



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1208

Series of 2025

Subject: Amendments to Regulations on Reporting Governance Framework for Pawnshops

The Monetary Board, in its Resolution No. 1363 dated 28 November 2024, approved the following amendments to the relevant sections of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI). The amendments set forth the Bangko Sentral's expectations on Pawnshops to establish an effective reporting system with adequate governance process that enables the generation and timely submission of reports in accordance with the Bangko Sentral's reporting standards.

Section 1. Section 161-P of the MORNBFI is hereby retitled as "Reporting Governance Framework." The first paragraph and provisions under "Maintenance of Records" and "Reporting Obligations to the Bangko Sentral" thereof are hereby deleted. The provisions under "Report on Crimes/Losses (RCL)" shall be transferred under the new Section 163-P on "Reports" as presented in Section 4 of this Circular. The retitled and amended Section 161-P of the MORNBFI shall now read as follows:

161-P REPORTING GOVERNANCE FRAMEWORK¹

Policy Statement. It is the thrust of the Bangko Sentral to exercise effective supervision over pawnshops. To facilitate such effective supervision, the Bangko Sentral adopts this reporting governance framework for pawnshops. Complete, accurate, consistent, reliable and timely submission of required information concerning a pawnshop's operation and management, financial condition, and results of operations are critical for effective supervision over pawnshops. They also support the Bangko Sentral's determination and formulation of appropriate and responsive regulatory policies, supervisory tools, approaches and interventions, and the pawnshop operator/management's business decision-making process.

It is incumbent upon the pawnshop proprietor/partner/board of directors and senior management or officers to implement an effective reporting system to generate complete, accurate, consistent, reliable and timely reports to the Bangko Sentral. Pawnshops are expected to capitalize on available information technology in establishing an effective reporting system that is appropriate for their size and complexity of operations. The Bangko Sentral shall prescribe reasonable reporting standards, which shall consider the cost of reporting relative to the expected benefits.

¹ **Transitory provision.** All Pawnshops are given one (1) year from the effectivity of this Circular, to make the necessary preparations to their systems and processes. This will ensure full compliance with the establishment of an effective reporting system and the remaining provisions of this Section. This period of preparation shall be treated as observation period.

Imposition of applicable sanctions for non-compliance with the reporting standards shall commence with reports falling due after the end of the observation period.

Reporting Standards. Reports submitted to the Bangko Sentral must be complete, accurate, consistent, reliable and timely to be considered compliant with the Bangko Sentral reporting standards. It follows that the report shall conform to the prescribed submission guidelines and reporting templates issued by the Bangko Sentral. Conversely, reports with incomplete schedules or attachments shall be considered non-compliant with the reporting standards. Reports should be reviewed and validated by the pawnshop prior to submission to the Bangko Sentral to ensure their completeness and correctness. Adequate internal controls should likewise be in place to ensure adherence to reporting standards.

To comply with these reporting standards, a pawnshop must have a reporting system in place that has at least the following functionalities under both business-as-usual and stressed conditions:

- a. Generates accurate, complete and reliable information as required by the Bangko Sentral and other regulatory bodies;
- b. Aggregates all material data across various business lines/services/activities and entities (belonging to a group) that are relevant to regulatory reporting; and
- c. Produces in a timely manner, regular, on-demand and ad hoc reports particularly those required by the Bangko Sentral and other regulatory bodies.

For this Section, stressed conditions shall refer to emergency conditions for pawnshops. These include crises, national or public health emergencies, or disasters caused by natural or human-induced calamities that disrupt operations or result in abrupt closure or relocation of offices/branches.

Governance Process. The proprietor/partner/board of directors shall be responsible for establishing an effective reporting system and performing adequate oversight on the implementation thereof by senior management/officers to ensure the pawnshop's adherence to the reporting standards set by the Bangko Sentral.

An effective reporting system shall include:

- a. A management information system commensurate to the nature and operational complexity of the pawnshop's business activities that:
 - (1) fully supports the pawnshop's reporting requirements;
 - (2) allows internal review and validation prior to the submission of reports;
 - (3) facilitates the electronic transmission of data and reports;
 - (4) is capable of securing client information and adhering to data privacy laws and regulations; and
 - (5) reliably maintains database and/or records, and complies with the minimum period of storing information.
- b. Written policies and procedures duly-approved by the pawnshop's governing body. These shall set forth the standards and processes in generating quality internal and external reports; and
- c. Timely and periodic independent review of reporting standards and processes to ensure continuing reliability and effectiveness.

Sanctions for Non-compliance with the Reporting Standards. The following guidelines shall govern the imposition of sanctions on a pawnshop for non-compliance with the reporting standards:

a. Definition of terms

(1) *Erroneous report* - A report submitted within the prescribed deadline, but is found to be non-compliant with the Bangko Sentral reporting standards described in this Section shall be classified as "Erroneous". Submission of an Erroneous Report shall be considered as willful failure to comply with a regulation. For electronically-transmitted reports, "Erroneous" or failed submission shall include, among others: failure to use prescribed filenames, correct file format, prescribed subject line or reporting date, officially registered e-mail addresses; and submission of reports with incorrect or incomplete attachments.

(2) *Delayed report* - A report that was able to comply with the Bangko Sentral reporting standards after the submission deadline for said report, but before the report is considered as "Unsubmitted" as defined in the next paragraph, shall be classified as "Delayed". Submission of a compliant report after the submission deadline shall be considered as willful delay in the submission of reports.

(3) *Unsubmitted report* - A report that was not submitted, transmitted to incorrect/wrong e-mail addresses, or was submitted but not able to comply with the Bangko Sentral reporting standards, by the time the next report becomes due or upon the lapse of thirty (30) business days from the report's submission deadline, whichever comes first, shall be classified as "Unsubmitted". See Table 2 as reference for the defined number of business days after submission deadline for a report to be considered "Unsubmitted". Unsubmitted reports amount to willful refusal to comply with the regulation. Further, a report submitted to the Bangko Sentral under the signature of an officer who is not authorized in accordance with the requirements in this Section shall also be considered as "Unsubmitted".

b. Monetary Penalties

The applicable monetary penalty shall be based on a prescribed fine for each occurrence (in case of Erroneous reports) or for each day of delay (in case of Delayed or Unsubmitted reports). Monetary penalties shall accumulate until such time the report has been determined compliant with the prescribed reporting standards as provided in Table 1: *Provided*, That reports considered "Unsubmitted" shall be subject to the limit on the number of calendar days with monetary penalty computation as provided in Table 2.

Table 1 – Prescribed fines for reporting violations

Pawnshop Type	Primary Reports	Secondary Reports
A	P 300	P 60
B	400	150
C and D	500	300

The list of reports classified as Primary (Category A and its sub-categories) and Secondary (Category B) are provided under Appendix P-7.

Erroneous - For a report initially considered Erroneous but subsequently complied with the reporting standards within the prescribed deadline, the penalty shall be computed by multiplying the prescribed fine by the number of times the subject report was submitted before being considered compliant.

Delayed - For Delayed reports, the penalty shall be computed by multiplying the prescribed fine by the number of calendar days delayed.

Erroneous and Delayed - If the report initially considered Erroneous was able to comply with the reporting standards but after the prescribed deadline (i.e., *Delayed*), the penalty shall be based on the sum of the penalty for being *Erroneous* and the penalty for being *Delayed*.

Unsubmitted - For reports classified as *Unsubmitted* (regardless if said report was not submitted or was previously submitted but remains non-compliant as described under this Section on *Sanctions for Non-compliance with the Reporting Standards*), the monetary penalty shall be three times (3x) the number of days applied for determining such classification, as provided in Table 2:

Table 2 - Defined number of days for penalty computation for reports considered Unsubmitted

(Column A) Reporting Frequency	(Column B) defined # of business days after submission deadline to be considered "Unsubmitted"	(Column C) # of days for penalty computation for reports considered "Unsubmitted"
	(A)	(B) = (A multiplied by 3)
Monthly	30	90
Quarterly		
Semestral/Semi-Annual		
Annual		
Event-Based*		

**This refers to reports that the Pawnshops are required to submit upon the occurrence of an event/incident or upon request by the appropriate supervising department of the Bangko Sentral for the purpose of conducting surveillance of the Pawnshop industry.*

In the event that a compliant report is received after it has been considered *Unsubmitted*, the applicable penalty shall be based on the number of days provided in Column C of Table 2. This will be the case even if the actual number of business days delayed is less than the constant number of days provided in said Column C.

Failure to submit a report on time due to fortuitous events such as fire and other natural calamities, public disorders including strike and lockout affecting a pawnshop as defined in the Labor Code or of a national emergency affecting the operation of pawnshops shall not be considered as willful delay in

submission of reports (*Delayed*) or willful failure (*Erroneous*) or refusal (*Unsubmitted*) to comply with a regulation.

In cases of reports falling due in a period affected by a fortuitous event or within a regulatory relief period, said reports should comply with the reporting standards of the Bangko Sentral within fifteen (15) business days after the end of the said fortuitous event or regulatory relief. Otherwise, they shall be considered "*Unsubmitted*" and imposed with a monetary penalty equivalent to the applicable fine prescribed in Table 1 multiplied by forty-five (45) days (i.e., three times [3x] fifteen [15] days).

A pawnshop is still required to submit a compliant report even after said report has been classified as "*Unsubmitted*".

c. Implementation

The submission deadline is considered moved to the next business day whenever it falls on a non-working day in the locality where the pawnshop is situated or on a working day where business operations in government offices are suspended due to fortuitous events.

The submission of reports to the appropriate supervising department of the Bangko Sentral shall be done electronically, unless otherwise specified in a Circular or Memorandum of the Bangko Sentral. The date when the report was successfully sent electronically shall be considered as the date of filing. If the specified mode of submission in a Circular or Memorandum is via registered mail/courier or through messengerial services, the date of mailing postmarked on the envelope or the date of receipt from the messengerial service, as the case may be, shall be considered as the date of filing.

Assessment of Reporting System. The Bangko Sentral shall conduct an assessment of the quality of a pawnshop's reporting system to determine the integrity of reports being submitted and the root cause of persistent submission problems, if any. Consistent with the Bangko Sentral Supervisory Enforcement Policy under Sec. 002-P, the Bangko Sentral may deploy its range of supervisory actions commensurate with the level of deficiencies/concerns in the pawnshop's reporting system. This is to promote adherence to standards and principles set forth in this Section, bring about timely corrective actions and compliance with Bangko Sentral directives, all with the end in view of ensuring that pawnshops operate in a sound, lawful and orderly manner.

Failure of the proprietor/partner/board and senior management of the pawnshop to implement the required corrective measures within the specified time frame shall be grounds to subject the pawnshop including its proprietor/partner/board, senior management and other responsible official/s to appropriate enforcement actions provided in the Bangko Sentral's Supervisory Enforcement Policy under Sec. 002-P.

The foregoing is without prejudice to imposition of sanctions provided under applicable regulations and laws, such as but not limited to, Sections 34, 35, and 36 of Republic Act (R.A.) No. 7653 (The New Central Bank Act), as amended by R.A. No. 11211, and Section 18 of Presidential Decree (P.D.) No. 114.

Section 2. Section 162-P on "Audited Financial Statements" of the MORNBFIs is hereby renumbered and transferred to Section 164-P. A new Section 162-P on "Financial Records" shall be added to read as follows:

162-P FINANCIAL RECORDS

Pawnshops shall have a true and accurate account, record or statement of their daily transactions. For this purpose, "records" shall refer to information, whether in its original form or otherwise, including documents, signatures, seals, texts, images, sounds, speeches, or data compiled, recorded or stored, as the case may be: (1) in written form on any material; (2) on film, negative, tape or other medium so as to be capable of being reproduced; or (3) by means of any recording device or process, computer or other electronic device or process; and regardless of whether these information are stored and kept by the pawnshop or another entity duly authorized by the pawnshop (e.g., technology service provider). Records shall also include audio, photographic, and video evidence of events, acts, or transactions of the pawnshop, including all records of communication, oral (e.g., voice recordings) or written (e.g., letters) of officers and employees of the pawnshop: *Provided*, That the recording was made in connection with the performance of the official functions of the concerned officers or employees and coursed through BSFI-issued computers, telephones, mobile phones, and similar devices.

The making of any false entry or the willful omission of entries relevant to any transaction is a ground for the imposition of administrative sanctions under Section 37 of R.A. No. 7653, as amended, in relation to Section 17 of P.D. No. 114, otherwise known as Regulating The Establishment And Operation Of Pawnshops. This is without prejudice to criminal liability of the proprietor/partner/director and/or officer or person responsible under Sections 35 and 36 of R.A. No. 7653, as amended, and Section 18 of P.D. No. 114 and/or the applicable provisions of the Revised Penal Code.

Records shall be retained for a period of at least five (5) years, unless otherwise required by law or other regulations, or as directed by the Bangko Sentral to be retained for a longer period. However, records which are the subject of, or are pertinent to, an issue that has been raised during a Bangko Sentral examination shall be preserved until such time that the issue has been fully resolved with finality by the Bangko Sentral. Pawnshop records, ledgers, books and documents (including those in electronic media) shall have backup hard and/or soft copy to allow reconstruction of records in case of loss or destruction due to fire and other fortuitous events and shall be made available for Bangko Sentral examination upon request.

Adoption of the Manual of Accounts. Pawnshops shall strictly adopt the Manual of Accounts prescribed by the Bangko Sentral for recording daily transactions including reportorial and publication requirements. The Manual of Accounts for Pawnshops is provided in Item "A" of Appendix P-6.

Philippine Financial Reporting Standards (PFRS)/Philippine Accounting Standards (PAS). All records and reports of pawnshops shall conform to the PFRS/PAS.

The accounting records of pawnshops shall consist of records of original entry and books of final entry. The records of original entry shall consist of pawn tickets, official receipts, vouchers and other supporting documents. The books of final entry shall consist of the general ledger, subsidiary ledgers and registers of loans extended and loans paid.

A pawnshop that uses a computerized system may record its loan transactions in individual loan extended vouchers which shall contain the same information and/or equivalent controls necessary to comply with Section 11 of P.D. No. 114 in lieu of the loans extended and loans paid registers. The Description of Loan Registers of Pawnshops provided in Item "B" of Appendix P-6 shall be followed.

Section 3. The title and reference section provided in Appendix P-6 of the MORNBF is hereby amended to read, as follows:

MANUAL OF ACCOUNTS AND DESCRIPTION OF LOAN REGISTERS OF PAWNSHOPS
(Appendix to 162-P on FINANCIAL RECORDS)

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Section 4. Section 163-P of the MORNBF is hereby added to read, as follows:

163-P REPORTS

Pawnshops shall submit to the appropriate supervising department of the Bangko Sentral the reports listed in Appendix P-7 in such frequency and within deadlines indicated therein. In the preparation of said reports, pawnshops shall use and strictly follow the forms prescribed by the Bangko Sentral.

In line with the policy direction of R.A. No. 8792 (Electronic Commerce Act of 2000), electronic submission of reports is highly encouraged by the Bangko Sentral.

Only electronic submissions originating from officially registered e-mail address/es of the pawnshops shall be recognized and accepted by the Bangko Sentral. The official e-mail address refers to the same e-mail address/es used by pawnshops in securing authority to operate from the Bangko Sentral, or such updated official e-mail address/es as subsequently submitted to the Bangko Sentral, duly supported by certification from the proprietor/partner/board of directors.

Signatories of Reports. For primary reports, the proprietor, managing partner, President/Chief Executive Officer (CEO), officer holding equivalent rank and function or the duly designated representative, shall sign the reports required to be submitted to the Bangko Sentral: *Provided*, That in case of duly designated representatives, the pawnshop operator shall retain responsibility for the accuracy and timeliness of the report. Reports submitted in electronic media shall be subject to the same requirements or equivalent controls. For secondary reports, reports shall be signed by duly designated officers or their alternates, unless otherwise specified by the Bangko Sentral.

A report submitted to the Bangko Sentral under the signature of an officer who is not authorized in accordance with the requirements in this Section shall be considered as unsubmitted.

The designated signatories of reports including their specimen signatures shall be contained in a signed certification from the proprietor or a resolution approved by the board of directors or partners. A copy of the proprietor's certification or board/partners resolution covering the initial designation and subsequent change(s) in signatories as well as specimen signatures of the signatories and alternates shall be made available for inspection by the Bangko Sentral examiners and submitted to the

Bangko Sentral upon request of the appropriate supervising department of the Bangko Sentral.

Deadline for submission of reports.

- a. *Regular reports.* Unless otherwise specified, the deadlines for submission of reports enumerated in Appendix P-7, shall be reckoned on the basis of business days. For this purpose, business days shall be understood to mean Monday through Friday or business days of the Bangko Sentral.
- b. *Call Reports.* The deadline of submission of call reports shall be specified in the letter calling for the report.

Report on Crimes/Losses (RCL). Pawnshop Operators shall electronically submit an RCL within ten (10) calendar days from knowledge of the crime/incident.

- a. Pawnshop Operators shall report on the following matters to the Bangko Sentral:

- (1) Crimes whether consummated, frustrated or attempted against property/facilities (such as robbery, theft, swindling or estafa, forgery and other deceits) and other crimes involving loss/destruction of property of the pawnshop when the amount involved in each crime is P20,000 or more.

Crimes involving Pawnshop personnel, regardless of amount and whether or not such crimes resulted in the loss/destruction of property of the pawnshop, shall likewise be reported to the Bangko Sentral.

- (2) Incidents involving material loss, destruction or damage to the pawnshop's property/facilities, other than arising from a crime, where the amount involved per incident is P20,000 or more.

- (3) Crimes and/or incidents other than crimes involving loss, destruction or damage to the pawnshop's pawned articles, regardless of amount.

- (4) *Definition of terms.* For the purpose of this regulation, the following definitions shall apply:

- (a) Swindling (*Estafa*) - a crime committed by a person who defrauds another causing the latter to suffer damage by any of the following means:

- (i) with unfaithfulness or abuse of confidence;
- (ii) by false pretenses or fraudulent acts executed prior to or simultaneously with the commission of the fraud; or
- (iii) through other fraudulent means and other forms of swindling, under Articles 315 to 317 of the Revised Penal Code, as amended.

- (b) *Theft* - a crime committed by a person who, with intent to gain but without violence against or intimidation of persons nor force upon things, shall take personal property of another without the latter's consent pursuant to Article 308 and other pertinent provisions of Chapter III, Title X of the Revised Penal Code, as amended.

- (c) *Robbery* - a crime committed by a person who, with intent to gain, shall take any personal property belonging to another, by means of violence against or

intimidation of any person, or using force upon anything pursuant to Article 295 and other pertinent provisions of Chapter I, Title X of the Revised Penal Code, as amended.

- (d) *Falsification* - a crime committed by a person who falsifies a document by:
 - (i) Counterfeiting or imitating any handwriting, signature or rubric;
 - (ii) Causing it to appear that persons have participated in any act or proceeding when they did not in fact so participate;
 - (iii) Attributing to persons who have participated in an act or proceeding statements other than those in fact made by them;
 - (iv) Making untruthful statements in a narration of facts;
 - (v) Altering true dates;
 - (vi) Making any alteration or intercalation in a genuine document which changes its meaning;
 - (vii) Issuing in an authenticated form a document purporting to be a copy of an original document when no such original exists, or including in such a copy a statement contrary to, or different from, that of the genuine original; or
 - (viii) Intercalating any instrument or note relative to the issuance thereof in a protocol, registry, or official book and other acts falling under Articles 169, 171, 172 and 178 of the Revised Penal Code, as amended.
- (e) *Credit-card related crimes* - crimes arising through the use of credit cards.
- (f) *Other crimes that may cause loss to the Pawnshop* - crimes committed that cannot be appropriately classified under any of the above classifications.
- (g) *Negligence* - the failure to exercise the care which an ordinarily prudent person would use under the circumstances in the discharge of the duty then resting upon him.
- (h) *Non-crime related loss* - Incidents that may cause the Pawnshop to suffer a loss arising from fortuitous events.
- (i) *Insider* - person involved includes proprietor/partners/directors, officers and employees of the Pawnshop.
- (j) *Outsider* - persons involved other than an insider.
- (k) *Perpetrator* - a person, whether an insider or outsider, who is responsible for the commission of crime either by direct participation, inducement or cooperation, including accomplices and accessories as defined under Articles 18 and 19 of the Revised Penal Code, as amended.
- (l) *Victim* - an insider or outsider other than the perpetrator, who is the aggrieved party to the crime and may as a result of the incident, suffered the loss.
- (m) *Attempted crime* - a crime is attempted when the perpetrator commences the commission of the crime directly by overt acts and does not perform all of the acts of execution which should produce the crime by reason of some cause or accident other than his own desistance under Article 6 of the Revised Penal Code, as amended.

- (n) *Frustrated crime* - a crime is classified as frustrated, when the perpetrator performs all the acts of execution which would produce the crime as a consequence but which, nevertheless, do not produce it by reason of causes independent of the will of the perpetrator under Article 6 of the Revised Penal Code, as amended.
 - (o) *Consummated crime* - a crime is consummated when all the acts necessary for the execution and accomplishment of the crime was performed. As a result, the Pawnshop may have suffered a loss, the recoverable portion of which should be deducted to arrive at the probable loss incurred by the Pawnshop.
 - (p) *Termination of the investigation* - an investigation is said to be terminated when all the material facts/information which are sufficient to support a conclusion relative to the matters involved have already been gathered and a finding/conclusion may be made based on the gathered information.
- b. The following guidelines shall be observed in the preparation and submission of the report:
- (1) The Branch or Head Office's RCL shall be submitted electronically to the Bangko Sentral to the e-mail address to be provided by the appropriate supervising department of the Bangko Sentral, within ten (10) calendar days from knowledge of the crime or incident through the Pawnshop's Head Office and shall be certified correct by the Compliance Officer or officer of equivalent rank and function. When the deadline falls on a non-business day, the report shall be submitted on the immediately following business day.
- Supporting documents (e.g., (i) Notarized list of lost pawned articles, indicating the pawn ticket number, name of the pawner, date loan granted, brief description of pawn, and amount of loan; (ii) Police report on the investigation of the incident; (iii) Proof of notification in writing to all pawners concerned about the incident; and (iv) Proof of settlement of pawner's claim for lost pawned items due to the reported incident/crime) shall be made readily available by the pawnshop during Bangko Sentral examination or as requested by the Bangko Sentral.
- (2) Where a thorough investigation and evaluation of facts are necessary to complete the report, an initial report electronically submitted to the e-mail address to be provided by the appropriate supervising department of the Bangko Sentral, within the said deadline of ten (10) calendar days may be accepted: *Provided*, That a complete report is electronically submitted to the e-mail address to be provided by the appropriate supervising department of the Bangko Sentral not later than twenty (20) calendar days from termination of investigation.

Moreover, an RCL with incomplete information shall be considered as erroneous report, and the Pawnshop concerned shall be required to submit an amended report, subject to applicable sanctions.

Section 5. A new paragraph shall be inserted in the renumbered Section 164-P of the MORNBFi on "Audited Financial Statements" to read as follows:

164-P AUDITED FINANCIAL STATEMENTS

The Bangko Sentral recognizes that external auditors play a vital role in contributing to the conduct of effective supervision and sustaining the confidence of the public in the financial system. In this light, the regulations on financial audit aim to enhance the quality of information channeled to the supervisory process and ultimately promote fairness, transparency and accuracy in financial reporting.

The following rules shall govern the submission of audited financial statements (AFS) of pawnshop operators.

For purposes of this Section, AFS shall include the balance sheets, income statements, statements of changes in equity, statements of cash flows, notes to financial statements, and the opinion of the external auditor. The AFS of pawnshop operators with subsidiaries shall be presented side by side on a solo basis (parent) and on a consolidated basis (parent and subsidiaries).

Financial Audit. Pawnshop operators shall cause an annual financial audit by an external auditor, who will render an opinion on the fairness of the pawnshop operator's financial statements.

Financial audit of the following pawnshop operators shall be rendered by an external auditor included in the List of Selected External Auditors for BSFIs not later than thirty (30) calendar days after the close of the calendar year:

- a. Pawnshop business with corollary remittance activity requiring Bangko Sentral Registration, with or without money changing/foreign exchange dealing (Type C License); and
- b. Virtual pawnshop operators, or those engaged in pawnshop business through electronic pawning (e-pawning which refers to systems and processes that enable customers to pawn their personal property through electronic channels) (Type D License).

The aforementioned pawnshop operators shall submit their AFS, accompanied by the documentary requirements as enumerated under *Appendix P-18*, to the appropriate supervising department of the Bangko Sentral, not later than 120 calendar days after the close of the calendar year.

The external auditor shall be required by the proprietor/partners/board of directors to submit a Letter of Comments (LOC) indicating any material weakness or breach in the institution's internal control and risk management systems not later than 120 calendar days after the close of the calendar year. If no material weakness or breach is noted to warrant the issuance of an LOC, a certification under oath stating that no material weakness or breach in the internal control and risk management system was noted in the course of the audit of the pawnshop shall be submitted in its stead, together with the AFS.

Material weakness shall be defined as a significant control deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be detected or prevented by

the institution's internal control. A material weakness does not mean that a material misstatement has occurred or will occur, but that it could occur. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the institution's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles. The phrase "more than remote likelihood" shall mean that future events are likely to occur or are reasonably possible to occur.

The proprietor/partners/board of directors, in a regular or special meeting, shall consider and act on the AFS and the LOC and shall submit, not later than 120 calendar days after the close of the calendar year, a copy of its resolution² (containing the date of receipt of the AFS and LOC by the proprietor/partners/board of directors) to the appropriate supervising department of the Bangko Sentral. The resolution shall show the action(s) taken on the AFS and the findings and recommendations stated in the LOC, if any.

The AFS required to be submitted shall in all respect be Philippine Financial Reporting Standards (PFRS)/Philippine Accounting Standards (PAS) compliant. The guidelines under Sec. 162-P (*Financial Records*) shall be adopted.

Pawnshop operators, as well as external auditors, shall strictly observe the requirements in the submission of the AFS and reports required to be submitted under *Appendix P-18*.

Pawnshop operators, other than those listed in Items "a" and "b" above, however, are not required to submit to the Bangko Sentral their AFS and the documentary requirements enumerated under *Appendix P-18*, and their annual financial audit may be conducted by an external auditor other than those included in the List of Selected External Auditors for BSFIs: Provided, That the AFS and the aforementioned documentary requirements shall be made readily available to the Bangko Sentral during examination, or whenever requested.

The reports and certifications of institutions concerned, schedules and attachments required under this Section shall be considered *Category B* reports, delayed submission of which shall be subject to the penalties under Sec. 161-P (*Sanctions for Non-compliance with the Reporting Standards*).

Posting of audited financial statements. Pawnshop operators shall post in conspicuous places in their head offices, all their branches and other offices, as well as in their respective websites, their latest AFS.

Disclosure requirements to the audited financial statements. Pawnshop operators shall disclose the information prescribed under Annex B of *Appendix P-18* in the AFS.

Section 6. Appendix P-7 of the MORNBFIs on List of Reports Required from Pawnshops is hereby amended, as shown in Annex A of this Circular.

² Proprietor may instead issue a certification or report on the action taken.

Section 7. Section 131-P of the MORNBF is hereby amended to read, as follows:

131-P DEFINITIONS, QUALIFICATIONS, AND DUTIES AND RESPONSIBILITIES OF PROPRIETOR/PARTNERS/DIRECTORS/OFFICERS

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Definitions. xxx

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General Qualifications. Any person can be a proprietor, partner, or director, president or officer of equivalent rank and function, and over-all head of the pawnshop operation and the head of the compliance unit of pawnshops provided he/she:

- a. Must have complied with the Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT) training as prescribed under Sec. 103-P (*Mandatory training requirement*), and
- b. Must not be included in the Bangko Sentral Watchlist Files.

An NBI clearance shall also be required for any newly accepted/elected/appointed partner, director, president or officer of equivalent rank and function, and over-all head of the pawnshop operation and the head of the compliance unit of pawnshop.

Pawnshops shall submit to the appropriate supervising department of the Bangko Sentral annually a complete list of proprietor/partners/directors and officers as defined in Section 131-P, within twenty (20) business days from date of annual election/re-election/appointment/promotion of directors/partners/officers, and any changes³ thereto such as resignation or retirement, in accordance with Appendix P-7 and using the format under Appendix Q-59.

132-P DISQUALIFICATION AND WATCHLISTING OF DIRECTORS AND OFFICERS

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Section 8. *Effectivity.* This Circular shall take effect fifteen (15) calendar days after its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:



Digitally signed by Eli M. Remolona Jr.
Date: 2025.01.15 14:47:32 +08'00'

ELI M. REMOLONA, JR.
Governor

³ For any changes in ownership requiring prior Bangko Sentral approval, please refer to Section 122-P for the documentary requirements.

LIST OF REPORTS REQUIRED FROM PAWNSHOPS
(Appendix to Sec. 163-P on Reports)

The list includes reports to be submitted periodically (i.e., monthly, quarterly, semi-annually, or annually) and reports and notification requirements as transactions/incidents occur.

Category	Form No.	MOR Ref.	Report Title	Frequency	Submission Deadline	Submission Procedure
PRIMARY REPORTS						
A-2	BSP 7-26-02C	Sec. 163-P	Statement of Condition (SOC) (Head office with no branch)	Annually	30-April	sd- pawnshop@bsp.gov.ph
			Consolidated Statement of Condition (Head office and branches)	-do-	-do-	-do-
A-3	Unnumbered	Sec. 114-P (Reportorial Requirements)	EPFS Transactions and Indicators	Monthly, applicable for those with authority to offer EPFS	15th business day after end of reference month	dsanbf- epfs@bsp.gov.ph
A-3	Unnumbered	Sec. 114-P (Reportorial Requirements)	Changes and Enhancements in EPFS	Semi-Annually, applicable for those with authority to offer EPFS	15th business day after end of reference semester	dsanbf- epfs@bsp.gov.ph
A-3	BSP 7-26-03C	Sec. 163-P	Statement of Income and Expenses (Head office with no branch)	Annually	30-April	sd- pawnshop@bsp.gov.ph
			Consolidated Statement of Income and Expenses (Head office and branches)	-do-	-do-	-do-
A-2	Unnumbered	Sec. 501-P, in relation to the AMLA, as amended	Report on Suspicious Transactions	As transaction occurs	next business/working day from date of occurrence or establishment that the	Anti-Money Laundering Council

<u>Category</u>	<u>Form No.</u>	<u>MOR Ref.</u>	<u>Report Title</u>	<u>Frequency</u>	<u>Submission Deadline</u>	<u>Submission Procedure</u>
A-2	Unnumbered	Sec. 501-P, in relation to the AMLA, as amended	Report on Covered Transactions	-do-	transaction is suspicious 5th business day from date of transaction/occurrence	Anti-Money Laundering Council
A-3	Unnumbered	Sec. 163-P	Report on Borrowings of Bangko Sentral Personnel	Quarterly	15th business day after end of reference quarter	DSA
A-2	Unnumbered	Sec. 163-P	List of Operating and Closed Pawnshop Offices ¹	Semestral	10th business day after end of reference semester	Appropriate supervising department of the Bangko Sentral
A-2	Unnumbered	Sec. 131-P	List of Proprietor/Partners/Directors and Officers ¹	Annually and as changes occur	20th business day from date of annual election/re-election/appointment/promotion of directors/partners/officers and any changes thereto	Appropriate supervising department of the Bangko Sentral
SECONDARY REPORTS						
B	Unnumbered (no prescribed form)	Sec. 164-P	Audited Financial Statements (AFS) together with attachments listed in Appendix P-18	Annual	Not later than 120 calendar days after the close of the calendar year	dsapawnshop-afs@bsp.gov.ph
B	Unnumbered	Sec. 163-P	Report on Crimes/Losses	As crime/incident occurs		Soft copy to the appropriate supervising department of the Bangko Sentral
			- Initial		Within ten (10) calendar	

¹ The Entity shall maintain records to establish the fitness and propriety of the directors/officers. These shall be made available upon request of the Bangko Sentral. The appropriate supervising department of the Bangko Sentral shall issue the submission guidelines and prescribed reporting template for this report.

<u>Category</u>	<u>Form No.</u>	<u>MOR Ref.</u>	<u>Report Title</u>			<u>Frequency</u>	<u>Submission Deadline</u>	<u>Submission Procedure</u>
					- Final		days from knowledge of the crime/incident	
B	Unnumbered	Sec. 142-P	IT Profile Report			Annually	Within twenty (20) calendar days from termination of investigation	dsanbfi-itprofile@bsp.gov.ph
B	Unnumbered	Secs. 142-P and 147-Q	Reportable Incidents	Major	Cyber-Related	As incidents occur	Within two (2) hours upon discovery	trisd@bsp.gov.ph
							Within twenty-four (24) hours from discovery	trisd@bsp.gov.ph
B	Unnumbered	Secs. 142-P and 147-Q	Disruptions of financial services and operations			As disruptions occur	Within two (2) hours upon discovery	trisd@bsp.gov.ph
							Within twenty-four (24) hours from discovery	trisd@bsp.gov.ph
B	Unnumbered	Sec. 106-P	Commencement of Operations		Pawnshop	As transaction occurs	5th business day from the actual start of operations	Appropriate supervising department of the Bangko Sentral
B	01-001	Sec. 103-P	Reclassification of Pawnshop License			-do-	n/a	-do-
B	2P	Sec. 122-P and Appendix P-2	Transfer of Ownership			-do-	10th business day before transferring the ownership of the pawnshop business	-do-
B	3P	Sec. 105-P	Change of Registered/Business Name			-do-	10th business day before effecting such change	-do-
B	4P	Sec. 171-P and Appendix P-3	Surrender of Pawnshop Operator License Due to Closure of Business			-do-	30th calendar day prior to the intended closure of business	-do-

<u>Category</u>	<u>Form No.</u>	<u>MOR Ref.</u>	<u>Report Title</u>	<u>Frequency</u>	<u>Submission Deadline</u>	<u>Submission Procedure</u>
B	5P	Sec. 104-P	Establishment of Additional Branch	-do-	5th business day from end of month of start of operations of new branch/es	-do-
B	6P	Sec. 108-P	Transfer of Business Location/Change of Branch Name	-do-	5th business day after effectivity of transfer/change	-do-
B	7P	Sec. 108-P	Voluntary Closure of Pawnshop Office/Branch	-do-	5th business day after effectivity of closure	-do-
B	Unnumbered	Sec. 113-P	Engaging in allowed corollary business activities (e.g., money changing, remittance agent, bills payment, etc.)	-do-	5th business day from the date of actual engagement in such business activity	-do-