

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 2158

Introduced by: Representative Karlo A. B. Nograles

EXPLANATORY NOTE

The brazen and brutal terrorist attacks in the United States on September 11, 2001 have forever change the face of terrorism as it exposed the other half thereof which is terrorism financing. Following the tragic events we now dreadfully remember as 9/11, the Financial Action Task Force, the financial watchdog created by the Group of Seven (G-7) Nations, developed the international standards to combat and suppress terrorism financing.

In October 2001, the FATF issued the Eight Special Recommendations to deal with the issue of terrorism financing. Three years later, the FATF published a Ninth Special Recommendation further strengthening the agreed international standards against terrorism financing thereby completing the FATF 40-plus 9 Special Recommendations.

On 16 November 2001, following the enactment of the AMLA, the Philippines signed the 1999 United Nations Convention for the Suppression of the Financing of Terrorism. The UN Convention was ratified by the Senate on 14 October 2003 and requires all States to criminalize the financing of terrorism separately from the act of terrorism. In other words, terrorism financing should be criminalized as a stand-alone offense.

The need to separately criminalized terrorist financing is one of the specific requirements set by FATF, particularly under Special Recommendation NO. 11 which provides that:

Each country should criminalize the financing of terrorism, terrorist acts and terrorist organizations. Countries should ensure that such offenses are designated as money predicate offences.

In the 2008 Detailed Assessment of the Philippine jointly conducted by the World Bank and the Asia/Pacific Group on Money Laundering, the Philippines was not only rated non-compliant with Special Recommendation No. 11 but was also adjudged non-compliant with Special Recommendation No. 1 for its failure to fully related Resolutions issued by the United Nations Security Council.

The Philippines has been rated non-compliant by our peers in the Asia/Pacific Group as well as by the FATF-member nations for its to fully implement the UN Conventions and other international instruments against terrorism financing it signed and ratified. It has failed to criminalize terrorism financing it signed and ratified. It has failed to criminalize terrorism financing as a stand-alone offense separate and distinct from the crime of terrorism.

The Philippines has been a victim of terrorism. There is no argument that terrorism cannot be perpetrated without the actors. The actors cannot mobilize without equipment and tools. Equipment and tools can only be acquired with funds however and wherever acquired. Training for new terrorist recruits also requires funding. Hence, terrorism can be effectively prevented by targeting and bringing to justice its financiers.

Consequently, the Philippines just equip its authorities with the necessary tools that directly impact on the funding sources of terrorist individuals and organizations empowering them to freeze without delay and if needed, to interdict and promptly forfeit funds intended to finance the commission of act of terrorism.

This bill is intended not only to comply and honor our international commitments under the various international instruments against terrorism financing but also and more importantly to ensure the safety and security of our country and its people from the horrors of terrorism.

The early passage of this bill is strongly recommended.



KARLO A.B. NOGRALES

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**AN ACT CRIMINALIZING THE FINANCING OF TERRORISM AND
FOR OTHER PURPOSES**

*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:*

Section 1. Short Title. – This Act shall be known as the “Suppression of the Financing of Terrorism Act of 2010”.

Section 2. Declaration of Policy. – It is the declared policy of the State to protect life, liberty and property from all acts of terrorism and the financing thereof. Consisting with its foreign policy, the State shall extend cooperation in the transnational investigation and prosecutions of persons involved in terrorism financing activities wherever committed.

Section 3. Definitions. – For purposes of this Act, the following terms are hereby defined as follows:

- (a.) **“Terrorism”** shall refer to the crime penalized under Section 3 of Republic Act No. 9372, otherwise known as the “Human Security Act of 2007”,
- (b.) **“Funds”** shall mean assets of every kind, whether real or personal, tangible or intangible, movable or immovable, however acquired or regardless of its sources and legal documents or instruments in any form, including electronic or digital, evidencing title to, or interest in, such assets, including

but not limited to, cash, bank credit, travellers cheques, money orders, shares, securities, bonds, drafts, letter of credit and other monetary instruments.

Section 4. *Terrorism financing; how committed.* The crime of terrorism financing is committed by:

- a.) Any person who, by any means, directly or indirectly, unlawfully and wilfully, provides, contributes or collect funds with the intention that such funds are to be used or with the knowledge that they are to be used, in full or in part to carry out terrorism;
- b.) Any person who organizes or direct others to commit the offense under Section 4 (a);
- c.) Any person who participates as an *accomplice or accessory* in the offense set forth in Section 4 (a) aforementioned;

For purposes of Section 4, it shall not be necessary that the crime of terrorism be actually committed or that the funds were actually used to carry out terrorism.

Section 5. *Conspiracy to commit terrorism financing.* – It shall be unlawful for any person to conspire to commit terrorism financing. There is conspiracy when two or more persons come to an agreement to commit the crime of terrorism financing as defined under Section 4 hereof and decide to commit it.

Section 6. *Predicate offense to money laundering.* - Terrorism financing shall be a predicate offense to money laundering as defined and penalized under Republic Act no. 9160, as amended.

Section 7. *Extradition.* - The Philippines shall negotiate for the inclusion of terrorism financing as among the extraditable offenses in all future treaties.

Section 8. Penal Provisions. a.) Terrorism financing under Section 4 (a) and (b) and conspiracy to commit terrorism financing under Section 5 shall be penalized with forty (40) years imprisonment without the benefit of parole.

b.) An *accomplice or accessory* to the crime of terrorism financing under Section 4 (c) shall be penalized with imprisonment ranging from seventeen (17) years, four (4) months and one (1) day to twenty (20) years.

Section 9. Effectivity. – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved.