## [ BSP CIRCULAR NO. 778, December 14, 2012 ]

### AMENDMENTS TO THE QUALIFICATION REQUIREMENTS OF SELLING AGENTS AND/OR MARKET MAKERS OF LONG-TERM NEGOTIABLE CERTIFICATES OF TIME DEPOSITS AND/OR UNSECURED SUBORDINATED DEBT

The Monetary Board in its Resolution No. 1907 dated 15 November 2012, approved the following amendments to the qualifications of a selling agent and/or market maker of long-term negotiable certificates of time deposit (LTNCTDs) and/or unsecured subordinated debt (UnSDs) issued by banks.

**Section 1. Long-Term Negotiable Certificates of Time Deposit.** The qualification requirements provided under Item "c" under Subsection X233.9 of the Manual of Regulations for Banks (MORB) are hereby amended to read, as follows:

*"Subsection X233.9 Long-term negotiable certificates of time deposit.*

"xxx

 *"c. Pre-qualification requirements*

"The issuing bank shall be held accountable for ensuring the continuous compliance by its chosen participant-FIs with the qualification requirements prescribed by the BSP.

"As such, the issuing bank shall make a careful and diligent evaluation of the parties whom it shall engage to act as underwriter/arranger, registry bank, selling agent and market maker of its LTNCTDs.

"The following qualification requirements shall be strictly complied with prior to and on a continuing basis by the issuing bank and FIs engaged to act as underwriter/arranger, registry bank, selling agent and market maker while the LTNCTDs of the issuing bank remains outstanding.

 "(1) *Issuing bank*
 "xxx
 "(4) *Selling agent*
 "It must be an FI with dealership or brokering license.
 "(5) *Market maker*
 "xxx
 "(c) It must be an FI, with dealership or brokering license; and
 "xxx."

**Section 2. Sanctions.** The sanctions prescribed under Item "p" of Subsection X233.9, are hereby amended, to read as follows:

"p. *Sanctions.*

"Without prejudice to the other sanctions prescribed under Sections 36 and 37 of R.A. No. 7653 and the provisions of Section 16 of R.A. No. 8791, the following sanctions will be imposed on BSP-supervised FIs for failure to comply with the provisions of this Subsection and for nondisclosure or misrepresentation of information:

"(1) On the issuing bank - xxx
"(2) On the registry bank - xxx
"(3) On the selling agents/ market makers - xxx
"(4) On the certifying officer - xxx
"(5) On the responsible officer - xxx

"FIs not supervised by the BSP acting as selling agent and/or market maker of LTNCTDs and/or its concerned directors/officers that are found to violate rules and regulations in the performance of their functions/responsibilities shall be subject to the provisions of Section 36 of R.A. No. 7653 and shall, likewise, be referred to the Securities and Exchange Commission for appropriate action."

**Section 3.** The list of documentary requirements on issuances of longterm negotiable certificates of time deposit (LTNCTD) provided under Item 4 of Annex T of Circular Letter No. CL-2009-042 dated 14 May 2009 is hereby amended to read, as follows:

"4. Certification signed by the president (or officer of equivalent rank) and chief compliance officer of the issuing bank stating compliance of the following parties with their respective pre-qualification requirements under Subsection X233.9 of the MORB:

"a. Issuing bank;
"b. Underwriter/Arranger;
"c. Registry Bank;
"d. Selling agent(s); and
"e. Market maker(s); and"

**Section 4.** The documentary and qualification requirements prescribed under Items "a" to "c" of Subsection X119.4 of the MORB are hereby amended to read, as follows:

***"Subsection X119.4 Public issuance of unsecured subordinated debt.*** xxx

"a. *Application for authority*
   "xxx
   "(3) The application shall be accompanied by:
   xxx;
   "(i) A certification signed by the president (or officer of equivalent rank) and chief compliance officer of the issuing bank stating the compliance of all parties to the UnSD transaction with the respective pre-qualification requirements prescribed under Item "c" of Subsection X119.4.
"b. *Additional requirements for the issuance of UnSD*.
   "xxx