



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

MEMORANDUM NO. M - 2007 - 011

**To : ALL BANKS AND NON-BANK FINANCIAL INSTITUTIONS
AUTHORIZED TO ENGAGE IN TRUST BUSINESS**

**Subject : Guidelines for Trust Departments' Placements in the SDA
Facility of BSP**

The following guidelines shall be observed in the implementation of the Monetary Board Resolution Nos. 433 and 518 dated 19 April 2007 and 3 May 2007, respectively, which allowed the trust departments of banks and non-bank financial institutions authorized to engage in trust business, to deposit with BSP.

1. Access to the subject BSP facility shall be granted upon receipt by the BSP Treasury Department (BSP-TD) of a letter of request (Annex 1) for account opening together with the following requirements:
 - a. Internal approvals allowing the trust department to invest in the BSP SDA facility;
 - b. A list of authorized signatories;
 - c. A list of authorized traders; and
 - d. Contact details for the front and back offices.
2. The trust department shall use a depository institution that is a PhilPASS member when placing its funds in the SDA facility. On transaction date, the trust department shall instruct said depository institution to debit their account in favor of their SDA with the BSP. Similarly, the trust department shall specify a PhilPASS member to which its principal and interest will be credited at maturity of the SDA placement.
3. Trading hours shall be from 10:00 am to 3:00 pm for all business days. All trades shall settle on trade date.
4. Applicable tenors and pricing shall be based on published rates (i.e. in Bloomberg's CBPH1 and Reuters BANGKO page.)
5. The existing tiering scheme, as detailed below shall be applied to the SDA placements of the trust departments separately from the placements of their bank proper.

PANANALAPING MATATAG, BANSANG PANATAG

<u>Tier</u>	<u>Tiered Rate</u>
Amounts less than or equal to P5 billion	BSP published rate
Amounts in excess of P5 billion up to P10 billion	BSP published rate less 2%
Amounts in excess of P10 billion	BSP published rate less 4%

6. The minimum placement is P10.0 million with the additional amounts in increments of P1.0 million.
7. Trust departments may place only once per tenor per day.
8. Trust departments may pre-terminate their SDA placements, either fully or partially. If the holding period of the SDA placement when it is rate pre-terminated is less than 50% of the original tenor of the said placement, the applicable interest rate for the pre-terminated amount will be the rate dealt on value date less two percent (2%) p.a. If the holding period is 50% or more of the original tenor, the applicable interest rate for the pre-terminated amount will be the rate dealt on value date less one percent (1%) p.a. The pre-termination rate shall apply only to the amount pre-terminated.
9. The income from the SDA is subject to a 20% final withholding tax.
10. Depository institution shall generally follow the existing settlement process for SDA placements with BSP of banks. The trust department will be required to send the transaction confirmation directly to the BSP-TD back office. A sample confirmation is attached as Annex 2.
11. Trust departments may request a statement from the BSP-TD for their outstanding SDA placement as of a specified date.

For other operational details or any inquiry/clarification on these guidelines, kindly contact the following BSP Treasury Department personnel

Name	E-mail Address	Contact Numbers
Ms. Ma. Mediatríz M. Boelsch	mboelsch@bsp.gov.ph	Direct Lines: 5238863 5258437 5257140 5262214 5238901
Ms. Ma. Josefina F. Tinio	mtinio@bsp.gov.ph	Trunk Line: 5247011 local 2865
Mr. Nesmin V. Gutierrez	ngutierrez@bsp.gov.ph	Fax No.: 5238772

Name	E-mail Address	Contact Numbers
Ms. Jeannette C. Siguenza	jsiguenza@bsp.gov.ph	Direct Line: 5235295 Trunk Line: 5247011
Mr. Albert S. Bautista	asbautista@bsp.gov.ph	local 2770 Fax No.: 5233348
Ms. Ma. Candelaria J. Cristobal	mcristobal@bsp.gov.ph	

Please be guided accordingly.

FOR THE MONETARY BOARD


NESTOR A. ESPENILLA, JR.
 Officer-In-Charge

08 May 2007

Attachments

(Institution's Letterhead)

Date: _____

Mrs. Ma. Ramona GDT Santiago

Managing Director
Treasury Department
Bangko Sentral ng Pilipinas

Dear Madam:

Pursuant to Monetary Board Resolution Nos. 433 and 518 dated 19 April 2007 and 3 May 2007, allowing trust departments to place their funds in the BSP's Special Deposit Account (SDA) facility, the trust department of (NAME OF INSTITUTION) respectfully requests the creation of an account for the said facility.

Please find attached the following documents, as required:

- a. Internal approvals allowing the trust department to invest in the SDA facility;
- b. A list of authorized signatories;
- c. A list of authorized traders;
- d. Contact details for the front and back offices.

For your kind attention.

Very truly yours,

(AUTHORIZED SIGNATORY) ¹

(AUTHORIZED SIGNATORY) ²

Annex 2

(Institution's Letterhead)

Date: _____

TREASURY DEPARTMENT

Treasury Services Group – Domestic
Bangko Sentral ng Pilipinas

Gentlemen:

This is to confirm our **Special Deposit Account** placement to yourselves as follows:

VALUE DATE	
TERM	
MATURITY DATE	
RATE	
PRINCIPAL AMOUNT	
GROSS INTEREST	
WITHHOLDING TAX	
NET MATURITY VALUE	

On value date, our funds will come from Regular Demand Deposit Account of _____ (name of depository bank).

Accordingly, please **CREDIT** the Regular Demand Deposit Account of _____ (name of depository bank) on maturity date the amount of _____ PESOS (P _____), representing full payment of the principal plus interest (net of applicable withholding tax) thereon.

VERY TRULY YOURS,

(AUTHORIZED SIGNATORY) ¹

(AUTHORIZED SIGNATORY) ²