

[BSP CIRCULAR NO. 509, S. 2006, February 01, 2006]

PARTICIPATION IN THE DOMESTIC DEBT EXCHANGE OFFER OF THE REPUBLIC OF THE PHILIPPINES

The Monetary Board in its Resolution No. 101 dated 26 January 2006 approved the following guidelines on the treatment of securities received pursuant to the Domestic Debt Exchange Offer of the Republic of the Philippines for prudential reporting purposes:

1. The exchange of securities booked under the Held to Maturity (HTM) category, shall be exempted from the "tainting" provision of Circular No. 476 dated 16 February 2005, which prohibits financial institutions from using the HTM category and requires reclassification of the entire HTM portfolio to the Available for Sale (AFS) category during the reporting year and for the succeeding two full financial years whenever a financial institution sells or reclassifies more than an insignificant amount of HTM investments before maturity other than for reasons specified under the said Circular: *Provided*, That the securities rejected shall continue to be booked under the HTM category; and
2. Securities received in exchange for securities that are eligible reserves for liquidity floor and trust duties shall continue to be recognized as such.

This Circular shall take effect after fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

Adopted: 01 Feb. 2006

(SGD.) AMANDO M. TETANGCO, JR.
Governor



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