



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 965

Series of 2017

Subject : Exclusion of clearing and settlement accounts of banks and quasi-banks from the Single Borrower's Limit (SBL)

The Monetary Board, in its Resolution No. 1002 dated 15 June 2017, approved the following guidelines on exclusion from SBL of banks' and quasi-banks' short-term exposures to clearing and settlement banks arising from payment transactions. This exclusion is intended to promote the smooth functioning of financial markets and financial market infrastructures (FMIs).

Section 1. Subsection X303.4 (Exclusions from Loan Limit) of the Manual of Regulations for Banks (MORB) shall be amended to read as follows:

" § X303.4 Exclusions from loan limit.

- a. x x x
- b. x x x
- c. x x x
- d. x x x
- e. x x x
- f. x x x
- g. x x x
- h. x x x
- i. x x x

j. Short-term exposures of banks to settlement banks arising from payment transactions pertaining to fund transfer services, check clearing, foreign exchange trades, security trades, security custody services, and other short-term payment transactions: *Provided*, That for the purpose of this Subsection, an exposure is considered short-term if it does not extend longer than five (5) banking days after the placement of funds into the clearing and settlement account: *Provided, further*, That the following conditions are met:

(1) The payment transactions giving rise to short-term exposures are carried out through a clearing and settlement account maintained with a designated local settlement bank, or a foreign settlement bank. A designated settlement bank is a bank that is recognized or assigned by a consortium of banks and/or other financial institutions or by an appropriate body to accept funds from members of the consortium particularly for settlement of transactions among members.

(2) Banks shall enter into a formal agreement with the settlement bank, stipulating among other terms and conditions that the account is opened and maintained exclusively for short-term settlement transactions as described in this Subsection, and said account is not subject to a minimum balance requirement.

(3) The clearing and settlement bank shall keep the funds received from client banks separate from its own funds. The client banks shall also segregate their clearing and settlement accounts from any of their other bank accounts.

(4) Banks shall adopt an internal control mechanism appropriate to the said payment transactions.

Section 2. Subsection 4303Q.1 (Exclusions from Loan Limit) of the Manual of Regulations for Non-bank Financial Institutions (MORNBFi) shall be amended to read as follows:

“§ 4303Q.1 (2008 - 4306Q.1) Exclusions from loan limit. x x x

a. x x x

b. x x x

c. Short-term exposures of QBs to settlement banks arising from payment transactions pertaining to fund transfer services, check clearing, foreign exchange trades, security trades, security custody services, and other short-term payment transactions: *Provided*, That for the purpose of this Subsection, an exposure is considered short-term if it does not extend longer than five (5) banking days after the placement of funds into the clearing and settlement account: *Provided, further*, That the following conditions are met:

(1) The payment transactions giving rise to short-term exposures are carried out through a clearing and settlement account maintained with a designated local settlement bank, or a foreign settlement bank. A designated settlement bank is a bank that is recognized or assigned by a consortium of banks and/or other financial institutions or by an appropriate body to accept funds from members of the consortium particularly for settlement of transactions among members.

(2) QBs shall enter into a formal agreement with the settlement bank, stipulating among other terms and conditions that the account is opened and maintained exclusively for short-term payment transactions

as described in this Subsection, and said account is not subject to a minimum balance requirement.

(3) The clearing and settlement bank shall keep the funds received from client QBs separate from its own funds. The client QBs shall also segregate their clearing and settlement accounts from any of their other bank accounts.

(4) The settlement bank and its client QBs shall adopt an internal control mechanism appropriate to the said payment transactions.

d. In case of a stand-alone trust corporation x x x.”

x x x.”

Section 3. Amendments to the Financial Reporting Package. The following portions of the Financial Reporting Package (FRP) required under Subsection X191.2 of the MORB shall be amended as indicated below.

a. Manual of Accounts

“ BALANCE SHEET ACCOUNTS

“ Asset Accounts

“ x x x x x x x x x

“ 4. Due from Other Banks

“ x x x

“b. Non-Resident Banks - This refers to the balances of deposit accounts xxx xxx.

“The foreign currency amount maintained in the FCDU/EFCDU book shall be those held as asset cover for FCDU/EFCDU liabilities.

“(c) **Resident Banks – Clearing and Settlement Account** – This refers to debit balances of accounts maintained with other resident banks exclusively for the settlement of payment transactions pertaining to fund

transfer services, check clearing, foreign exchange trades, security trades, security custody services, and other short-term payment transactions.

- (1) **Local currency** - This refers to balances of accounts maintained for the settlement of short-term Peso-denominated payment transactions including interbank claims in places where there is no BSP clearing facility.
- (2) **Foreign currency** – This refers to balances of accounts maintained for the settlement of short-term foreign-currency denominated payment transactions. It includes accounts with the franchise holder of the Philippine Domestic Dollar Transfer System (PDDTS) for clearing of checks and accounts with the designated settlement bank for the Domestic Renminbi (RMB) Transfer Service, among others.

“(d) **Non-Resident Banks – Clearing and Settlement Account** – This refers to debit balances of clearing and settlement accounts maintained with non-resident banks exclusively for the settlement of payment transactions pertaining to fund transfer services, check clearing, foreign exchange trades, security trades, security custody services, and other short-term payment transactions.

“5. Financial Assets Held for Trading (HFT)

“x x x .”

“ Liability Accounts

“x x x x x x x x x

“4. Due to Other Banks

(a) **Due to Resident Banks – Clearing and Settlement Accounts** – This refers to credit balances of accounts maintained by other resident banks exclusively for settlement of payment transactions pertaining to fund transfer services, check clearing, foreign exchange trades, security trades, security custody services, and other short-term payment transactions.

(i) **Local currency** – This refers to credit balances of accounts maintained by other resident banks for settlement of short-term Peso-denominated payment transactions including interbank claims in places where there is no BSP clearing facility.

(ii) **Foreign currency** – This refers to credit balances of accounts maintained by other resident banks for the settlement of short-term foreign-currency denominated payment transactions.

“(b) Due to Non-Resident Banks – Working Capital – This refers to credit balances of deposit accounts maintained by non-resident x x x.

b. FRP and Simplified FRP Schedules (FRP)

The amendments to Schedules 2 and 23 of the FRP and Simplified FRP are hereby attached as “Annex A”. The revised electronic FRP/Simplified FRP templates including the reporting guidelines shall be deployed through a Memorandum to all Banks. The revised templates shall be used starting on the 30 September 2017 reporting cut off.

Section 6. This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in any newspaper of general circulation in the Philippines.

FOR THE MONETARY BOARD


NESTOR A. ESPENILLA, JR.
Governor

OS July 2017

ANNEX A
Financial Reporting Package (FRP)/ Simplified FRP
Schedule 2
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Due from Other Banks
Classified as to Type of Deposit

Particulars		Account Code	Demand							
			Peso Accts	Foreign Regular		FCDU/EFCDU		Foreign Offices		Total
				In US \$	Peso Equiv.	In US \$	Peso Equiv.	In US \$	Peso Equiv.	
(a)	Resident Banks	105200000000140000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(1) UBs/KBs	105200000000141000								0.00
	(2) Other Banks	105200000000142000								0.00
(b)	Non-Resident Banks/OBUs	105200000000230000		0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(1) OBUs	105200000000231000								0.00
	(2) Other Banks	105200000000232000								0.00
(c)	Resident Banks - Clearing and Settlement Account	105200000000190000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(1) Local Currency	105200000000190001								0.00
	(2) Foreign Currency	105200000000190002								0.00
(d)	Non-Resident Banks - Clearing and Settlement Account	xxxxxxxxxxxxxxxxxxxx								0.00
TOTAL		105200000000000000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additional Information:										
A.	Classified as to Original Term	1052000000000610000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(1) Short Term (one year or less)	1052000000000611000								0.00
	(2) Medium Term (>1 year to 5 years)	1052000000000612100								0.00
	(3) Long Term (>5 years)	1052000000000612200								0.00
B.	Special Reserve Bank Account for Securities Brokers	1052000000000620000								0.00

ANNEX A
Financial Reporting Package (FRP)/ Simplified FRP
Schedule 2

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Due from Other Banks
Classified as to Type of Deposit

Particulars			Account Code	Savings Deposit						Total	
				Peso Accts	Foreign Regular		FCDU/EFCDU		Foreign Offices		
					In US \$	Peso Equiv.	In US \$	Peso Equiv.	In US \$		Peso Equiv.
(a)	Resident Banks		105200000000140000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	(1)	UBs/KBs	105200000000141000							0.00	
	(2)	Other Banks	105200000000142000							0.00	
(b)	Non-Resident Banks/OBUs		105200000000230000		0.00	0.00	0.00	0.00	0.00	0.00	
	(1)	OBUs	105200000000231000					0.00	0.00	0.00	
	(2)	Other Banks	105200000000232000							0.00	
(c)	Resident Banks - Clearing and Settlement Account		105200000000190000	0.00			0.00	0.00	0.00	0.00	
	(1)	Local Currency	105200000000190001					0.00	0.00	0.00	
	(2)	Foreign Currency	105200000000190002							0.00	
(d)	Non-Resident Banks - Clearing and Settlement Account		xxxxxxxxxxxxxxxxxxxx							0.00	
TOTAL			105200000000000000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Additional Information:											
A.	Classified as to Original Term		105200000000061000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	(1)	Short Term (one year or less)	105200000000061100					0.00	0.00	0.00	
	(2)	Medium Term (>1 year to 5 years)	105200000000061210							0.00	
	(3)	Long Term (>5 years)	105200000000061220							0.00	
B.	Special Reserve Bank Account for Securities Brokers		105200000000062000							0.00	
										0.00	

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Financial Reporting Package (FRP)/ Simplified FRP
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Due from Other Banks
Classified as to Type of Deposit

Particulars			Account Code	NOW						Total	
				Peso Accts	Foreign Regular		FCDU/EFCDU		Foreign Offices		
					In US \$	Peso Equiv.	In US \$	Peso Equiv.	In US \$		Peso Equiv.
(a)	Resident Banks		105200000000140000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	(1)	UBs/KBs	105200000000141000					0.00	0.00	0.00	
	(2)	Other Banks	105200000000142000							0.00	
(b)	Non-Resident Banks/OBUs		105200000000230000		0.00	0.00	0.00	0.00	0.00	0.00	
	(1)	OBUs	105200000000231000					0.00	0.00	0.00	
	(2)	Other Banks	105200000000232000							0.00	
(c)	Resident Banks - Clearing and Settlement Account		105200000000190000							0.00	
	(1)	Local Currency	105200000000190001					0.00	0.00	0.00	
	(2)	Foreign Currency	105200000000190002							0.00	
(d)	Non-Resident Banks - Clearing and Settlement Account		XXXXXXXXXXXXXXXXXX							0.00	
TOTAL			105200000000000000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Additional Information:											
A.	Classified as to Original Term		1052000000000610000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	(1)	Short Term (one year or less)	1052000000000611000							0.00	
	(2)	Medium Term (>1 year to 5 years)	1052000000000612100							0.00	
	(3)	Long Term (>5 years)	1052000000000612200							0.00	
B.	Special Reserve Bank Account for Securities Brokers		1052000000000620000							0.00	

ANNEX A
Financial Reporting Package (FRP)/ Simplified FRP
Schedule 2
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Due from Other Banks
Classified as to Type of Deposit

Particulars		Account Code	Time Certificates of Deposit							Total
			Peso Accts	Foreign Regular		FCDU/EFCDU		Foreign Offices		Total
				In US \$	Peso Equiv.	In US \$	Peso Equiv.	In US \$	Peso Equiv.	
(a) Resident Banks		105200000000140000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) UBs/KBs		105200000000141000								0.00
(2) Other Banks		105200000000142000								0.00
(b) Non-Resident Banks/OBUs		105200000000230000		0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) OBUs		105200000000231000								0.00
(2) Other Banks		105200000000232000								0.00
(c) Resident Banks - Clearing and Settlement Account		105200000000190000						0.00	0.00	0.00
(1) Local Currency		105200000000190001								0.00
(2) Foreign Currency		105200000000190002								0.00
(d) Non-Resident Banks - Clearing and Settlement Account		xxxxxxxxxxxxxxxxxx								0.00
TOTAL		105200000000000000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additional Information:										
A. Classified as to Original Term		1052000000000610000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(1) Short Term (one year or less)		1052000000000611000								0.00
(2) Medium Term (>1 year to 5 years)		1052000000000612100								0.00
(3) Long Term (>5 years)		1052000000000612200								0.00
B. Special Reserve Bank Account for Securities Brokers		1052000000000620000								0.00

ANNEX A
Financial Reporting Package (FRP)/ Simplified FRP
Schedule 23

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Due to Other Banks

Particulars		Account Code	Peso Accounts	Foreign Regular		FCDU/EFCDU		Foreign Offices		Total
				In US \$	Peso Equiv.	In US \$	Peso Equiv.	In US \$	Peso Equiv.	
A.	Due to Resident Banks - Clearing and Settlement Accounts	220050000500100000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(1) UBs/KBs	220050000500141000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(a) Government Banks	220050000500141100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(i) Local Currency	220050000500141101								
	(ii) Foreign Currency	220050000500141102								
	(b) Non-Government Banks	220050000500141200	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(i) Local Currency	220050000500141201								
	(ii) Foreign Currency	220050000500141202								
	(2) Other Banks	220050000500142000								0.00
B.	Due to Non-Resident Banks - Clearing and Settlement Accounts	XXXXXXXXXXXXXXX								0.00
BC.	Due to Non-Resident Banks - Working Capital	220050001000200000	0.00					0.00	0.00	0.00
	in Local Currency									
	(1) DBUs	220050001000231000								
	(2) Other Banks	220050001000232000								0.00
TOTAL		220050000000000000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additional Information										
1.	Classified as to Original Term	2200500000000610000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A.	Short Term (one year or less)	2200500000000611000								0.00
B.	Medium Term (>1 year to 5 years)	2200500000000612100								0.00
C.	Long Term (>5 years)	2200500000000612200								0.00