs	P20,000

Further, except for EMIs, a non-refundable supplemental registration fee of P1,000 shall be paid for each office other than the head office.

- b. Annual service fee. RTCs/MCs/FXD shall pay, not later than March of every year, commencing in 2018 the following as annual service fee for continued registration:

Type	Annual Service Fee
A	P100,000
B	P20,000
C	P300,000 and/or as determined by the Monetary Board
D	P100,000
E	P100,000
F	P20,000
VASP with safekeeping and/or administration services for VAs (i.e., VA Custodian)	P100,000
VASP without safekeeping and/or administration services for VAs	P20,000

- c. Processing fee for replacement of Bangko Sentral COR. A non-refundable processing fee of P1,000 shall be assessed for replacement of Bangko Sentral COR for whatever reason.

<sup>3</sup> Refers to an entity which has an adequate track record of successfully conducting training programs preferably on financial institution-oriented courses, including AML/CFT training. For this purpose, the RTC/MC/FXD shall be responsible in ascertaining whether the training provider is reputable as herein defined.

**103-M GENERAL REQUIREMENTS FOR THE CONDUCT OF MSB OPERATIONS**

**Notification requirements.** RTCs/MCs/FXD shall inform the appropriate supervising department of the Bangko Sentral of the following events:

- a. *Commencement of operations.* RTC/MC/FXD shall notify within five (5) business days from the start of operations of its head office.
- b. *New offices.* RTC shall submit a list of all its new branches and accredited RSAs on a monthly basis within five (5) business days from end of the reference month.
- c. *New/Terminated tie-up partner/s.* RTC shall submit a list of all its new and terminated local/foreign remittance tie-up partners during the month within five (5) business days from the end of the reference month.

The relationship or remittance arrangement with the tie-up partner/s shall be supported by remittance agreement/s which shall be notarized or consularized if originated/signed abroad. RTC shall ascertain that its tie-up partner is authorized to engage in remittance business by the appropriate supervising/licensing authority and is compliant with the AML/CFT laws of the country where it operates. All remittance agreements shall be made readily available during examination or upon request of the Bangko Sentral without delay.

- d. *Change of tie-up partner/s.* RTC shall notify within five (5) business days from the addition and/or termination of tie-up partner/s and shall submit the following documents, if applicable:
  - (1) Tie-up agreement/s which shall be notarized or consularized if originated/signed abroad; and
  - (2) Proof that the RTC or counterparty is authorized to engage in the remittance business and is subject to the anti-money laundering laws of the country where it operates.
- e. *Transfer of location.* RTC/MC/FXD shall notify within five (5) business days from actual date of transfer.
- f. *Closure of office.* RTC/MC/FXD shall notify within five (5) business days from the actual date of closure.

**Regulation on large value pay-outs.** Large value pay-outs of more than P500,000 or its foreign currency equivalent, in any single transaction with customers or counterparties, shall only be made via check payment or direct credit to deposit accounts.

***Change of registered/business name.*** RTC/MC/FXD shall not change its registered/business name without submitting to the appropriate supervising department of the Bangko Sentral the following documents:

- a. COR from the Department of Trade and Industry (DTI), Securities and Exchange Commission (SEC) or Cooperative Development Authority (CDA), as the case may be, indicating the new business/registered name; and
- b. Original copy of Bangko Sentral COR issued under the old name.

The Bangko Sentral shall issue a new COR indicating the new registered/business name of the RTC/MC/FXD.

***Change of ownership or control.*** RTC/MC/FXD shall obtain prior approval from the Bangko Sentral for any change in: ownership of a sole proprietorship or partnership; or control of a corporation. *Control* shall refer to any transaction involving voting shares of stock of an RTC/MC/FXD that will result in ownership or control of at least twenty percent (20%) of voting shares of stock of RTC/MC/FXD by any person, whether natural or juridical, or which will enable such person to elect, or be elected as, a director of such RTC/MC/FXD. RTC/MC/FXD shall submit the names of its proposed new owner, partner/s, or controlling shareholder for evaluation. Failure to seek prior approval may result in cancellation of registration.

#### **104-M SPECIFIC REQUIREMENTS TO CONDUCT REMITTANCE BUSINESS**

***Accreditation of RSA.*** Duly registered RTCs may accredit their own RSAs: *Provided*, That: (i) the engagement of RSA's remittance services is directly related to the accomplishment of RTC's business plan/strategy; and (ii) appropriate risk management policies and procedures pertaining to the aforementioned engagement are in place.

The RSA shall be considered as part of the network of its accrediting RTC. RSAs are also subject to effective continuing oversight of their RTCs. RTC shall conduct appropriate due diligence in the accreditation of its RSAs and shall be responsible for the RSAs' compliance with all applicable anti-money laundering (AML)/combating the financing of terrorism (CFT) rules and regulations.

Relative to the engagement of RSA, the policies and procedures, at a minimum, shall contain the following:

- a. Selection criteria and process in the accreditation of an RSA. The selection criteria shall take into account, among others, the necessary permits/authorization to perform the remittance business, and the fitness and propriety of the proprietor, partners, directors, or principal officers of an RSA. In determining whether a person is fit and proper, regard shall be given to the following: integrity/probity, market reputation, competence, and financial capacity;
- b. Regular operational review on RSA's compliance with applicable laws, rules and regulations, especially on compliance with AML/CFT and consumer protection requirements and performance in carrying out remittance activities; and

- c. Delisting of an RSA or termination of a remittance contract.

A relationship or remittance arrangement with an RSA shall be supported by a notarized remittance agreement. The contract shall clearly identify the roles and duties of each party including, among others, the responsibilities to comply with relevant Bangko Sentral rules and regulations particularly on AML/CFT and consumer protection requirements. It should also stipulate therein that the RSA shall allow the Bangko Sentral to have access on the remittance system, records, and other relevant information.

The RTC shall ensure that its RSA offices shall maintain a signage posted conspicuously in their premises, indicating that the RSA is an accredited agent of the RTC.

#### **105-M SPECIFIC REQUIREMENTS TO CONDUCT MONEY EXCHANGE BUSINESS**

***Sale of foreign currencies.*** MCs/FXD, except AAB-forex corps, shall be allowed to sell foreign currencies in an amount not exceeding USD10,000 or its equivalent and not to exceed USD50,000 or its equivalent per month per customer. Exemption or higher limits may be granted by the appropriate supervising department of the Bangko Sentral if justified by the business model of the MC/FXD. The MCs/FXD shall also require an accomplished application form and submission/presentation of supporting documents listed in Item "A" of Appendix M-5 for the sale of foreign exchange in the amount exceeding USD10,000 or its equivalent for non-trade current account purposes. For sale of foreign exchange for all other purposes, FXDs/MCs shall require submission of an accomplished application form and supporting documents listed in Items "B to D" of Appendix M-5, regardless of the amount involved.

#### **106-M VOLUNTARY SURRENDER OF MONEY SERVICE BUSINESS LICENSE**

***Closure of business.*** RTC/MC/FXD shall notify within five (5) business days from the actual date of closure and shall submit the following documents:

- a. Certification by the owner or partnership/board resolution, as the case may be, authorizing/attesting the closure of RTC/MC/FXD; and
- b. Original copy of Bangko Sentral COR issued to RTC/MC/FXD.

## B. CAPITALIZATION

### 111-M MINIMUM REQUIRED CAPITAL

The minimum capitalization of RTCs/MCs/FXD are as follows:

Type	Classification	Benchmark Capital
A	Large-Scale Operator – Remittance Agent with or without money changing/foreign exchange dealing operations with average monthly network volume of transactions of at least P75.00 million	At least P50.00 million
B	Small-Scale Operator – Remittance Agent with or without money changing/foreign exchange dealing operations with average monthly network volume of transactions of less than P75.00 million	Less than P50.00 million
C	E-Money Issuer (As authorized under Sec. 702 of MORB)	As prescribed under Section 402-N
D	Remittance Platform Provider	P10.00 million
E	Large-Scale Operator – Money Changer/Foreign Exchange Dealer with average monthly network volume of transactions of at least P50.00 million	At least P10.00 million
F	Small-Scale Operator – Money Changer/Foreign Exchange Dealer with average monthly network volume of transactions of less than P50.00 million	Less than P10.00 million
	VASP with safekeeping and/or administration services for VAs (i.e., VA Custodian)	P50.00 million
	VASP without safekeeping and/or administration services for VAs	P10.00 million

## C. CORPORATE GOVERNANCE

### 121-M DIRECTORS AND OFFICERS

The provisions of Sec. 111-N shall be adopted to the extent applicable to MSBs.

### 122-M GUIDELINES ON OUTSOURCING

The rules on outsourcing of functions as shown under Sec. 112 (Statement of Principle on Outsourcing) of the MORB and Appendix Q-36 shall likewise apply to MSBs.

### 123-M DISQUALIFICATION AND WATCHLISTING OF DIRECTORS AND OFFICERS

The provisions of Sec. 113-N shall be adopted to the extent applicable to MSBs.

## D. RISK MANAGEMENT

### 131-M SUPERVISION BY RISK

The provisions of Sec. 121-N shall be adopted to the extent applicable to MSBs.

**132-M LIQUIDITY RISK MANAGEMENT**

The provisions of Sec. 124-N shall be adopted to the extent applicable to MSBs.

**133-M OPERATIONAL RISK MANAGEMENT**

The provisions of Sec. 125-N shall be adopted to the extent applicable to MSBs.

**134-M INFORMATION TECHNOLOGY RISK MANAGEMENT**

The provisions of Sec. 126-N shall be adopted to the extent applicable to MSBs.

**135-M BUSINESS CONTINUITY MANAGEMENT**

The provisions of Sec. 127-N shall be adopted to the extent applicable to MSBs.

**136-M SOCIAL MEDIA RISK MANAGEMENT**

The provisions of Sec. 128-N shall be adopted to the extent applicable to MSBs.

**137-M REPUTATIONAL RISK MANAGEMENT**

The provisions of Sec. 129-N shall be adopted to the extent applicable to MSBs.



## **E. COMPLIANCE, INTERNAL CONTROL, AND AUDIT**

### **141-M INTERNAL CONTROL FRAMEWORK**

**Internal control.** RTCs/MCs/FXD shall maintain an internal control system commensurate to the nature, size, and complexity of their respective businesses.

MSBs shall comply with the provisions under Section 131-N on Internal Control Framework.

### **142-M INTERNAL AUDIT FUNCTION**

The provisions of Sec. 132-N shall be adopted to the extent applicable to MSBs.

### **143-M FRAMEWORK ON THE SELECTION OF EXTERNAL AUDITORS**

The rules and regulations governing the selection of external auditors prescribed under Section 133-N shall also apply to MSBs.

## **F. REPORTING GOVERNANCE**

### **151-M REPORTING GOVERNANCE FRAMEWORK**

**Statement of Policy.** It is the thrust of the Bangko Sentral to align its financial reporting requirements with standards and practices that are widely accepted internationally to promote fairness, transparency, and accountability in the financial industry.

### **152-M FINANCIAL RECORDS**

The provisions of Sec. 141-N shall be adopted to the extent applicable to MSBs.

### **153-M REPORTS**

**Required reports<sup>4</sup>.** RTCs/MCs/FXD shall maintain records and submit the following required reports, duly certified by the proprietor/managing partner/president or any officer of equivalent rank, to the appropriate supervising department of the Bangko Sentral:

- a. Semestral report of operating, and closed/delisted RTC/MC/FXD offices which shall be submitted within ten (10) business days from the end of the reference semester;
- b. Audited financial statements (AFS), accompanied by the documentary requirements as enumerated under Appendix M-7, which shall be submitted not later than 120 calendar days after the close of the reference calendar/fiscal year adopted by the RTC/MC/FXD.

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<sup>4</sup> List of required reports are enumerated under **Appendix M-6**.

However, RTCs/MCs/FXD's classified as type "F" (small-scale operator-money changer/foreign exchange dealer with average monthly network volume of transactions of less than P50 million and with less than P10 million capital) are not required to submit AFS to the Bangko Sentral and its annual financial audit may be conducted by external auditor other than those included in the List of Selected External Auditors for BSFIs: *Provided*, That the AFS shall be made readily available to the Bangko Sentral during examination, or whenever requested. Financial audit of RTCs/MCs/FXD's, except those with type "F" license, shall be rendered by an external auditor included in the List of Selected External Auditors for BSFIs. RTCs/MCs/FXD's as well as external auditors shall strictly observe the requirements in the submission of the AFS and reports under Secs. 153-M, 154-M and Appendix M-7. In addition, RTCs/MCs/FXD's shall include supplementary information at the end of the notes to the financial statements as prescribed under Annex B of Appendix M-7;

- c. Quarterly reports on the total value of money changing/foreign exchange transactions which shall be submitted within ten (10) business days from the end of the reference quarter;
- d. Quarterly reports on the total value of foreign and domestic remittance transactions which shall be submitted within ten (10) business days from the end of the reference quarter; and
- e. Report on Crimes/Losses (RCL) which shall be electronically submitted within ten (10) calendar days from knowledge of the crime/incident.

*Reporting and Notification Guidelines on Crime/Losses*

- a. MSBs shall report on the following matters to the Bangko Sentral:
  - (1) Crimes whether consummated, frustrated or attempted against property/facilities (such as robbery, theft, swindling or estafa, forgery and other deceits) and other crimes involving loss/ destruction of property of the MSB when the amount involved in each crime is P20,000 or more.

Crimes involving MSB personnel, regardless of amount and whether or not such crimes resulted in the loss/destruction of property of the MSB, shall likewise be reported to the Bangko Sentral.
  - (2) Incidents involving material loss, destruction, or damage to the MSB's property/facilities, other than arising from a crime, where the amount involved per incident is P20,000 or more.
  - (3) *Definition of terms.* For the purpose of this regulation, the following definitions shall apply:
    - (a) Swindling (*Estafa*) – a crime committed by a person who defrauds another causing the latter to suffer damage by any of the following means:
      - (i) with unfaithfulness or abuse of confidence;
      - (ii) by false pretense or fraudulent acts executed prior to or simultaneously with the commission of the fraud; or

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- (iii) through other fraudulent means and other forms of swindling, under Articles 315 to 317 of the Revised Penal Code, as amended.
- (b) *Theft* – a crime committed by a person who, with intent to gain but without violence against or intimidation of persons nor force upon things, shall take personal property of another without the latter's consent pursuant to Article 308 and other pertinent provisions of Chapter III, Title X of the Revised Penal Code, as amended.
- (c) *Robbery* – a crime committed by a person who, with intent to gain, shall take any personal property belonging to another, by means of violence against or intimidation of any person, or using force upon anything pursuant to Article 295 and other pertinent provisions of Chapter I, Title X of the Revised Penal Code, as amended.
- (d) *Falsification* – a crime committed by a person who falsifies a document by
  - (i) Counterfeiting or imitating any handwriting, signature, or rubric;
  - (ii) Causing it to appear that persons have participated in any act or proceeding when they did not in fact so participate;
  - (iii) Attributing to persons who have participated in an act or proceeding statements other than those in fact made by them;
  - (iv) Making untruthful statements in a narration of facts;
  - (v) Altering true dates;
  - (vi) Making any alteration or intercalation in a genuine document which changes its meaning;
  - (vii) Issuing in an authenticated form a document purporting to be a copy of an original document when no such original exists, or including in such a copy a statement contrary to, or different from, that of the genuine original; or
  - (viii) Intercalating any instrument or note relative to the issuance thereof in a protocol, registry, or official book and other acts falling under Articles 169, 171, 172 and 178 of the Revised Penal Code, as amended.
- (e) *Credit-card related crimes* – crimes arising through the use of credit cards.
- (f) *Other crimes that may cause loss to the MSB* – crimes committed that cannot be appropriately classified under any of the above classifications.
- (g) *Negligence* – the failure to exercise the care which an ordinarily prudent person would use under the circumstances in the discharge of the duty then resting upon him.
- (h) *Non-crime related loss* – incidents that may cause the MSB to suffer a loss arising from fortuitous events.
- (i) *Insider* – persons involved include proprietor/partners/directors/principal officers and other personnel directly involved in Money Service Business Operations.
- (j) *Outsider* – persons involved other than an insider.

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- (k) *Perpetrator* – a person, whether an insider or outsider, who is responsible for the commission of crime either by direct participation, inducement, or cooperation, including accomplices and accessories as defined under Articles 18 and 19 of the Revised Penal Code, as amended.
  - (l) *Victim* – an insider or outsider other than the perpetrator, who is the aggrieved party to the crime and may as a result of the incident, suffered the loss.
  - (m) *Attempted crime* – a crime is attempted when the perpetrator commences the commission of the crime directly by overt acts and does not perform all of the acts of execution which should produce the crime by reason of some cause or accident other than his own desistance under Article 6 of the Revised Penal Code, as amended.
  - (n) *Frustrated crime* – a crime is classified as frustrated, when the perpetrator performs all the acts of execution which would produce the crime as a consequence but which, nevertheless, do not produce it by reason of causes independent of the will of the perpetrator under Article 6 of the Revised Penal Code, as amended.
  - (o) *Consummated crime* – a crime is consummated when all the acts necessary for the execution and accomplishment of the crime was performed. As a result, the MSB may have suffered a loss, the recoverable portion of which should be deducted to arrive at the probable loss incurred by the MSB.
  - (p) *Termination of the investigation* – an investigation is said to be terminated when all the material facts/information which are sufficient to support a conclusion relative to the matters involved have already been gathered and a finding/conclusion may be made based on the gathered information.
- b. The following guidelines shall be observed in the preparation and submission of the report.
- (1) The Branch or Head Office's RCL shall be submitted electronically to the Bangko Sentral in the email address to be provided by FSS within ten (10) calendar days from knowledge of the crime or incident through the MSB's Head Office and shall be certified correct by the compliance officer or officer of equivalent rank and function. When the deadline falls on a non-business day, the report shall be submitted on the immediately following business day.

Supporting documents (e.g., police report on the investigation of the incident) shall be made readily available by the MSB during Bangko Sentral examination or as requested by the Bangko Sentral.
  - (2) Where a thorough investigation and evaluation of facts is necessary to complete the report, an initial report electronically submitted in the email address to be provided by FSS within the said deadline of ten (10) calendar days may be accepted: *Provided*, That a complete report is electronically submitted in the email address to be provided by FSS not later than twenty (20) calendar days from termination of investigation.

Moreover, an RCL with incomplete information shall be considered as erroneous report, and the MSB concerned shall be required to submit an

amended report subject to penalties on late reporting for Category B reports under Section 401-M.

RTCs/MCs/FXD shall adhere to the guidelines issued by the Bangko Sentral on the manner of submission of reports in forms as may be determined and required by the Deputy Governor of the appropriate sector of the Bangko Sentral.

*Delayed/erroneous/unsubmitted report.* Violation of the foregoing reporting requirements consisting of erroneous, delayed or unsubmitted reports, shall subject the RTC/MC/FXD concerned to the appropriate penalties after observance of due process.

A submitted report that, upon validation by the Bangko Sentral, is found to be non-compliant with the reporting requirements prescribed herein or in subsequent guidelines shall be considered as willful failure or refusal to comply with a regulation and shall be classified as "Erroneous". On the other hand, a report that was able to comply with the reporting requirements or guidelines of this regulation after the submission deadline for said report may be considered as willful delay and shall be classified as "Delayed". Finally, a report that was not able to comply with the reporting requirements or guidelines of this regulation by the time the next report becomes due or upon the lapse of thirty (30) business days from the report's submission deadline, whichever comes first, may be considered as willful failure or refusal to comply with a regulation and shall be classified as "Unsubmitted".

The reports required under this Section shall be considered *Unsubmitted* after the lapse of thirty (30) business days from the submission deadline.

#### **154-M AUDITED FINANCIAL STATEMENTS**

The provisions of Sec. 134-N shall be adopted to the extent applicable to MSBs.

### **G. SPECIFIC REGULATIONS**

#### **161-M VIRTUAL ASSET SERVICE PROVIDERS (VASP)<sup>5</sup>**

*Policy Statement.* It is the policy of the Bangko Sentral to provide an environment that encourages financial innovation while safeguarding the integrity and stability of the financial system. The Bangko Sentral recognizes that virtual asset (VA) systems have the potential to revolutionize the delivery of financial services by providing faster and more economical means to transfer funds, both domestic and international, and may further support financial inclusion. These benefits, however, should be considered along with the attendant risks in VAs considering the higher degree of anonymity involved, the velocity of transactions, volatility of prices, and global accessibility. It is for these reasons that the Bangko Sentral shall ensure that the VA systems shall not be misused, and that the Philippines shall not be used for money laundering (ML), terrorist financing (TF) and proliferation financing (PF) activities. In addition,

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<sup>5</sup> Bangko Sentral-registered Virtual Currency Exchanges, as well as VASPs currently operating without Bangko Sentral approval, shall apply for a Certificate of Authority not later than three months from 10 February 2021. Upon submission of the application, said entities may continue to operate their business unless instructed otherwise.

All VASPs must also comply with the applicable requirements prescribed in this Section within six (6) months from 10 February 2021. Failure to comply with these requirements shall subject the entity to the appropriate enforcement action provided under Sec. 001-N.

VA transactions also pose other risks, such as information technology (IT) risks, consumer protection and financial stability concerns, among others.

Furthermore, the Bangko Sentral recognizes that once fiat currency is exchanged or converted into VA, it becomes easily transferrable, facilitating expedient movement or transfer of funds and payment services, among others. In this manner, VASPs are considered as money service businesses that are subject to the regulatory authority and examination powers of the Bangko Sentral under R. A. No. 7653, as amended by R. A. No. 11211.

This Section shall govern the operations and reporting obligations of VASPs in the Philippines.

*Scope.* These guidelines shall cover VASPs, as defined in Section 101-M, that offer their services or engage in VASP activities in the Philippines. These guidelines do not cover businesses involved in the participation and provision of financial services related to an issuer's offer and/or sale of a VA, which fall within the jurisdiction of Securities and Exchange Commission, and entities solely acting on their own behalf (i.e., not engaged in the business of actively facilitating VA-related activities for the account of others).

The guidelines outlined in this Section are based on leading standards such as the Financial Action Task Force Recommendations on anti-money laundering and counter-terrorist financing standards, as well as other recognized risk management principles, and shall serve as Bangko Sentral's baseline requirement for all VASPs.

*Requirements for issuance of Certificate of Authority (COA).* A VASP shall secure a COA to operate as an MSB, pursuant to and upon compliance with the requirements under Section 102-M. In the course of COA application, the Bangko Sentral shall take into account and extend its evaluation over the fitness and propriety of the VASP's beneficial owners as defined under Section 904-Q of Part 9 of Q-Regulations.

A VASP shall also adhere to the registration procedures under Appendix M-3 and submit the Application for Registration and Notarized Deeds of Undertaking (Appendices M-2 and M-4) to the Bangko Sentral through the appropriate supervising department of the Bangko Sentral.

The VASP shall comply with pertinent Bangko Sentral rules and regulations on Outsourcing (Section 122-M), Liquidity Risk Management (Section 132-M), Operational Risk Management (Section 133-M), IT Risk Management including the area of IT Outsourcing/ Vendor Management Program (Section 134-M), Business Continuity Management (Section 135-M), Internal Control (Section 141-M), Anti-Money Laundering (Sections 201-M), Financial Consumer Protection Regulations (Sections 301-M, 302-M, 303-M, 304-M, and 305-M), and sound corporate governance principles, among others.

*Capitalization.* VASPs shall have a minimum paid-in capital as provided under Section 111-M.

*Registration and Annual Service Fees.* A VASP shall pay the registration and annual service fees as provided under Section 102-M.

*Wallet Security.* VASPs providing wallet services for holding and storing VAs must establish an adequate cybersecurity framework and adopt appropriate security measures/controls in their VA platform to ensure confidentiality, integrity, and availability of data/information uploaded, stored, processed and transmitted into and out of the system and protect the infrastructure from malware, cyber-attacks and other evolving and emerging threats. Likewise, the framework shall cover provisions on the protection of fiat currency, if any, and VA wallets against cyberthreats and other technology risks.

*Technology Outsourcing.* VASPs shall adopt a sound risk management system to mitigate risks arising from outsourcing (i.e., confidentiality of information, data privacy, data management, contract management, security, performance monitoring and business continuity, among others). The VASP shall be responsible for the performance of the service in the same manner and to the same extent as if it were directly performing the said activity.

*Internal Control.* All VASPs shall maintain an internal control system commensurate to the nature, size, and complexity of their respective businesses. Critical control functions such as risk management, audit, compliance, anti-money laundering, information security and other essential roles must be performed by competent officers. The suitability of the board of directors and management must also be assessed in adherence to sound corporate governance procedures (fitness and propriety tests).

*Financial Consumer Protection.* VASPs shall adopt customer awareness measures to educate their customers which include, among others: (i) safeguarding of VA and/or fiat currency wallets as well as protection of client information such as log-in credentials; (ii) use of the mobile platform and wallets; (iii) actual fees and charges related to the use of the mobile platform and withdrawal transactions; and (iv) problem resolution procedures.

VASPs shall clearly communicate and explain to their customers the terms and conditions prescribing the manner on how the losses and liabilities from security breaches, system failure, or human error will be settled between the VASP and its customers.

VASPs shall disclose, prior to entering into an initial transaction and on an ongoing basis, all material risks to their clients in a manner that is clear, fair, and not misleading. Disclosure shall provide information regarding the risks associated with the acquisition, possession, and trading of VAs. VASPs shall also disclose whether they are holding VAs in custody and the attendant risks or whether the customers have full control and responsibility of protecting and safeguarding their VAs. Lastly, VASPs shall adopt a mechanism in handling customer complaints and ensure that effective controls are in place for timely resolution thereof.

*Customer due diligence.* VASPs shall conduct customer due diligence when (1) it establishes business relations with any customer; (2) undertakes any occasional but relevant business transaction for any customer who has not otherwise established business relation with the VASP; (3) where there is suspicion of money laundering or terrorist financing; or (4) where there is doubt about the veracity or adequacy of previously obtained customer identification data.

Relevant business transaction shall mean any single transaction amounting to ₱5,000 or more, or two or more transactions believed to be linked and with an aggregate value of ₱5,000 or more. For this purpose, the VASP should have appropriate system to identify and determine occasional customer or transaction.

*Additional Requirements.* A VASP shall only engage with other VASPs, financial institutions, and/or remittance and transfer companies that are duly authorized and licensed by the appropriate regulatory authorities. VASPs shall establish a robust due diligence and accreditation process in selecting the VAs that will be listed or traded in their platform. In addition, VASPs shall adopt a fraud risk management system which sophistication and effectiveness are commensurate to the risks associated with particular VA types or specific VA activities. VASPs shall also comply with the requirements, rules and regulations of the Bangko Sentral regarding the application for registration and activities requiring prior Bangko Sentral approval or notification.

Clearing and settlement of transactions of VASP, as well as other activities inherent to their business models, shall only be undertaken with regulated VASPs and platforms to ensure that all VASP activities are executed within an unbroken chain of regulated entities.

A VASP that creates and maintains fiat wallets to facilitate the conversion or exchange of fiat currency to VA or vice versa shall maintain sufficient unencumbered liquid assets to ensure that VA redemptions are adequately met at all times. The VASP shall have in place control mechanisms to ensure prompt recording of receipt of fiat money.

VA Custodians wholly responsible for custody of customers' VAs, either through proprietary or outsource arrangements, shall adopt measures to ensure adequate reserves for the VAs held in custody. Said VA Custodians shall adopt effective mechanism to properly record and segregate customers' VAs from their proprietary VAs.

In cases when the conduct of in-depth studies and further data collection pursuant to the Bangko Sentral's mandates be warranted, VASPs shall comply with additional requests to submit specific data and information thereon through surveys, questionnaires, or other means.

VASPs shall also comply with applicable rules that may be issued by other regulatory authorities.

*Transactional Requirements for VASPs.* VASPs and other BSFIs that engage in or facilitate VA transfers shall consider all VA transfer transactions as cross-border wire transfers and shall comply with pertinent rules on wire transfers as stated in Part Two (AML Regulations) of this Manual.

For VA transfers amounting to ₱50,000.00 or more, or its equivalent in foreign currency, the originating institution in a VA transfer must obtain and hold the required and accurate originator information as well as the required beneficiary information and transmit said information to the beneficiary institution. Beneficiary institutions must obtain and hold required originator information as well as required and accurate beneficiary information. All the information gathered shall be made available on request to competent authorities.

The required information for VA transfers, including transactions associated with a VA transfer, includes the following:

- a. originator's name (i.e., the sending customer);
- b. originator's account number used to process the transaction (e.g., the VA wallet);
- c. originator's physical (geographical) address, or national identity number, or customer identification number (i.e., not a transaction number) that uniquely identifies the originator to the ordering institution, or date and place of birth;



- d. beneficiary's name; and
- e. beneficiary account number where such an account is used to process the transaction (e.g., the VA wallet).

The required information must be transmitted immediately and in a secure manner. VASPs shall uphold the confidentiality, integrity, and availability of the required information to facilitate recordkeeping and use of such information by receiving VASPs or other covered entities, as well as to prevent unauthorized disclosure. Entities should also submit the required information simultaneously or concurrently with the transfer itself.

For large value pay-outs of more than ₱500,000 or its equivalent in foreign currency, in any single transaction with customers or counterparties, enhanced due diligence shall be conducted and said pay-outs shall only be made via check payment or direct credit to deposit accounts or account to account transfer using electronic fund transfer facilities.

*Notification and Reporting Requirements.* A VASP shall comply with the notification and reporting requirements as prescribed under Section 153-M.

In addition, a VASP shall maintain records and submit the following reports to the appropriate supervising department of the Bangko Sentral:

Nature of Report	Frequency	Due Date
1. AFS (audited by an external auditor included in the List of Selected External Auditors for BSFIs)	Annually	Not later than 120 calendar days after the close of the reference calendar or fiscal year subject to the provisions under Section 153-M (Reports)
2. Quarterly Report on Total Volume and Value of VCs transacted*	Quarterly	Ten (10) business days from end of reference quarter
3. List of operating offices and websites*	Quarterly	Ten (10) business days from end of reference quarter

\*Duly certified by the Proprietor/Managing Partner/President or any officer of equivalent rank

A VASP shall ensure that transaction and due diligence records are maintained for a period of at least five (5) years and adhere to other guidelines issued by the Bangko Sentral on the maintenance of records.

*Sanctions.* Appropriate monetary penalties, sanctions and other enforcement action/s specified under Section 401-M shall be imposed on the VASP, their directors and/or officers for the noted violations.

## **PART TWO**

### **ANTI-MONEY LAUNDERING (AML) AND COMBATTING THE FINANCING OF TERRORISM REGULATIONS**

#### **201-M ANTI-MONEY LAUNDERING (AML) AND COMBATTING THE FINANCING OF TERRORISM REGULATIONS**

Covered persons, including their subsidiaries and affiliates, shall comply with the provisions of Part 9 of Q-Regulations, R.A. No. 9160 [Anti-Money Laundering Act (AML) of 2001], as amended, and its Implementing Rules and Regulations (IRR).

***Sanctions and penalties.*** The provisions of Part 9 of the Q-Regulations on sanctions and penalties are applicable for violation of the provisions of the AMLA.

## **PART THREE**

### **FINANCIAL CONSUMER PROTECTION REGULATIONS**

#### **301-M FINANCIAL CONSUMER PROTECTION REGULATIONS**

The Financial Consumer Protection Framework of the Bangko Sentral as stated under Part Ten of the Q-Regulations shall be adopted insofar as these are applicable to the MSB's operations.

## **PART FOUR**

### **OTHER REGULATIONS**

#### **401-M OTHER PAYMENTS OF MSBs**

***Payments to the Bangko Sentral.*** MSBs shall make payments for transactions, including penalties and other charges, in accordance with the manner of payment provided in the billing notice, or through any such acceptable means of payment as may be provided in pertinent advisories issued by the Bangko Sentral. MSBs shall make all check and demand draft payments for transactions either to the Bangko Sentral Cash Department or to the Bangko Sentral Regional Offices and Branches. Such payments shall be accompanied by the appropriate form as shown in Appendix Q-27.

**GUIDELINES ON THE IMPOSITION OF MONETARY PENALTIES ON MSBs, AND/OR THEIR DIRECTORS, OFFICERS AND/OR EMPLOYEES FOR VIOLATIONS OF APPLICABLE LAWS WITH SANCTIONS FALLING UNDER SECTION 37 OF REPUBLIC ACT NO. 7653 (THE NEW CENTRAL BANK ACT), AS AMENDED**

*(Appendix to Sec. 002-M on Monetary Penalties on MSBs, and/or their Directors, Officers, and/or Employees)*

The following are the guidelines on the imposition of monetary penalties on MSBs, and/or their directors, officers and/or employees.

**I. *Definition of Terms.*** For purposes of this Appendix, the following definitions shall apply:

- a. *Transactional violation* refers to an act or omission constituting a violation of any applicable law or any order, instruction/directive or regulation issued by the Monetary Board, or any order, instruction/directive or ruling by the Governor which is consummated and concluded in a single instance/occasion.

For licensing-related violations, transactional violation refers to the failure to obtain approval prior to engaging in an activity which the institution is qualified to undertake at the onset, based on eligibility test and assessment of compliance with the prudential criteria set forth under existing Bangko Sentral rules and regulations.

- b. *Continuing violation* refers to an act or omission constituting a violation of any applicable law or any order, instruction/directive or regulation issued by the Monetary Board, or any order, instruction/directive or ruling by the Governor in which the violation persists or lingers over time from the instant the particular act was committed or omitted until the violation is stopped.

For licensing-related violations, continuing violation refers to an act which the institution is not qualified to undertake at the onset based on eligibility test and assessment of compliance with the prudential criteria set forth under existing Bangko Sentral rules and regulations.

**II. *Imposition and Payment of Monetary Penalties.***

- a. In accordance with Section 37 of R.A. No. 7653, as amended, monetary penalties may be imposed against MSBs and/or their directors, officers and/or employees for any willful violation of its charter or bylaws; willful delay in the submission of reports or publications thereof as required by law, rules and regulations; any refusal to permit examination into the affairs of the institution; any willful making of a false or misleading statement to the Monetary Board or the appropriate supervising and examining department or its examiners; any willful failure or refusal to comply with, or violation of, any law or any order, instruction or regulation issued by the Monetary Board, or any order, instruction or ruling by the Governor; or any commission of irregularities, and/or conducting business in an unsafe or unsound manner as may be determined by the Monetary Board.

In the absence of specific provision under other applicable laws or Bangko Sentral rules and regulations prescribing the imposable monetary penalty for the above-

mentioned violations/offenses, MSBs, and/or their directors, officers and/or employees may be imposed a maximum monetary penalty of ₱1 million for each transactional violation or ₱100 thousand per calendar day for violations of a continuing nature as provided under Section 37 of R.A. No. 7653, as amended. Further, in case profit is gained or loss is avoided as a result of the violation, the Bangko Sentral may impose a fine of no more than three (3) times the profit gained or loss avoided on top of the aforementioned monetary penalty.

The Bangko Sentral considers the attendant circumstances of the case, including aggravating and mitigating factors, in the guided exercise of supervisory discretion to reach a reasonable and proportionate monetary penalty that best achieve the Bangko Sentral's supervisory objectives. These factors include the: (1) nature, gravity and seriousness of the violation or irregularity; (2) financial and/or non-financial impact of the violation or irregularity to the MSB, its industry and/or the financial system; (3) intentionality, frequency and duration of the violation or irregularity; and (4) measures undertaken to stop or correct the violation or irregularity.

The appropriate department of the Bangko Sentral shall notify the MSB, and/or director, officer and/or employee concerned of the violation, together with a directive for the MSB, and/or director, officer and/or employee concerned to show cause within fifteen (15) business days from receipt of the letter why no monetary penalty under Section 37 of R.A. No. 7653, as amended, should be imposed. The recommendation to impose monetary penalties shall be approved by the Governor or the Monetary Board, as the case may be, pursuant to Section 37 of R.A. No. 7653, as amended: Provided, That monetary penalties against directors, officers and/or employees shall be approved only by the Monetary Board. The decision of the Governor/Monetary Board shall be communicated to the MSB, and/or director, officer and/or employee concerned.

However, the Bangko Sentral is not precluded from imposing non-monetary sanctions along with monetary penalties if circumstances so warrant.

- b. *Basis for the computation of the period or duration of penalty.* The computation of the period or duration of all penalties shall be based on calendar days. For this purpose, the terms "per banking day", "per business day", "per day" and/or "a day" as used in this Manual, and other Bangko Sentral rules and regulations shall mean "per calendar day" and/or "calendar day" as the case may be.
- c. *Payment of Monetary Penalties.* MSBs, and/or their directors, officers and/or employees shall pay the monetary penalties within fifteen (15) calendar days from receipt of the notice of the decision of the Governor imposing said monetary penalties, and payment thereof shall not be suspended by the filing of an appeal to the Monetary Board.

Monetary penalties imposed by original decisions of the Monetary Board shall be paid within fifteen (15) calendar days from the last day to file a motion for reconsideration where none has been filed or within fifteen (15) calendar days from receipt of the notice of the decision of the Monetary Board affirming the decision on motion for reconsideration, as the case may be.

For uniform implementation of the above regulation, the following procedural guidelines shall be observed:

- (1) Upon approval of the fines/penalties by the Governor/Monetary Board, the Department/Office concerned shall send the Statement of Account (SOA)/billing letter to the MSB with an advice that the penalty should be paid in full within fifteen (15) calendar days from receipt of SOA/billing letter. The MSB shall likewise be advised that penalty or portion thereof which remained unpaid after the lapse of said fifteen (15)-day period shall be subject to additional charge of six percent (6%) per annum reckoned from the business day immediately following the end of the fifteen (15)-day period up to the day of actual payment.
- (2) Payment by MSBs of penalty, plus the additional charge, if any, through any such acceptable means of payment shall be made in accordance with the provisions of Sec. 402-M.
- (3) In case of penalty/ies imposed on MSB director, officer and/or employee who is no longer connected with the MSB, payment thereof shall be for the account of the director, officer and/or employee who shall pay directly to the Bangko Sentral through any such acceptable means of payment in accordance with the provisions of Sec. 402-M.

### III. Appeal or Motion for Reconsideration.

The imposition of monetary penalties by the Governor shall be final and executory until reversed, modified, or lifted by the Monetary Board on appeal. The appeal shall be filed within fifteen (15) calendar days from receipt of the notice of the decision, copy furnished the appropriate department of the Bangko Sentral. No motion for reconsideration of the decision of the Governor or of the Monetary Board on appeal shall be allowed.

Original decisions of the Monetary Board imposing monetary penalties shall become final and executory after fifteen (15) calendar days from receipt of the Monetary Board decision, unless a motion for reconsideration is timely filed, copy furnished the appropriate department of the Bangko Sentral.

The appeal or the motion for reconsideration shall be in writing and shall specify the findings or conclusions in the decision which are not supported by the evidence or which are contrary to law, making express reference to the evidence or to the provisions of law alleged to be contrary to such findings or conclusions.

A *pro forma* appeal or motion for reconsideration shall be denied outright and shall not prevent the decision from attaining finality.

REPUBLIC OF THE PHILIPPINES)  
\_\_\_\_\_ CITY ) S.S.

## **DEED OF UNDERTAKING**

***(Appendix to Sec. 102-M on Money Service Business Operations,  
Sec. 161-M on Virtual Asset Service Providers, and Appendix M-3)***

I/We (the Proprietor/Partners/Members of the Board of Directors) and key executive officers of (Name of Institution), a legal entity duly authorized to operate under the laws of the Philippines, with principal place of business at \_\_\_\_\_, by these presents, do hereby obligate ourselves, individually and collectively, to undertake and ensure:

1. Strict compliance with all the requirements, rules and regulations of the Bangko Sentral regarding the registration and operations of money service business, as well as the provisions of Republic Act (R.A.) No. 9160 [The Anti-Money Laundering Act (AMLA) of 2001], as amended, R.A. No. 10168 (The Terrorism Financing Prevention and Suppression Act of 2012) and their implementing rules and regulations;
2. Responsibility for any violation of the provisions of R.A. No. 9160 (The AMLA of 2001), as amended, R.A. No. 10168 (The Terrorism Financing Prevention and Suppression Act of 2012), and their implementing rules and regulations, and for possible sanctions prescribed under Section 36 of R.A. No. 7653, as amended, (The New Central Bank Act) and other applicable laws, rules and regulations;
3. Financial capacity to organize and operate a money service business and full compliance with the minimum capitalization prescribed under Sec. 111-M (*Minimum Required Capital*);
4. Compliance with the requirements on customer due diligence, covered and suspicious transaction reporting, and record keeping and retention;
5. Development, adoption and dissemination to all employees concerned of a Money Laundering and Terrorist Financing Prevention Program (MTPP);
6. Exclusive use of bank account/s in the name of the registered entity in its official business transactions and to provide a certified list of all bank account/s supported by confirmation from depository bank/s which shall be subject to Bangko Sentral inspection/ examination for anti-money laundering (AML)/combating the financing of terrorism (CFT) purposes;
7. Notification of the appropriate supervising department of the Bangko Sentral within the prescribed deadline of the following events: (a) commencement of operations; (b) change of registered/business name; (c) new office/s; (d) new/terminated tie-up partner/s; (e) transfer of location of office/s; (f) additional money service business; (g) closure of office/s; and (h) closure of business;
8. Prior approval from the appropriate supervising department of the Bangko Sentral for any change in ownership or control;
9. Strict compliance with the requirements of maintenance of records and submission of required reports;
10. Maintenance of an internal control system commensurate to the nature, size and complexity of the business;
11. Adoption of minimum standards of consumer protection in the areas of disclosure and transparency, protection of client information, fair treatment, effective recourse and financial education pursuant to the MORNBFI - M Regulations;
12. Compliance with the applicable provisions of the Information Technology Risk Management Framework of the MORNBFI - M Regulations;

13. Payment to the Bangko Sentral of the following fees: (a) registration fee; (b) annual service fee; (c) metal plate; and (d) processing fee for the replacement of Bangko Sentral Certificate of Registration;
14. Strict compliance with the transactional requirements on the large value pay-outs and the sale of foreign currencies, and obtaining prior approval from the appropriate supervising department of the Bangko Sentral before transacting higher limits on the sale of foreign currencies;
15. Strict compliance with possible monetary sanctions/penalties and other sanctions as imposed by the Bangko Sentral;
16. Submission of the complete list of our foreign or local counterparties, including their contact details (i.e., business address, contact person and its numbers) *(this provision is applicable to Remittance and Transfer Company [RTC] only)*;
17. Contracting with counterparty(ies) that is/are licensed/authorized/ registered to engage in remittance business and is/are subject to the AML/CFT laws of the country where it operates *(this provision is applicable to RTC only)*;
18. Responsibility for the Remittance Sub-Agent's compliance with all applicable AML/CFT laws, rules and regulations (this provision is applicable to RTC only);
19. Timely renewal of the business permits of all of its offices, which indicate the line of business, from the city or municipality having territorial jurisdiction over the place of establishment and operation of the respective offices; and
20. Attendance of the proprietor, partners, directors, president or officer of equivalent rank and function and head of the money service business operation and the compliance unit to a seminar on AML/CFT laws, rules and regulations, before start of operations, conducted by the Bangko Sentral, AML Council Secretariat, or any reputable training provider.

For this purpose, [Name of Institution] shall be responsible in ascertaining whether the external training provider has an adequate track record of successfully conducting training programs preferably on financial institution-oriented courses including, but not limited to, AML/CFT training.

Signature over Printed Name of the Proprietor/All  
Partners/All Members of the Board of Directors) and  
Key Executive Officers

Designation

_____	_____
_____	_____
_____	_____
_____	_____

*[Insert additional rows, as applicable]*

SUBSCRIBED AND SWORN to before me this\_\_ day of \_\_\_\_\_, 20\_\_, affiants exhibiting to me their government-issued identification cards, as follows:

<u>Name</u>	<u>Gov't. ID No.</u>	<u>Valid Until</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____



*[Insert additional rows, as applicable]*

Notary Public

**REGISTRATION PROCEDURES FOR RTC/MC/FXD**  
**(Appendix to Sec. 102-M on Requirements for registration)**

Registration constitutes a two-stage process. Stage 1 is a preliminary screening process for Bangko Sentral to determine if applicant is eligible for registration. In Stage 2, the eligible applicant is invited to submit supporting documents to complete the registration process.

**A. First Stage**

The new applicant shall submit the following for evaluation:

1. Application letter;
2. Business plan including target markets; and
3. List of owners/controlling shareholders, directors, and principal officers, as applicable.

**B. Second Stage**

If the applicant is deemed eligible in Stage 1, the applicant shall be invited to submit a notarized Application for Registration to Operate a Money Service Business, accompanied by the following documents:

1. Notarized Deed of Undertaking (*Appendix M-2*);
2. Compliance with fitness and propriety requirements by the proprietor, partners, directors, president or officer of equivalent rank and function, and over-all head of the money service business operation and the head of the compliance unit, as the case maybe. For this purpose, applicants shall be required to submit the following:
  - a. Personal Data and Authorization Form (*Appendix M-4*);
  - b. NBI Clearance, or its equivalent, if issued in foreign jurisdiction; and
  - c. Proof of attendance to the mandatory training on anti-money laundering/combating the financing of terrorism;
3. Business license/permit for the current period<sup>1</sup>; and
4. Proof of provisional registration with the Anti-Money Laundering Council Secretariat.

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<sup>1</sup> The entity name, business address and activity(ies) indicated therein should be consistent with the business registration with the DTI/SEC/CDA, as applicable. The details in said business permit shall be used as basis in the issuance of Certificate of Registration.

Appendix to Sec. 102-M Authority to Operate from the Bangko Sentral,  
Sec. 161-M Virtual Asset Service Providers, and Appendix M-3

_____ COMPANY NAME	
_____ BUSINESS ADDRESS	
<b>PERSONAL DATA and AUTHORIZATION FORM</b>	
_____ NAME	
_____ POSITION	

ID picture taken  
within the last 6  
months  
3.5 cm. x 4.5 cm.  
(passport size)

Computer  
generated  
or photocopy of  
picture is not  
acceptable

I, [Name], after being sworn in accordance with law, do hereby:

- a. Certify that the information contained in this document and its supporting schedule of my own knowledge is true and correct.
- b. Authorize the following, pursuant to the provisions of Sec. 901-N (*Requirements for regulation*):
  1. [Name of Institution] to conduct a background investigation on myself as [position] in [Name of Institution] which include, among others, inquiring from the Watchlist Files of the Bangko Sentral ng Pilipinas; and
  2. The Bangko Sentral ng Pilipinas to disclose its findings pertinent to the aforementioned inquiry on the said Watchlist Files and other sources to [Name of Institution].

With the above authorization, I hereby waive my right to the confidentiality of the information that will be obtained as a result of the said inquiry, provided that disclosure of said information will be limited for the purpose of ascertaining my qualification or non-qualification for the said position.

\_\_\_\_\_  
Signature over Printed Name

SIGNED IN THE PRESENCE OF:

\_\_\_\_\_  
(Witness)

\_\_\_\_\_  
(Witness)

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_ 20\_\_, affiant  
exhibiting to me his/her  
\_\_\_\_ issued at \_\_\_\_ on \_\_\_\_.

Notary Public

# BIOGRAPHICAL DATA

## PERSONAL INFORMATION:

1.	NAME:	SURNAME	GIVEN	MIDDLE	SUFFIX (e.g. Jr.)
2.	TIN:			3.	UPDATES AS OF:
4.	OTHER NAMES USED, IF ANY:				
5.	MANAGEMENT LEVEL:	<input type="checkbox"/> Director		<input type="checkbox"/> Officer	
6.	DATE ELECTED/RE-ELECTED/APPOINTED/POSITION CHANGED:				
7.	RESIDENCE ADDRESS:				
8.	TELEPHONE NO.:			9.	E-MAIL ADD:
10.	BUSINESS ADDRESS:				
11.	TEL. NO.:			12.	E-MAIL ADD:
13.	CIVIL STATUS:	<input type="checkbox"/> Single <input type="checkbox"/> Married		<input type="checkbox"/> Divorced/Separated <input type="checkbox"/> Widow	
14.	SEX:	<input type="checkbox"/> Male <input type="checkbox"/> Female		15.	CITIZENSHIP:
16.	DATE OF BIRTH:			17.	PLACE OF BIRTH:

## FAMILY RELATIONS (Legitimate or Common-Law):

18.	NAME OF SPOUSE	SURNAME	GIVEN	MIDDLE	SUFFIX (e.g. Jr.)
19.	NAME OF COMMON-LAW SPOUSE	SURNAME	GIVEN	MIDDLE	SUFFIX (e.g. Jr.)

(Please indicate "N/A" for fields that are not applicable)

NAME	TIN	UPDATED AS OF
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## TRAINING/S:

20. Seminars/Training on Money Service Business, AML/CFT and other related fields

NATURE/TITLE	CONDUCTED BY	YEAR TAKEN

(continue in separate sheet if necessary)

## WORK EXPERIENCE/S:

21. Present Position – Other Private Institution (Including Corporate Directorship)

NAME OF OFFICE	POSITION	DATE ASSUMED	INDICATE IF OWNER/PARTNER/STOCKHOLDER

(continue in separate sheet if necessary)

22. Present Position/s – Government (Including Directorships in Government Corporate Institutions)

NAME OF OFFICE	POSITION	DATE ASSUMED	INDICATE IF ELECTIVE OR
			APPOINTIVE AND PART/FULL-TIME

(continue in separate sheet if necessary)

23. Past Position/s – Other Private Institutions (Including Corporate Directorships)

NAME OF OFFICE	POSITION	DURATION (YEAR)	
		FROM	TO

(continue in separate sheet if necessary)

24. Past Position/s – Other Private Institutions (Including Corporate Directorships)

NAME OF OFFICE	POSITION	DURATION (YEAR)	
		FROM	TO

(continue in separate sheet if necessary)

(Please indicate "N/A" for fields that are not applicable)

**MINIMUM DOCUMENTARY REQUIREMENTS  
FOR THE SALE OF FOREIGN CURRENCIES**  
*(Appendix to Sec. 105-M on Money Service Business Operations)*

<b>A. Sale of foreign exchange for non-trade current account purposes exceeding USD10,00</b>	
<b>Purposes</b>	<b>Documents Required (All originals except as indicated)</b>
1. Foreign travel funds	Applicant's passport and passenger ticket
2. Educational expenses/student maintenance abroad	Photocopy of proof of enrollment with, or billing statement from, school abroad
3. Correspondence studies	Photocopy of proof of enrollment with, or billing statement from, school abroad
4. Medical expenses	<ul style="list-style-type: none"> <li>a. For treatment/service administered/ rendered or expenses incurred abroad: billing statement, or equivalent document/s; or</li> <li>b. For treatment/service to be administered/ rendered or expenses to be incurred: certification issued by doctor/hospital abroad indicating cost estimate, or equivalent document/s.</li> </ul>
5. Emigrants' assets (including inheritance legacies, and income from properties)	<ul style="list-style-type: none"> <li>a. Photocopies of: <ul style="list-style-type: none"> <li>i. Emigrant's visa or proof of residence of emigrant abroad;</li> <li>ii. Notarized Deed of Sale covering assets (e.g., real estate, vehicles, machineries/equipment, etc.); and</li> <li>iii. Proof of income received from properties in the Philippines.</li> </ul> </li> <li>b. In the absence of the emigrant, a notarized Special Power of Attorney (SPA) for emigrant's representative/agent. If SPA was executed abroad, original of SPA authenticated by Philippine consulate abroad.</li> </ul>
6. Salary/bonus/dividend/other benefits of foreign expatriates (including peso savings)	<ul style="list-style-type: none"> <li>a. Employment contract/certification of employer on the amount of compensation paid to the foreign national during the validity of the contract stating whether the same had been paid in foreign exchange or in pesos, and if in foreign exchange, proof that the foreign exchange was previously sold for pesos to AABs;</li> <li>b. ACR I-Card and DOLE Alien Employment Permit of the foreign national;</li> <li>c. Applicant's notarized certification that the FX remitted is net of local expenses incurred or net of previous transfers abroad; and,</li> <li>d. If the amount to be remitted comes from sources other than salaries, information regarding the sources supported by appropriate documents should be submitted.</li> </ul>

7. Foreign nationals' income taxes due to foreign Governments	a. ACR-I Card and DOLE Alien Employment foreign governments Permit; and b. Photocopy of income tax return covering the income tax payment sought to be remitted.
8. Sales proceeds of domestic assets by foreign expatriates	a. ACR I-Card; and b. Photocopy of proof of sale of asset/s.
9. Producers' share in movie revenue/TV film rentals	a. Statement of remittance share rental or rental; and b. Copy of contract/agreement
10. Commissions on exports due foreign agents	a. Billing statement from non-resident agent; and b. Photocopy of contract/agreement
11. Freight charges on exports/imports	a. Billing statement; and b. Photocopy of contract/agreement
12. Charters and leases of vessels/aircraft	a. Billing statement from non-resident lessor/owner of vessel/aircraft; and b. Photocopy of contract/agreement
13. Port of disbursements abroad for aircraft and vessels of Philippine registry chartered by domestic operators and salvage fees	a. Billing statement; and b. Photocopy of contract/agreement
14. Satellite and other telecommunication services	a. Billing statement; and b. Photocopy of contract/agreement
15. Other services such as advertising, consultancy, IT, fees for other professional services	a. Billing statement; and b. Photocopy of contract/agreement
16. Share in head office expenses (including reimbursements)	a. Audited schedules of allocation of expenses for the periods covered; b. Certification from the head office that the share in head office expenses remain unpaid and outstanding; and c. Audited financial statements of the Philippine branch
17. Insurance/Reinsurance premium due to foreign insurance companies	Billings/invoices of insurance companies/ brokers abroad.
18. Claims against domestic insurance companies by brokers abroad	Billings/invoices from foreign insurer/ reinsurer
19. Net Peso revenues of foreign airlines/shipping companies	a. Statement of Net Peso Revenues (Peso revenues less expenses) certified by authorized officer b. Photocopy of contract/agreement
20. Royalty/Copyright/Franchise/Patent/Licensing fees	a. Statement/Computation of the royalty/copyright/franchise/patent/licensing fee; and b. Photocopy of contract/agreement
21. Net peso revenues of embassies/consulates of foreign countries	Statement of net peso revenues (Peso revenues less expenses) certified by the Embassy's/Consulate's authorized officer
22. FX obligations of Philippine credit card companies to international credit card companies/non-resident merchants	Summary billings
23. Support of dependents abroad	a. Consular certificate or its equivalent documents to prove that the dependent is permanently residing abroad not earlier than one (1) year from FX application date; and b. Certified true copy of birth certificate, marriage contract, adoption papers, whichever is applicable.
24. Subscriptions to foreign magazines or periodicals	Billing statement

25. Membership dues and registration fees to associations abroad	a. Proof of membership; and b. Billing statement
26. Mail fees	a. Copy of contract or agreement; and b. Billing statement

B. Sale of foreign exchange for payment of foreign/foreign currency loans, regardless of amount	
Purposes	Documents Required (All originals except as indicated)
Foreign/foreign currency loan payments	Billing statement from creditor.
Payments related to guarantees and similar arrangements including Risk Take Over Arrangements (RTO)	Amounts that may be purchased shall be limited to maturing amounts on scheduled due dates. Remittance of FX purchased shall coincide with the due dates of the obligations to be serviced. FX-selling entity shall stamp "FX SOLD", date of sale and the amount/s sold on the original billing statement.
Resulting FX liabilities arising from guarantees and similar arrangements including RTO not involving foreign/FCDU loans.	Copies of: a. Arrangements guarantee/similar arrangement; b. Stand by Letter of Credit (SLC) or guarantee contract or agreement; c. Proof/notice of original obligor's default and creditor's call on the guarantee; and, d. Billing statement from the non-resident or local bank guarantor
Payments related to Build-Operate-Transfer and similar financing schemes with transfer arrangements	Copies of: a. Covering arrangements/contracts; and b. Billing statement from private sector project company/proponent.
Regular Fees	

C. Sale of foreign exchange for capital repatriation/remittance of dividends/profits/earnings, outward investments and residents' investments in foreign currency-denominated bonds/notes issued by the Republic of the Philippines and other Philippine entities, regardless of amount	
Purposes	Documents Required (All originals except as indicated)
1. Capital repatriation of: a. Portfolio investments in:  i. PSE-listed securities; ii. Peso government securities; iii. Money market instruments (MMI); iv. Peso bank deposits	Broker's sales invoice  Confirmation of purchase for peso government securities Matured contract for MMI Proof of withdrawal of deposit or matured certificate of deposit, as applicable.
b. Foreign direct equity investment	a. Photocopy of proof of sale or relevant documents showing the amount to be repatriated; in case of dissolution/capital reduction, proof of distribution of funds/assets such as statement of net assets in liquidation; b. Detailed computation of the amount applied for in the attached format (Attachment 1) prepared by the selling stockholder's representative; and c. Photocopy of pertinent audited financial statements



2. Remittance of dividends/profits/earnings/interests	<ul style="list-style-type: none"> <li>a. Photocopy of PSE-cash dividends notice interests and Philippine Central Depository (PCD) printout of cash dividend payment or computation of interest earned issued by MMI issuer or bank;</li> <li>b. Photocopy of secretary's sworn statement on the board resolution covering the dividend declaration;</li> <li>c. Photocopy of latest audited financial statements or interim financial statements covering the dividend declaration period (for direct foreign equity investments)</li> </ul>
3. Resident's outward investment <ul style="list-style-type: none"> <li>a. Direct equity investments</li> <li>b. Portfolio investments</li> </ul>	<ul style="list-style-type: none"> <li>a. Photocopy of investment proposal/agreement, or subscription agreement; and</li> <li>b. Photocopy of deed of sale or assignment of the investments</li> <li>a. Photocopy of subscription agreement, or bond/stock offering;</li> <li>b. Swift payment order instruction from the counterparty/broker/trader indicating the name of payee and type/kind of investment authenticated by the broker/trader; and</li> <li>c. Photocopy of investor's order to broke/trader to buy the securities</li> </ul>
4. Residents' investments in FX-denominated bonds/notes issued by the Republic of the Philippines and other Philippine entities	<ul style="list-style-type: none"> <li>a. Photocopy of-subscription agreement or bond offering;</li> <li>b. Swift payment order instruction from the counterparty/broker/trader indicating the name of payee and type/kind of investment authenticated by the broker/ trader; and</li> <li>c. Photocopy of investor's order to broker/trader to buy the securities.</li> </ul>

D. Sale of foreign exchange for payment of importations, regardless of amount.	
Purposes	Documents Required (All originals except as indicated)
Payment of merchandise import	<ul style="list-style-type: none"> <li>a. Bill of lading or airway bill covering the merchandise imports; and</li> <li>b. Commercial invoice</li> </ul>

## COMPUTATION SHEET

Name of FX FXD/MC: \_\_\_\_\_ Date of FX Sale: \_\_\_\_\_

## TYPE OF OUTWARD REMITTANCE FOR INWARD FOREIGN INVESTMENT TRANSACTION

☐ Remittance of Cash Dividends/Profits☐ Repatriation of Capital

Name of Investee Firm: \_\_\_\_\_

Name of Investor: \_\_\_\_\_

## A. REMITTANCE OF CASH DIVIDENDS/PROFITS

Record Date  
(DDMMYYYY): \_\_\_\_\_Payment Date  
(DDMMYYYY): \_\_\_\_\_☐ Dividends  
Total Amount in Php  
(A): \_\_\_\_\_No. of Shares<sup>1</sup> (B): \_\_\_\_\_Rate per share in Php  
(A/B): \_\_\_\_\_☐ Amount of  
Profits/Earnings due to  
investor: \_\_\_\_\_

Base Shares (Php) <sup>2</sup>	Dividends per Share	Total Amount (Php)
_____	_____	_____
_____	_____	_____

A. Gross Peso Amount

Remittable

B. Less: Taxes/Charges

C. Net Peso Amount

Remittable (A-B)

D. Foreign Exchange

Applied

for Remittance (C/FX rate<sup>3</sup>)<sup>1</sup> Refers to shares issues and outstanding as of record date<sup>2</sup> Out of total number of shares issued and outstanding as of record date (in footnote 1)<sup>3</sup> To be supplied by FX FXD/MC

**B. REPATRIATION OF CAPITAL**

Total Amount/No. of Shares <sup>4</sup>	Outstanding Balance Before This Repatriation	Amount/No. of Shares Applied for Repatriation
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
	A. Total No. of Shares/Amount Applied For Repatriation	<hr/>
	B. Selling Price/Share (if applicable)	<hr/>
	C. Gross Peso Amount Repatriable (A x B)	<hr/>
	D. Less: Taxes/Charges	<hr/>
	E. Net Peso Amount Repatriable (C - D)	<hr/>
	F. Foreign Exchange Applied for Repatriation (E/FX rate <sup>5</sup> )	<hr/>
Prepared by:		
<hr/>		<hr/>
Signature over Printed Name of Authorized Representative of Applicant		Company Affiliation of Investor's Representative
	<hr/>	
	Date	

<sup>4</sup> Refers to number of shares (for stock corporations) or amount (e.g., assigned capital, contributed capital)

<sup>5</sup> To be supplied by FX FXD/MC

**REPORTS REQUIRED FOR MONEY SERVICE BUSINESSES**  
**Appendix to Section 153-M**

<b>Category</b>	<b>Form No.</b>	<b>MOR Ref.</b>	<b>Report Title</b>	<b>Frequency</b>	<b>Submission Deadline</b>	<b>Submission Procedure/e-mail Address</b>
A-2		Sec. 103-M (General Requirements for the Conduct of MSB Operations)	List of operating, accredited and closed/delisted RTC/MC/FXD offices	Semestral	10 business day after end of reference semester	Appropriate supervising department of the Bangko Sentral
A-2		Sec. 153-M (Reports)	Audited Financial Statements	Annually	Not later than 120 calendar days after the close of the calendar or fiscal year subject to the provisions under Section 153-M (Reports)	Appropriate supervising department of the Bangko Sentral
	Unnumbered	Sec. 161-M (VASPs)	Audited Financial Statements of VASPs (audited by an external auditor included in the List of Selected External Auditors for BSFIs)	Annually	Not later than 120 calendar days after the close of the calendar or fiscal year	Appropriate supervising department of the Bangko Sentral
A-2		Sec. 153-M (Reports)	Reports on the total value of money changing/foreign exchange transactions	Quarterly	10 business days after end of reference quarter	Appropriate supervising department of the Bangko Sentral
A-2		Sec. 153-M (Reports)	Reports on the total value of foreign and domestic remittance transactions	Quarterly	10 business days after end of reference quarter	Appropriate supervising department of the Bangko Sentral

<b>Category</b>	<b>Form No.</b>	<b>MOR Ref.</b>	<b>Report Title</b>	<b>Frequency</b>	<b>Submission Deadline</b>	<b>Submission Procedure/e-mail Address</b>
B		Sec. 153-M (Reports)	Report on Crimes/Losses	As crime/incident occurs		<i>Soft copy to the appropriate supervising department of the Bangko Sentral</i>
			- Initial		Within ten (10) calendar days from the knowledge of the crime/incident	
			- Final		Within twenty (20) calendar days from termination of investigation	
		Sec. 161-M (VASPs)	Quarterly Report on Total Volume and Value of VCs transacted	Quarterly	Ten (10) business days from end of reference quarter	As required by the appropriate department of the Bangko Sentral
		Sec. 161-M (VASPs)	List of operating offices and websites of VASPs	Quarterly	Ten (10) business days from end of reference quarter	As required by the appropriate department of the Bangko Sentral

**CHECKLIST OF BANGKO SENTRAL REQUIREMENTS IN THE SUBMISSION OF AUDITED  
FINANCIAL STATEMENTS  
AND ANNUAL AUDIT REPORT**  
*[Appendix to Sec. 153-M (Reports) and Sec. 154-M (Audited Financial Statements)]*

Information/Data Required	Deadline for submission
<b>A. Audited Financial Statements (AFS)</b>	
1. AFS	Not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the MSBs.
2. Certification by the external auditor on compliance with Bangko Sentral requirements on <ul style="list-style-type: none"> <li>a. Confidentiality clause pertinent to read-only access to the Report of Examination; and</li> <li>b. Disclosure under <i>Sec. 153-M (Reports)</i> and other information that may be required. This requirement shall only apply to RTC/MC/FXD.</li> </ul>	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by MSBs.
3. Reconciliation statement, including copies of adjusting entries on the reconciling items, between the AFS and the prudential reports submitted to the Bangko Sentral (i.e., balance sheet and income statement for MSB) following the format in Annex A. This requirement shall not apply to RTC/MC/FXD.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the MSBs.
4. Letter of Comments (LOC) <sup>1</sup> indicating material weaknesses on internal control and risk management system as well as other issues, which may include findings on the quality of governance <sup>2</sup> , that should be brought to the attention of the proprietor/partners/management/board of directors along with the recommendations for corrective action. Otherwise, a certification by the external auditor that there are no issues noted in the course of the audit to warrant the submission of an LOC.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the MSBs.
5. Copy of the board resolution showing the actions on the AFS and the submitted LOC, if any. In the case of a single proprietorship RTCs/MCs/FXDs, the proprietor may instead issue a certification or report on action taken.	For submission together with the AFS, not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the MSBs.
6. The external auditor shall report directly to the Bangko Sentral the following: <ul style="list-style-type: none"> <li>a. Any material finding involving fraud or error;</li> <li>b. Actual or potential losses the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the MSB;</li> <li>c. Significant doubt as to the ability of the MSB to continue as a going concern;</li> </ul>	Within fifteen (15) calendar days from discovery.

<sup>1</sup> LOC or equivalent letter to proprietor/partners/management/board of directors

<sup>2</sup> Reportable issues on the quality of governance shall only pertain to financial reporting matter.

- d. Material breach of laws or Bangko Sentral rules and regulations such as but not limited to prescribed capital and liquidity ratios, significant deficiency in allowance for credit losses, material weaknesses in fair value measurement methodology, significant vulnerabilities to money laundering and countering the financing of terrorism;
- e. Material internal control weaknesses which may lead to financial reporting problems; and
- f. Findings on matters of corporate governance that may require urgent action by the Bangko Sentral.

In case there are no matters to report (e.g., fraud, dishonesty, breach of laws, etc.) a notarized certification that there is none to report.

Not later than 120 calendar days after the close of the calendar year or fiscal year adopted by the MSBs.

**B. Annual Audit Report (AAR) - For MSBs under the concurrent jurisdiction of the Bangko Sentral and COA**

**1. AAR accompanied by:**

Within forty (40) calendar days after receipt of the AAR by the board of directors.

- a. Certification by the institution concerned on the date of receipt of the AAR by the board of directors;
- b. Reconciliation statement between the AFS in the AAR and the Balance Sheet and Income Statement of the MSB submitted to the Bangko Sentral, including copies of adjusting entries on the reconciling items.
- c. Other information that may be required by the Bangko Sentral.

**2. Copy of the board resolution showing the action taken on the AAR, as well as on the comments and observations, including the names of the directors present and absent, among other things.**

Within 30 banking days after receipt of the AAR by the board of directors.

**Name of Non-Bank Financial Institution**  
**Comparison of Submitted Balance Sheet and Income Statement**  
**and Audited Financial Statements**  
**As of (end of calendar or fiscal year)**  
**(In Thousand Pesos)**

	Submitted Report	Audited Report	Variance/ Discrepancy	Reasons for Discrepancy
Cash and Other Cash Items				
Due from BSP				
Deposit in Banks				
Financial Assets Designated at Fair Value through Profit or Loss (DFVPL)				
Available-for-Sale (AFS) Financial Assets				
Held-to-Maturity (HTM) Financial Assets				
Loans and Receivables, <i>net</i>				
Loans and Receivable Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse Transactions				
Accrued Interest Income from Financial Assets				
NBFIs Premises, Furniture, Fixtures and Equipment, <i>net</i>				
Other Assets				
Due from Head Office/Branches/Agencies Abroad				
<b>Total Assets</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>



Financial Liabilities Designated at Fair Value  
through Profit or Loss (DFVPL)  
Bonds Payable  
Redeemable Preferred Shares  
Financial Liabilities Associated with Transferred  
Assets  
Finance Lease Payment Payable  
Accrued Interest, Taxes and Other Expenses  
Other Liabilities

	_____	_____	_____	_____
	=====	=====	=====	=====
Paid-in Capital Stock				
Additional Paid-in Capital				
Retained Earnings				
Other Comprehensive Income	_____	_____	_____	_____
Total Capital	=====	=====	=====	=====
Total Liabilities and Capital	=====	=====	=====	=====
Total Income	=====	=====	=====	=====
Total Expenses	_____	_____	_____	_____
Net Income Before Income Tax	=====	=====	=====	=====
↓	=====	=====	=====	=====
↓				
↓				

**DISCLOSURE REQUIREMENTS TO THE  
AUDITED FINANCIAL STATEMENTS (AFS)  
[[Appendix to Sec. 153-M (Reports)]]**

**I. RTCs/MCs/FXD/VASPs**

RTCs/MCs/FXD/VASPs shall include the following supplementary information at the end of the notes to the financial statements:

- (a) Total volume/value of remittance and/or money changing/foreign exchange transactions (absolute amount) for the reference year with breakdown as to: (1) domestic and/or foreign; and (2) transactions facilitated through VC, using the following template:

Type of Transactions	No. of transactions	Amount in USD	Amount in PHP
A. International Inward (Payout) Remittance Transactions			
B. International Outward (Send Out) Remittance Transactions			
C. Domestic Inward (Payout) Remittance Transactions			
D. Domestic Outward (Send Out) Remittance Transactions			
E. Foreign Currencies Bought			
F. Foreign Currencies Sold			
G. International Inward (Payout) Remittance Facilitated Through VC			
H. International Outward (Send Out) Remittance Facilitated Through VC			
I. Exchange of VC to Philippine Peso/Other Currency			
J. Exchange of Philippine Peso/Other Currency to VC			
K. Other VC Transactions (please specify)			

- (b) Basic quantitative indicators of financial performance such as return on average equity and return on average assets, using the following formulas:

- (1) Return on Average Equity (%) =

$$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Capital Accounts}}$$

Where:

$$\text{Average Total Capital Accounts} = \frac{\text{Total Capital Accounts Current calendar/ fiscal year-end balance} + \text{Previous calendar/ fiscal year-end balance}}{2}$$

- (2) Return on Average Assets (%) =

$$\frac{\text{Net Income (or Loss) after Income Tax} \times 100}{\text{Average Total Assets}}$$

Where:

$$\text{Average Total Assets} = \frac{\text{Total Assets Current calendar/ fiscal year-end balance} + \text{Previous calendar/ fiscal year-end balance}}{2}$$

## II. EMIs

EMIs shall include the following supplementary information at the end of the notes to the financial statements:

- a. Details of liabilities or borrowings, particularly on the number of creditors<sup>3</sup>;
- b. If with corollary business, disclosure of total liabilities and income directly attributable to said business. EMIs with money service business operations shall also comply with disclosures required thereto under Sec. 153-M (*Reports*);
- c. Financial indicators, specifically return on average equity and average assets. For purposes of computing the financial indicators, refer to Item "1.b" above;
- d. Liquidity cover for the reference year using the following template:

Particulars	Amount in USD	Amount in PHP
A. Deposits and Investments		
1. Bank Deposits		
2. Government Securities		
3. Others (please specify)		
B. E-Money Balances		
Types of E-money cards/Instruments		
1. E-money in PHP		
2. E-money in other currencies (please specify)		
C. Excess (Deficiency) of Liquidity Cover		

- e. Total volume/value of e-money transactions (absolute amount) for the reference year using the following template:

Type of Transactions	No. of Transactions	Amount in USD	Amount in PHP
A. E-Money Beginning Balance			
B. INFLOWS			
Conversion to E-Money			
1. Conversion from cash centers (OTC/Outlets/Local Partners)			
2. ATM/Mobile Banking/Internet Banking			
3. Remco Partners Abroad			
4. Pre-funding from local partners			
5. Others (please specify)			
C. OUTFLOWS			
Conversion to Currency			
1. Conversion from cash centers (OTC/Outlets/Local Partners)			
2. ATM/POS Withdrawals			
3. Sweeping of E-Money Wallet/Account			
4. Fund transfer from E-Wallet to Deposit Account			
5. Others (please specify)			
D. NET INFLOW/(OUTFLOW)			
E. End of reference year E-Money Balances			
F. Additional Information			

<sup>3</sup> Creditors except e-money holders

Usage			
1. Payment to Merchants			
2. Bills Payments			
3. Transfers to Other Subscribers (P2P/W2W)			
4. Others (please specify)			