

**[ BSP CIRCULAR NO. 636, S. OF 2008, December 17, 2008 ]**

**SALE, DISCOUNTING, ASSIGNMENT OR NEGOTIATION BY BANKS AND QUASI-BANKS OF THEIR CREDIT RIGHTS IN SPECIAL DEPOSIT ACCOUNT (SDA) PLACEMENTS AND REVERSE REPURCHASE AGREEMENTS WITH THE BSP (RR/P)**

The Monetary Board, in its Resolution No. 1581 dated 27 November 2008, approved the following regulations governing the sale, discounting, assignment or negotiation by banks/quasi-banks of their credit rights in Special Deposit Account (SDA) placements and Reverse Repurchase Agreements with the BSP (RR/P) to clients.

*SECTION 1. Sale, Discounting, Assignment or Negotiation by Banks of their Credit Rights Arising from Claims Against the BSP to Clients.* The following banking regulations are hereby amended, as follows:

a. Subsection X234.6 of the Manual of Regulations for Banks (MORB) is hereby added, as follows:

**"Sub section X234.6 Sale, discounting, assignment or negotiation by banks of their credit rights arising from claims against the BSP.** Pursuant to the policy of the BSP to promote investor protection and transparency in securities transactions as important components of capital markets development, credit rights in Special Deposit Account placements and Reverse Repurchase Agreements with the BSP, shall not be the subject of sale, discounting, assignment or negotiation on a "with or without recourse" basis.

"Any violation of the provisions of this Subsection shall be considered a less serious offense and shall subject the bank and the director/s and/or officer/s concerned to the sanctions provided under Section X299."

b. Item A of Circular Letter dated 14 November 2001 on the sale of RR/P to clients and Annex G of the same Circular Letter on the pro-forma accounting entries on the sale by banks of their RR/P to clients are hereby deleted.

c. The Financial Reporting Package for Banks issued under Circular No. 512 dated 3 February 2006, as amended, is hereby further amended so as to delete the sub-account

"Reverse Repurchase Agreements with BSP-Sold to Clients" under "Other Deposit Substitutes".