



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1117

Series of 2021

Subject: Implementation of Republic Act (R.A.) No. 11523, otherwise known as the "Financial Institutions Strategic Transfer (FIST) Act"

The Monetary Board in its Resolution No. 610 dated 20 May 2021, approved the following amendments to the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) to implement R.A. No. 11523, otherwise known as the FIST Act, and its Implementing Rules and Regulations (IRR) for BSP-Supervised Financial Institutions (BSFIs).

Section 1. Sale/Transfer and investment transactions of BSFIs pursuant to the FIST Act and its IRR. The following provisions shall be added under Section 386 of the MORB and Sections 363-Q/307-N of the MORNBFI:

386/363-Q/307-N SALE/TRANSFER AND INVESTMENT TRANSACTIONS OF BSP-SUPERVISED FINANCIAL INSTITUTIONS (BSFIS) PURSUANT TO REPUBLIC ACT (R.A.) NO. 11523, OTHERWISE KNOWN AS THE FINANCIAL INSTITUTIONS STRATEGIC TRANSFER (FIST) ACT.

Policy Statement.

This Section sets forth the guidelines governing the sale/transfer and investment transactions of banks, and other institutions licensed by the Bangko Sentral to perform (i) quasi-banking functions and (ii) credit-granting activities, including but not limited to pawnshops, non-stock savings and loan associations, and non-bank credit card issuers pursuant to R.A. No. 11523, otherwise known as the FIST Act and its IRR. The implementation of the FIST Act reinforces the BSFIs' primary role of providing financial services and liquidity to support households, business enterprises and productive sectors of the economy by allowing BSFIs to dispose of their NPAs and increase their liquidity and risk-bearing capacity.

Sale/transfer transactions of non-performing assets (NPAs) by BSFIs for purposes of availing of the tax exemptions and incentives/privileges under the FIST Act shall comply with the provisions under this Section.

Definition of Terms

For purposes of this Section, the following definitions shall apply:

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- a. **Certificate of Eligibility (COE)** refers to the certificate issued by the Bangko Sentral as to the eligibility of the non-performing loan (NPL) or real and other properties acquired (ROPA) for purposes of availing the tax exemptions and privileges pursuant to the provisions of the FIST Act.
- b. **Data Package** refers to the set of documents prescribed by the Securities and Exchange Commission (SEC) under Rule No. 5.1j of the IRR and the additional documentation required under this Section (*Sale and Transfer of Assets*), which must be prepared and made available by the selling BSFI in respect of the sale/transfer of NPAs to FISTCs/individuals. The Data Package should contain, among others, scanned copy of all pertinent documents and the particulars of each property or loan account being sold and should be made electronically available to potential bidders.
- c. **FIST Corporation (FISTC)** refers to a stock corporation organized in accordance with R.A. No. 11232, otherwise known as the "Revised Corporation Code of the Philippines," the provisions of Section 4 of the FIST Act and Rule 4 of the IRR. It is incorporated primarily to invest in or acquire NPAs of financial institutions under the FIST Act. With respect to foreign FISTCs, existing laws on ownership of real properties shall apply.
- d. **Individual** refers to a natural person who, subject to certain conditions, is entitled to the tax exemptions, incentives, and fee privileges under the FIST Act.
- e. **NPAs** refer to the NPLs and ROPA of BSFIs. NPAs are those NPLs and ROPA that are classified as such under the FIST Act on or before 31 December 2022.
- f. **NPLs** refer to secured or unsecured loans and other receivables, including restructured loans and sales contracts receivables (SCRs), whose principal and/or interest have remained unpaid for at least ninety (90) days after they have become past due or any of the events of default under the loan agreement/restructuring agreement/sales contract, as applicable, has occurred.

NPLs shall also include loans that are classified as items in litigation on or before 31 December 2022 for which collection and foreclosure cases have been filed or are subject to pending cases that seek to restrain foreclosure or consolidation of title of foreclosed assets, or where a restraining order or injunction has been issued to prevent foreclosure of mortgage or consolidation of title of foreclosed assets.

- g. **ROPAs** refer to real and other properties acquired by a BSFI in settlement of loans and receivables, including real properties, shares of stocks, and personal properties which have been acquired by way of

dation in payment (dacion en pago) or judicial or extra-judicial foreclosure or execution of judgment or enforcement of security interest.

- h. **SCRs** refer to the amortized cost of assets acquired in settlement of loans through foreclosure or dation in payment and subsequently sold on installment basis whereby the title to the said property is transferred to the buyers only upon full payment of the agreed selling price.
- i. **Special Purpose Vehicles (SPVs)** refer to entities created under R.A. No. 9182, as amended, otherwise known as the "The Special Purpose Vehicle (SPV) Act of 2002," primarily incorporated to invest in or acquire NPAs of financial institutions under the SPV Act, whose application for reconfirmation has been approved by the SEC.
- j. **True sale** refers to a sale wherein the selling BSFI transfers or sells its NPAs to an individual/FISTC, without recourse for cash or property in exchange for the transfer or sale, and without prejudice to the BSFI and the FISTC agreeing on sharing of profits and subject to the following results:
 - (1) The transferor transfers full legal and beneficial title to and relinquishes effective control over the transferred NPAs; and
 - (2) The transferred NPAs are legally isolated and put beyond the reach of the transferor and its creditors:

Provided, That the transferring BSFI shall not have direct or indirect control, of the transferee FISTC: Provided, further, That the selling BSFI does not have legal or beneficial ownership of more than ten percent (10%) of the (a) total number of outstanding shares of stock entitled to vote in the election of directors; and (b) the total number of outstanding shares of stock, whether or not entitled to vote, of the transferee FISTC.

For purposes of determining existence of control, the provisions of Sec. 131/131-Q shall apply.

All references to FISTCs in subsequent provisions of this Section shall also refer to SPVs as defined under this Section (*Definition of Terms*).

Issuance of COEs

A BSFI which intends to avail of the tax exemptions and fee privileges under the FIST Act shall apply for a COE in accordance with the Bangko Sentral's guidelines for obtaining a COE under the FIST Act. The following transactions shall require a COE:

- (1) The sale/transfer of NPAs by a BSFI to a FISTC;
- (2) The dation in payment (dacion en pago) of NPL by a borrower or third party on behalf of the borrower to a BSFI; and

- (3) The sale/transfer of NPL (secured by a real estate mortgage on a residential unit or an empty lot) or ROPA (single family residential unit or an empty lot) by a BSFI to an individual: *Provided*, That an individual is limited to only one acquisition of NPA (either NPL or ROPA).

Notice, Manner and Nature of Sale/Transfer of NPAs

The following provisions on notice, manner and nature of sale/transfer of NPAs under Sections 12 and 13 of the FIST Act and Rules 12 and 13 of the IRR shall apply:

- a. ***Prior Notice***. No transfer of NPLs to a FISTC/individual shall take effect unless the BSFI concerned gives prior notice to the borrowers of the NPLs and all persons actually or constructively known to the BSFI to be holding prior encumbrances upon the assets mortgaged or subject to security interest. The BSFI's notification to the borrower shall include a breakdown of his/her loan and related credit obligations that shall be the subject of the sale/transfer. Such notice shall be in writing and made in accordance with the 2019 Revised Rules of Civil Procedure, including Rule 13, Sections 5-15 and 17 on the modes and proof of service, and Rule 14, Section 12 on the service upon domestic private juridical entity. The borrower shall be given a period of at most thirty (30) calendar days upon receipt of notice from the BSFI to restructure or renegotiate the loan under such terms and conditions as may be agreed upon by the borrower and the BSFI concerned.

- b. ***Sale/Transfer of Assets***

A selling BSFI shall provide prospective bidders, including individuals and FISTCs, with a data package as defined under this Section (*Definition of Terms*). At a minimum, the data package shall include the documents prescribed under Rule 5.1.j of the IRR and the following documents, if available:

- (1) For NPLs:

- (a) Promissory Note/Pawn ticket;
- (b) Restructuring Agreement, debt settlement agreement and other loan agreements of similar nature; and
- (c) Chattel Mortgage and Security Agreement, third-party financial guarantee or surety arrangement.

- (2) For ROPA:



- (a) Proof of property's ownership, e.g., Transfer Certificate of Title (TCT), with registered real estate mortgage (REM), tax declaration for unregistered land, Certificate of Stocks or other certificate/proof of participation in securities, Official Receipt/Certificate of Registration for motor vehicle;
- (b) Certificate of Sale (COS) for Extra-judicial foreclosure /Notarized Deed of Dacion in case of dation in payment/judgment in case of judicial foreclosure for real estate ROPA with unconsolidated land title; and
- (c) Latest Real Estate Tax Receipt.

(3) For SCRs:

- (a) Notarized Sales Contract;
- (b) Proof of property's ownership, e.g., TCT, with REM, tax declaration for unregistered land, Certificate of Stocks or other certificate/proof of participation in securities, Official Receipt/Certificate of Registration for motor vehicle;
- (c) COS for Extra-judicial foreclosure /Notarized Deed of Dacion in case of dation in payment/judgment in case of judicial foreclosure for real estate ROPA with unconsolidated land title; and
- (d) Latest Real Estate Tax Receipt.

All sales or transfers of NPAs by a BSFI shall meet the definition of a true sale under this Section (*Definition of Terms*) and shall be made in accordance with the provisions of Section 13 of the FIST Act and Rule 13 of the IRR. Sales/Transfers of NPAs shall be in the nature of a "true sale" after proper notice in accordance with the procedure provided under this Section (*Notice, Manner and Nature of Sale/Transfer of NPAs*), without need for the borrower's consent: *Provided*, That in the transfer of the NPLs, the provisions on the right of the debtor to reimburse the assignee or transferee under Article 1634 of the New Civil Code shall not apply: *Provided, further*, That after the sale, the FISTC/individual shall assume all legally transferrable rights and obligations of the transferring BSFI.

The Bangko Sentral shall not issue the COE to a BSFI in case of its non-compliance with the FIST Act, its IRR, and this Circular, including, but not limited to, the following: (1) the asset subject of the sale/transfer transaction does not meet the definition of an NPA under this Section (*Definition of Terms*), or (2) the sale/transfer transaction (i) does not meet the definition of a "true sale", (ii) falls under the transactions not considered "true sale" under Appendix 147/Q-93/N-26, or (iii) is presumed



to be not a "true sale" transaction under the same Appendix, based on documents submitted/presented relative to its COE application, without prejudice to the submission by the BSFI of a new application/request with complete requirements and accurate documents.

Moreover, the Bangko Sentral reserves its authority to pass upon the "true sale" nature of the sale/transfer even after the issuance of the COE, and revoke a COE already issued upon finding of any violation of the "true sale" nature of the transaction.

The guidelines in determining whether the sale/transfer satisfies the requirements of a "true sale" is in Appendix 147/Q-93/N-26.

c. ***Subsequent notice.***

Within fifteen (15) banking/business days after the execution of the NPL's sale or transfer documents, the transferring BSFI shall inform the borrower, in writing sent to the latter's last known address or email address, of the fact of the sale or transfer of the NPLs. Non-compliance with the post-notification requirement shall not invalidate the sale or transfer of NPLs but shall subject the erring BSFI to appropriate sanctions and penalties under the FIST Act and its IRR, as well as other pertinent laws, rules, and regulations.

d. ***Subsequent transfers.***

The re-acquisition of the NPA by the borrower or owner from the FISTC, individual, or subsequent transferee other than by the exercise of the right of redemption as provided for in Section 20 of the FIST Act and Rule 20 of the IRR shall be in accordance with the terms and conditions as may be agreed upon by them.

Investment Transactions of a BSFI.

A BSFI may subscribe to, acquire or hold Investment Unit Instruments (IUIs) issued by a FISTC in accordance with Section 11 of the FIST Act, Rule 11 of the IRR, and other applicable BSP rules and regulations: *Provided*, That a transferor-BSFI cannot acquire the IUIs of the transferee-FISTC: *Provided, further*, That the parent, subsidiaries, affiliates or stockholders, directors, officers, or any related interest of the selling BSFI or the parent's subsidiaries, affiliates or stockholders, directors, officers, or any related interest shall not acquire or hold, directly or indirectly, the IUIs of the FISTC that acquired the NPAs of the BSFI.

The definition of the parties mentioned under this Section (*Investment Transactions of a BSFI*) is in Appendix 148/Q-94/N-27 of the MORB/MORNBFI.

A BSFI may acquire or hold IUIs issued by a FISTC in the minimum amount of P10 million. A BSFI may also subscribe to, acquire, or hold shares and other

securities that are not considered as IUIs and are issued by a FISTC, subject to the provisions of the FIST Act, its IRR and other applicable BSP regulations.

A bank's equity investment in a FISTC shall be considered an investment in a non-financial allied undertaking and shall be subject to the provisions of Sec. 375 and the prudential limits and restrictions under Sec. 378.

Prudential Relief Measures on the Sale/Transfer of NPAs

BSFIs may avail of the prudential relief measures that shall be granted by the Bangko Sentral in relation to their NPA sale/transfer transactions.

Limitations on Amount Available for Dividends

BSFIs may carry-over any loss incurred as a result of the transfer of an NPA within a period of not more than two-years from the date of effectivity of the FIST Act for a period of five (5) consecutive taxable years immediately following the year of the transfer that resulted to such loss; *Provided*, That the loss meets the requirements under Section 17 of the FIST Act and Rule 17.1 of the IRR; *Provided, further*, That the tax savings derived by a BSFI from this net operating loss carry-over shall not be made available for dividend declaration under Sec. 124/123-Q but shall be retained as a form of capital build-up pursuant to Section 17 of the FIST Act and Rule 17.2 of the IRR.

Prudential Report

BSFIs that avail of the tax exemptions and incentives/privileges under the FIST Act shall submit a Monthly Report on the Sale/Transfer and Investment Transactions of BSFIs under the FIST Act to the Bangko Sentral. The report shall be considered a Category B report and shall be submitted within twenty (20) banking/business days after end of reference month. The submission of the aforementioned report shall be subject to the guidelines provided under Sec. 171/172-Q/143-N.

Penalties and Administrative Sanctions

A BSFI and/or its concerned directors, officers, and employees who violate any provision of the FIST Act, its IRR, and this Circular, or who, in a notice or certification, makes any untruthful statement of a material fact or omits to state a material fact, or who violate the required "true sale" nature of the sale/transfer of NPAs shall be penalized pursuant to Sections 18 and 24 of the FIST Act, Rules 18 and 24 of the IRR; Section 37 of R.A. No. 7653, or "The New Central Bank Act", as amended, and other applicable laws, without prejudice to the enforcement actions that may be deployed by the Bangko Sentral consistent with Sec. 002/ 002-Q/001-N (*Supervisory enforcement policy*).



Section 2. Applicability to other non-bank financial institutions (NBFIs). Section 1 of this Circular shall be adopted under Sections 311-S/130-CC/322-P of the MORNBFi with the following changes:

1. The provisions on "*Investment Transactions of a BSFI*" shall not apply to credit card issuers, non-stock savings and loan associations and pawnshops.
2. The definition of NPL under "*Definition of Terms*" shall be adopted with the following changes under Section 322-P of the MORNBFi:
 - f. **NPLs** refer to pledge loans that have not been paid or renewed by a pawner within the ninety (90) day grace period from date of maturity of the loan as provided under Sec. 305-P of the MORNBFi, including restructured pledge loans whose principal and/or interest have remained unpaid for at least ninety (90) days after they have become past due or any of the events of default under the restructuring agreement has occurred.

NPLs shall also include loans that are classified as items in litigation on or before 31 December 2022 for which collection and foreclosure cases have been filed or are subject to pending cases that seek to restrain foreclosure or consolidation of title of foreclosed assets, or where a restraining order or injunction has been issued to prevent foreclosure of mortgage or consolidation of title of foreclosed assets.

3. The following provisions shall be added under Item "a. *Prior Notice*" of Section 322-P of the MORNBFi:

a. ***Prior Notice.*** xxx

xxx

For purposes of implementing the requirements on prior notification, a pawnshop shall comply with the provisions of Sec. 305-P. The pawner shall be given a period of at most thirty (30) calendar days upon receipt of notice to restructure or renegotiate the pledged loan under such terms and conditions as may be agreed upon by the pawner and the pawnshop.

4. The provisions under Item "b. *Sale/Transfer of Assets*" of "*Notice, Manner and Nature of Sale/Transfer of NPAs*" shall be adopted under Sections 311-S/322-P/130-CC of the MORNBFi with the following changes:

b. ***Sale/Transfer of Assets***



xxx

The Bangko Sentral shall not issue the COE to a BSFI in case of its non-compliance with the FIST Act, its IRR, and this Circular, including, but not limited to, the following: (1) the asset subject of the sale/transfer transaction does not meet the definition of an NPA under this Section (*Definition of Terms*), or (2) the sale/transfer transaction (i) does not meet the definition of a "true sale", (ii) falls under the transactions not considered "true sale" under Appendix S-20/P-19/CC-4, or (iii) is presumed to be not a "true sale" transaction under the same Appendix, based on documents submitted/presented relative to its COE application, without prejudice to the submission by the BSFI of a new application/request with complete requirements and accurate documents.

xxx

The guidelines in determining whether the sale/transfer satisfies the requirements of a "true sale" is in Appendix S-20/P-19/CC-4.

5. The following provisions shall be added under Item "b. *Sale/Transfer of Assets*" of "Notice, Manner and Nature of Sale/Transfer of NPAs" of Section 322-P of the MORNBF:

b. *Sale/Transfer of Assets*

xxx

The sale/transfer of NPLs of a pawnshop to a FISTC shall be through public auction as required under Sec. 321-P.

6. The provisions on the prudential report shall be adopted under Sections 311-S/322-P of the MORNBF with the following changes:

Prudential Report

BSFIs that availed of the tax exemptions and incentives/privileges under the FIST Act shall submit a Monthly Report on the Sale/Transfer and Investment Transactions of BSFIs under the FIST Act to the BSP. The report shall be considered a Category B report and shall be submitted within twenty (20) business days after end of reference month. The submission of the aforementioned report shall be subject to the guidelines provided under Sec. 162-S/161-P.

7. The provisions on the prudential report shall be adopted under Section 130-CC of the MORNBF with the following changes:

Prudential Report



BSFIs that availed of the tax exemptions and incentives/privileges under the FIST Act shall submit a Monthly Report on the Sale/Transfer and Investment Transactions of BSFIs under the FIST Act to the BSP. The report shall be considered a Category B report and shall be submitted within twenty (20) business days after end of reference month.

8. The provisions on penalties and administrative sanctions shall be adopted under Sections 311-S/130-CC/322-P of the MORNBFIs with the following changes:

Penalties and Administrative Sanctions

A BSFI and/or its concerned directors, officers, and employees who violate any provision of the FIST Act, its IRR, and this Circular, or who, in a notice or certification, makes any untruthful statement of a material fact or omits to state a material fact, or who violate the required "true sale" nature of the sale/transfer of NPAs shall be penalized pursuant to Sections 18 and 24 of the FIST Act, Rules 18 and 24 of the IRR, Section 37 of R.A. No. 7653, or "The New Central Bank Act", as amended, and other applicable laws, without prejudice to the enforcement actions that may be deployed by the Bangko Sentral consistent with Sec. 002-S/002-P (*Supervisory enforcement policy*) and Sec. 121-CC (*Sanctions and penal provisions*).

Section 3. Template of the Monthly Report on the Sale/Transfer and Investment Transactions of BSFIs under the FIST Act. Appendix 7 of the MORB as well as Appendix Q-3/P-7/N-1/S-2 of the MORNBFIs are hereby amended to include the Monthly Report on the Sale/Transfer and Investment Transactions of BSFIs under the FIST Act as shown in **Annex C**. The template of the Monthly Report on the Sale/Transfer and Investment Transactions of BSFIs under the FIST Act is shown in **Annex D**.

Section 4. Effectivity. This Circular shall take effect immediately after its publication in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


BENJAMIN E. DIOKNO
Governor

27 May 2021

**Guidelines in Determining a “True Sale”
Transaction under the FIST Act**

The transfer by a BSFI of its NPAs to a FISTC or an individual shall be considered not a True Sale if the BSFI satisfies any of the enumerated below:

- (a) Has direct or indirect management of the transferee FISTC;
- (b) Has any of its directors, officers or employees on the board of the transferee FISTC;
- (c) Is obligated to repurchase or substitute/exchange the NPA or any part of the pool of NPAs at any time, except in cases of a breach of representation or warranty of the BSFI;
- (d) Is a Related Interest, as defined under Rule 11 of the FIST IRR, of the transferee FISTC;
- (e) Has legal and beneficial ownership of more than ten percent (10%) of the (a) total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote, of the transferee FISTC; or
- (f) Accepts the transferred NPAs as the FISTC's collateral for any unpaid balance of the consideration of the transfer of said NPAs.

Unless otherwise determined by the Bangko Sentral, the following shall be presumed not a True Sale, if the BSFI:

- (a) Is made the beneficiary of a trust used as a vehicle for purchasing and securitizing the NPAs; or
- (b) Pays further expenses in relation to the NPAs after said NPAs have been sold/transferred to the transferee FISTC/individual;
- (c) Extends, directly or indirectly, any credit facility, guaranty or any similar financial transaction to the transferee FISTC; or
- (d) Extends any credit facility, guaranty or any similar financial transaction to any party for the purpose of investing in the equity or IUIs of the FISTC, or for acquiring the NPAs from the FISTC; or
- (e) Extends any credit facility, guaranty or any similar financial transaction to any party for the purpose of acquiring the NPAs from the transferring FI; or
- (f) Acts as trustee (BSFI's trust department) or if the trust department of any of the BSFI's subsidiaries/Affiliates, Parent bank or Parent bank's Subsidiaries/Affiliates acting as trustee, under any circumstances, in the securitization of NPAs that it has transferred to the FISTC; or
- (g) Accepts as collateral for a loan extended by said BSFI the equity shares and IUIs of the FISTC that acquired its NPAs; or
- (h) Enters into buy-back and other similar arrangements, or financial derivative transactions with similar effect, involving the NPAs or the

- securities backed by such NPAs; or
- (i) Enters into any other transaction where the BSFI retains effective control over the transferred NPAs or shares in the losses of the FISTC; or
 - (j) Enters into a profit-sharing arrangement with a FISTC in relation to the sale/transfer of NPAs that will result in a sale/transfer transaction that does not meet the derecognition criteria under PFRS 9.

Provided: That, the extension of credit to an individual for the purpose of acquiring a single-family residential unit or an empty lot or ROPA or NPL secured by real estate mortgage on a residential unit or an empty lot shall be allowed and not considered a violation of the required "true sale" transaction.

For purposes of the foregoing, the term "any party" includes proxies, nominees, and voting trustees.

Appendix 148 of the MORB and Appendix Q-94/N-27 of the MORNBF

Definition of Terms in Relation to a BSFI's Investments in the IUIs of a FISTC

The following definition of terms shall apply in relation to a BSFI's investments in the IUIs of a FISTC:

1. **Affiliate** shall refer to an entity linked directly or indirectly, to a reporting entity through any one or a combination of any of the following:
 - (a) Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a company of at least ten percent (10%) or more of the outstanding voting stock of the reporting entity or vice-versa;
 - (b) Interlocking directorship or officerships, except in cases involving independent directors as defined under existing regulations;
 - (c) Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the reporting entity or vice-versa;
 - (d) Management contract or any arrangement granting power to the reporting entity to direct or cause the direction of management and policies of the entity, or vice-versa.
2. **Control** exists if and only if the investor has all of the following:
 - (a) Power to direct the relevant activities of the investee, which significantly affect the investee's returns;
 - (b) Exposure, or rights, to variable returns from its involvement with the investee; and
 - (c) The ability to use its power over the investee to affect the amount of the investor's returns.
3. **Related interest** shall refer to any of the following:
 - (a) Spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, of a director, officer or stockholder of the selling BSFI (or its parent);
 - (b) Partnership of which a director, officer, or stockholder of a selling BSFI (or its parent) or his spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, is a general partner;
 - (c) Co-owner with the director, officer, stockholder or his spouse or relative within the first degree of consanguinity or affinity, or relative by legal adoption, of the property or interest or right mortgaged, pledged or assigned to secure the loans or other credit accommodations, except when the mortgage, pledge or assignment covers only said co-owner's undivided interest;

- (d) Corporation, association or firm of which any or a group of directors, officers, stockholders of the selling BSFI and/or their spouses or relatives within the first degree of consanguinity or affinity, or relative by legal adoption, hold or own at least twenty percent (20%) of the subscribed capital of such corporation, or of the equity of such association or firm; Provided, an entity may still be considered a related interest under this Rule notwithstanding ownership of less than 20% if such entity clearly demonstrates control in the operating and financial policy decisions of the selling FI as provided in Rule 11.1.1.2 of the FIST IRR;
- (e) Corporation, association or firm wholly or majority-owned or controlled by any related entity or a group of related entities mentioned in 3(2) and 3(4) above;
- (f) Corporation, association or firm which owns or controls, directly or indirectly, whether singly or as part of a group of related interests at least twenty percent (20%) of the subscribed capital of a substantial stockholder of the selling BSFI (or its parent), or which controls majority interest of the selling BSFI (or its parent);
- (g) Corporation, association or firm which has an existing management contract or any similar arrangement with the parent of the selling BSFI (or its parent); and
- (h) Non-governmental organizations (NGOs)/foundations that are engaged in retail microfinance operations which are incorporated by any of the stockholders and/or directors and/or officers or related to the selling BSFI (or its parent).

4. **Subsidiary** refers to an entity that is controlled by another entity.

Annex C of Circular

Appendix 7 of the MORB/ Appendix Q-3/P-7/N-1/S-2 of the MORNBF

LIST OF REPORTS REQUIRED OF BSFIs

Category	Form No.	MOR Ref.	Report Title	Frequency	Submission Deadline	Submission Procedure
B			Monthly Report on the Sale/Transfer and Investment Transactions of BSFIs under the Financial Institutions Strategic Transfer (FIST) Act	Monthly	20 banking/business days after end of reference month	E-mail to the DSA

Form: _____

Category: B

Deadline: within
twenty (20)
banking/business
days from the end
of the reference
month

FOR BSP-SUPERVISED FINANCIAL INSTITUTIONS

Name of BSFI		Code
Address		

REPORT ON THE SALE/TRANSFER AND INVESTMENT TRANSACTIONS OF BSFIs UNDER THE FINANCIAL INSTITUTIONS STRATEGIC TRANSFER (FIST) ACT

As of	_____
	(Month-End)

I hereby certify that all matters set forth in this report are true and correct, to the best of my knowledge and belief.

(Signature of Authorized Officer)

(Name of BSFI)

Transactions under the FIST Act

For the Month Ended ____

(In Absolute Amounts)

PARTICULARS				AMOUNT
I. Balance as of Date of Sale				
(For BSFIs with more than one sale transaction, add the balances as of the date of sale of each transaction)				
	A.	NPAs sold, amortized cost (Annex A)		xx
		Allowance for Credit Losses on NPAs sold		(xx)
		Net Carrying Amount		xx
	B.	Allowance for Credit Losses on NPAs Sold Applied to:		
		1.	Booked Allowance for Credit Losses, Loans	xx
		2.	Booked Allowance for Credit Losses, ROPA	xx
			Sub-total	xx
	C.	Cash Received		xx
	D.	Financial Instruments Received as Consideration on the Sale/Transfer of NPAs (As of Sale Date)		
		1.	Fair Value through Profit or Loss (FVPL)	xx
		2.	Fair Value through Other Comprehensive Income (FVOCI) (net of unamortized discount/premium)	xxx
			Accumulated Market Gains/Losses	xx/(xx)
			FVOCI, net	xx
		3.	Debt Securities at Amortized Cost (net of unamortized discount/premium)	xx
			Allowance for Credit Losses	xx
			Debt Securities at Amortized Cost, Net	xx
			Sub-total	xx
	E.	Deferred Charges		xx
II.	Outstanding Balance as of End of Reporting Month			
	A.	Financial Instrument Received as Consideration for the Sale/Transfer of NPAs		
		1.	Fair Value through Profit or Loss (FVPL)	xx
		2.	Fair Value through Other Comprehensive Income (FVOCI) (net of unamortized discount/premium)	xx
			Accumulated Market Gains/Losses	xx/(xx)
			FVOCI, net	xx
		3.	Debt Securities at Amortized Cost (net of unamortized discount/premium)	xxx
			Allowance for Credit Losses	(xx)
			Debt Securities at Amortized Cost, Net	xx

PARTICULARS			AMOUNT
		Sub-total	xx
	B.	Investments in Investment Unit Instruments (IUIs)	
		1. Fair Value through Profit or Loss (FVPL)	xx
		Fair Value through Other Comprehensive Income (FVOCI)	
		2. (net of unamortized discount/premium)	xx
		Accumulated Market Gains/Losses	xx/(xx)
		FVOCI, net	xx
		Debt Securities at Amortized Cost (net of unamortized discount/premium)	xx
		3. Allowance for Credit Losses	(xx)
		Debt Securities at Amortized Cost, Net	xx
		Sub-total	xx
	C.	Investments in Debt Securities of FISTCs/SPVs other than IUIs	
		1. Fair Value through Profit or Loss (FVPL)	xx
		Fair Value through Other Comprehensive Income (FVOCI)	
		2. (net of unamortized discount/premium)	xx
		Accumulated Market Gains/Losses	xx/(xx)
		FVOCI, net	xx
		Debt Securities at Amortized Cost (net of unamortized discount/premium)	xx
		3. Allowance for Credit Losses	(xx)
		Debt Securities at Amortized Cost, Net	xx
		Sub-total	xx
	D.	Investments in Equity Securities of FISTCs/SPVs	
		1. Fair Value through Profit or Loss (FVPL)	xx
		Fair Value through Other Comprehensive Income (FVOCI)	
		2. (net of unamortized discount/premium)	xx
		Accumulated Market Gains/Losses	xx/(xx)
		FVOCI, net	xx
		3. Equity Investment in FISTCs/SPVs	xx
		Allowance for Credit Losses	(xx)
		Equity Investment in FISTCs/SPVs, Net	xx
		Sub-total	xx
	E.	Deferred Charges, Gross	xx
		Less: Deferred Charges Written Down	xx
		Net Carrying Amount of Deferred Charges	xx

(Name of BSFI)
Annex A: NPAs Sold Under the FIST Act
For the Month of _____
(In absolute Amounts)

A. Non-Performing Loans (NPL)

COE Number ¹	Details on NPLs Sold				Sale Details					
	Loan Type ¹	Outstanding Balance (As of Sale Date)			Amount of Consideration Received (As of Sale Date)			Gain/Loss on Sale/Transfer		
		Amortized Cost	Allowance for Credit Losses	Net Carrying Amount	Cash	Financial Instruments	Total Selling Price	Outright Recognition	Deferred Amount	Total

¹ The following options shall be included in the template for purposes of describing loan type:

1. Agrarian Reform / Other Agricultural Loans
2. MSME Loans
3. Contracts to Sell
4. Loans to Private Corporations
5. Loans to Individuals for Housing Purposes
6. Loans to Individuals-Credit Card
7. Loans to Individuals-Motor Vehicle Loans
8. Loans to Individuals-Salary-Based General-Purpose Consumption Loans
9. Loans to Individuals Primarily for Personal Use Purposes-Others
10. Loans to Individuals for Other Purposes

B. Real and Other Properties Acquired (ROPA)

COE Number	Details on ROPA Sold					Sale Details					
	ROPA Property Type ²	Outstanding Balance (As of Sale Date)				Amount of Consideration Received (As of Sale Date)			Gain/Loss on Sale/Transfer		
		Cost	Accumulated Depreciation	Allowance for Credit Losses	Net Book Value	Cash	Financial Instruments	Total	Outright Recognition	Deferred Amount	Total

² The following options shall be included in the template for purposes of describing property type:

- 1. Land only
- 2. Land and building
- 3. condominium unit
- 4. machineries and equipment
- 5. Motor vehicle
- 6. shares of stocks
- 7. debt securities
- 8. other financial instruments
- 9. other personal properties
- 10. others