Republic of the Philippines
PHILSYS INTER-AGENCY COMMITTEE ON LEGAL AFFAIRS

IAC on Legal Affairs Resolution No. 08
Series of 2021

RECOMMENDING THE APPROVAL OF THE PHILSYS NUMBER TOKENIZATION AND GUIDING PRINCIPLES FOR SEEDING FOR PHILSYS

WHEREAS, Section 15 of Republic Act (RA) No. 11055 otherwise known as the Philippine Identification System Act, provides that the Philippine Statistics Authority (PSA) shall be the primary implementing agency to carry out the provisions of the Act;

WHEREAS, Section 2 of RA No. 11055 states that it is declared the policy of the State to establish a single national identification system referred to as the Philippine Identification System (PhilSys) for all citizens and resident aliens of the Republic of the Philippines to promote seamless delivery of service, to improve the efficiency, transparency, and targeted delivery of public and social services, to enhance administrative governance, to reduce corruption and curtail bureaucratic red tape to avert fraudulent transactions and misrepresentations to strengthen financial inclusion, and to promote ease of doing business;

WHEREAS, Section 2 of RA No. 11055 also states that a resilient digital system shall be deployed to secure the data collected and ensure that the people's right to privacy, confidentiality, and other basic rights are at all times upheld and protected;

WHEREAS, Section 3(c) of the Revised Implementing Rules and Regulations (Revised IRR) of RA No. 11055 states that one of its objectives is to eliminate the need to present other forms of identification when transacting with the government and with private sector, subject to appropriate authentication measures based on a biometric identification system;

WHEREAS, Section 22 of the Revised IRR of RA No. 11055 states that the PSA, with the technical assistance of the Department of Information and Communications Technology (DICT), shall implement reasonable and appropriate organizational, technical, and physical security measures to ensure that the integrity of the PhilSys, as well as the information gathered for the PhilSys including information stored in the PhilSys Registry, is protected from unauthorized access, use, disclosure, and against accidental or intentional loss, destruction, or damage.

The PSA may also seek the assistance of other relevant agencies for the same purpose;

WHEREAS, the first sentence of Section 6(A) of the Revised IRR of RA No. 11055 states that PhilSys Number (PSN) is a randomly generated, unique, and permanent identification number that will be assigned to every citizen or resident alien upon birth or registration by the PSA, in accordance with the registration process provided in the Revised IRR;

WHEREAS, the second sentence of Section 6(A) of the Revised IRR of RA No. 11055 states that all government agencies, including government-owned or controlled corporations (GOCCs), shall incorporate in their identification systems and databases the PSN, or its derivative, of covered individuals which shall be the standard number for the individual across all agencies of the government;

WHEREAS, Section 4(k) of the Revised IRR of RA No. 11055 defines PSN derivative as an act of assigning a randomly generated unique and replaceable set of identification numbers, characters, symbols, or combination thereof which shall serve as a substitute to mask or represent the PSN, such as, but not limited to, PhilSys Card Number (PCN), alyas PSN, and/or tokens;

WHEREAS, the act of incorporating the PSN or PSN derivative/token of an individual in his or her record in a government or private sector information system in compliance with Section 6(A) of the Revised IRR of RA No.11055 is referred to as "seeding", which is an internationally used technical term in the digital identity sector (IAC UCA Resolution No. 3, Series of 2021);

WHEREAS, Section 24 of the Revised IRR of RA No. 11055 states that the PSA shall create a transition plan to gradually synchronize and consolidate all existing government-initiated identification systems by seeding the PSN or its derivative into the databases of all agencies into one integrated and interconnected identification system in order to provide the official and sufficient proof of identity of the registered person;

WHEREAS, the collection, storage, matching and sharing of a single common permanent and irrevocable unique identifier, such as the PSN, across multiple information systems in a raw format is a significant data protection, privacy, and information security risk, which has been realized to different extents in the implementation of national ID systems in other countries (IAC UCA Resolution No. 3, Series of 2021);

WHEREAS, tokenization is an information security measure that substitutes a sensitive data attribute, such as a single common permanent and irrevocable unique identifier, with a non-sensitive equivalent or derivative (known as a token), that has no exploitable value by itself and can be revoked or rotated when and as needed (IAC UCA Resolution No. 3, Series of 2021);

WHEREAS, tokenization is one of the measures adopted by other countries to mitigate the risks of a single common permanent and irrevocable unique identifier across multiple information systems, while still benefiting from the advantages such

as uniquely identifying individuals within the national population and enabling data matching across information systems when legally authorized (IAC UCA Resolution No. 3, Series of 2021);

WHEREAS, tokenization can be used as a PSN derivative to serve as a substitute to mask or represent the PSN, in accordance with Section 4(k) of the Revised IRR of RA No. 11055;

WHEREAS, to satisfy and implement the above-mentioned provisions of RA No. 11055 and its Revised IRR, the PSA shall employ PSN tokenization, which allows the seeding of PSN derivative to enable warranted interoperability of information systems without necessarily exposing the actual PSN that carries serious data privacy risks for registered individuals (IAC UCA Resolution No. 3, Series of 2021);

WHEREAS, PhilSys Policy and Coordination Council (PSPCC) Resolution No. 04, s. of 2019, entitled "Approving the PhilSys Implementation Plan 2019-2022", was issued on 15 February 2019, which included the approval of PSN Tokenization as part of the Privacy by Design feature of PhilSys (Annex CR 04-20190214-01);

WHEREAS, there are two broad approaches in storing PSN, PSN derivative or token in the information systems of relying parties:

a. **Inorganic seeding** is the process of storing/adding the PSN derivative or token to the information system of a relying party thru a back-end/batch automated process using programming tools matching one unique data attribute or a combination of two or more data attributes common to the PhilSys Registry and the information system of the Relying Party, without the involvement of the data subject; and

b. **Organic seeding** is the process of storing/adding the PSN derivative or token to the information system of a relying party thru a front-end process where the data subject will provide consent and be authenticated. Upon successful authentication, the derivative or token will be provided to the relying party. (IAC UCA Resolution No. 3, Series of 2021)

WHEREAS, while inorganic seeding may on the surface seem more efficient due to the volume of records it can potentially process at a given time, inorganic seeding would involve tedious manual adjudication process to resolve any potential duplications. Moreover, implementing inorganic seeding would require the relying party to establish legitimacy of purpose and compliance to data privacy principles (IAC UCA Resolution No. 3, Series of 2021);

WHEREAS, organic seeding provides more reliable outcomes compared to inorganic seeding as organic seeding involves consent and authentication of the data subject. As such, it also provides additional assurance that the data subject is alive and the verified true owner of the claimed identity (IAC UCA Resolution No. 3, Series of 2021);

WHEREAS, the IAC on Use Cases and Authentication, through its Resolution No. 3, s. of 2021 recommends to the Council the approval of the adoption of the PhilSys Number Tokenization and Guiding Principles for Seeding for PhilSys as follows:

a. Relying parties shall use PSN tokens instead of the PSN for authentication (i.e. PCN and alyas PSN tokens) and seeding (i.e. back-end PSN tokens);

b. Government agencies, including GOCCs, shall use a common back-end PSN token to facilitate matching, while the private sector shall use individual PSN tokens. Private entities in a given sector may use a shared sector token if there is an established legitimate requirement under the law for data matching; and

c. Organic seeding shall be the default approach for seeding, given its advantages in terms of data integrity and accuracy, process efficiency, and compliance with data privacy principles;

WHEREAS, on 25 May 2021, the PhilSys Registry Office (PRO) Use Case Division submitted to IAC on Legal Affairs for its review, the draft PSPCC Resolution No. 21, s. of 2021 entitled the "Approving PhilSys Number Tokenization and Guiding Principles for Seeding for PhilSys";

WHEREAS, the IAC on Legal Affairs submitted the revised resolution to the PRO Use Case Division, on 28 May 2021, after ensuring that the provisions stated therein are consistent with RA No. 11055 and its Revised IRR, PSPCC Resolution No. 04, s. of 2019, and IAC Use Cases and Authentication Resolution No. 03, s. of 2021.

NOW THEREFORE, BE IT RESOLVED, that, pursuant to IAC Use Cases and Authentication Resolution No. 03, s. of 2021, the IAC on Legal Affairs recommends to the PSPCC the following:

1. The adoption of the PhilSys Number Tokenization and Guiding Principles for Seeding for PhilSys and its implementation which shall strictly comply with RA No. 10173 otherwise known as the Data Privacy Act of 2012, its IRR, and relevant issuances of the National Privacy Commission;

2. The PSA, in consultation with the IAC on Use Cases and Authentication, to ensure seamless, secure, and efficient implementation of PSN Tokenization and Seeding, shall develop corresponding implementing guidelines which shall cover, among others, the conditions wherein a relying party may be allowed to conduct inorganic seeding or a combination of both organic and inorganic seeding, as well as the conditions for allowing private entities to seed shared sectoral rather than individual tokens; and

3. The PSA and the IAC on Use Cases and Authentication shall continue to consult with and engage both public and private sectors and institutions to further enhance the approach for PSN tokenization for relying parties.

Adopted this 5th day of August 2021, in Quezon City.

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