[IC CIRCULAR LETTER NO. 27-95, September 25, 1995]

INVESTMENTS IN GOVERNMENT SECURITIES UNDER THE BOOK-ENTRY SYSTEM (BES) OF THE BANGKO SENTRAL NG PILIPINAS

Pursuant to the Memorandum Circular dated August 22, 1995 issued by the Bangko Sentral ng Pilipinas (BSP), implementing Monetary Board Resolution No. 920, dated August 16, 1995, on the limited participation in the Book-Entry System (BES) of the insurance companies, Mutual Benefit Association (MBAs) and of the Security Fund Accounts for both life and non-life sectors, the following requirements, rules and regulations are hereby promulgated.

A.
BSP and BES Eligible Participants

I. Memorandum Agreement (MOA) shall be made and entered into by and between the BSP and the aforesaid newly eligible BES participants, certified xerox copy of which to be furnished the Insurance Commission (IC). The IC as Administrator of the Security Fund, life and non-life accounts, shall also apply for inclusion in the Book-Entry System.

II. BES-eligible government securities (GS) shall be limited to those acquired by the insurance companies pursuant to Sections 191, 203 and 281 of the Insurance Code; mutual benefit association (MBA) and Security Fund, life and non-life accounts pursuant to Section 392 and 367, respectively, of the said Code.

III. Securities lodged in the BES shall be held and shall remain in the BES until maturity.

IV. Acquisition of BES-eligible GS shall either be through non-competitive primary awards during auctions or through secondary purchase from other BES participants, as follows:

A) *Primary Purchase (Auction)*

a) Non-Competitive

(1) Minimum amount of participation in the non-competitive bidding is P1.0 million.

(2) Participants shall submit accomplished tender forms to the BSP-Government Securities Department (GSD) duly signed by two (2) duly authorized signatories on or before auction date, Friday, for T-Bills and Tuesday for FXTNs together with a debit authorization from its depository bank.

(3) If tender is accepted, the BSP shall prepare at issue date (Wednesday for T-Bills and Thursday for FXTNs) the following to be released to the