



Bangko Sentral ng Pilipinas

OFFICE OF THE DEPUTY GOVERNOR SUPERVISION AND EXAMINATION SECTOR

MEMORANDUM NO. M-2008-009

To : ALL BANKS AND TRUST ENTITIES

**Subject : Guidelines on the Submission of the Derivatives Report
Required Under BSP Circular No. 594 dated 8 January 2008**

Pursuant to Circular No. 594, dated 8 January 2008, amending the regulations governing the derivatives activities of banks and trust entities, the following guidelines shall be observed in the preparation and submission of the Derivatives Report (Annex "A" of the said circular):

1. A bank or trust entity engaged in derivatives activities, whether acting as end-user, broker or dealer, is required to submit the monthly Derivatives Report. The non-submission of the derivatives report shall be taken as a complete absence of any derivatives activity undertaken by the bank (i.e. no outstanding derivatives transaction as of reporting date and no derivatives transactions engaged in during the month).
2. The Derivatives Report requires month-end data for the sheets pertaining to "stand alone-rbu", "stand alone-fcd" and "hybrid". Banks and trust without outstanding derivatives at month-end but have engaged in derivatives transactions during the reporting month still need to submit the Derivatives Report because the trading revenue from these transactions are required to be disclosed in the fourth sheet called "trading rev".
3. The Derivatives Report shall be submitted to the BSP, in lieu of the "Report of Outstanding Derivatives Contracts" (RODC), including the following supplemental reports to the RODC:
 - a. Volume of Interest Rate Swap Contracts;
 - b. Outstanding Foreign Currency Forwards and Swaps Contracts by Maturity Date; and
 - c. Volume of Foreign Currency Forwards and Swaps Contracts

which were previously required under then Subsection X602.6 of the Manual of Regulations for Banks (MORB). Said subsection was completely repealed by Subsection X602.5, as amended by Circular No. 594.

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4. The reporting requirements under Circular No. 594 do not supersede the reporting requirements under Circular Letter, dated 22 July 1997, and the following reports under Subsection X602.21 of the MORB (as amended by Circular No. 591 dated 27 December 2007):
 - Report on Foreign Exchange Swaps With Customers Where the First Leg is a Purchase of Foreign Exchange Against Pesos
 - Report on Cancellations, Roll-overs and Non-delivery of Foreign Exchange Forward Purchase and Sale Contracts and Forward Leg of Swap Contracts
5. Consistent with the requirements of the Financial Reporting Package (FRP), the following FRP instructions apply:
 - a. The notional amount of bought and sold contracts, unless otherwise indicated, shall be added in reporting the total notional amount for each type of derivative contract.
 - b. In transactions where foreign currencies are bought or sold against the Philippine currency, report only the side of the transaction involving foreign currency.
 - c. In transactions involving two foreign currencies, i.e., purchase of one foreign currency versus the sale of another foreign currency, e.g., buy USD/sell JPY, the transaction is treated as two separate foreign exchange contracts against the Philippine currency.
6. In preparing the report, purely peso-denominated derivatives transactions shall be slotted under the "Peso" column in the "stand alone-rbu" sheet of the Derivatives Report (with the corresponding "In US\$" column blank). On the other hand, FX-denominated derivatives transactions under the RBU books shall be slotted in the same sheet under the "In US\$" column and with corresponding peso equivalent in the "Peso" column.
7. The Derivatives Report shall be submitted in the following manner:

Deadline	Form	To
Within fifteen (15) banking days from end of reference month	Softcopy (excluding Certification)	Capital Markets Specialist Group at: <u>cmsg@bsp.gov.ph</u> Copy furnished: Supervisory Data Center at: <u>sdg-derivatives@bsp.gov.ph</u>
	Hardcopy of the Certification	Address: Receiving Section, SES: 10 th Floor, Multi-storey Building Bangko Sentral ng Pilipinas Attention: Capital Markets Specialist Group 14 th Floor, Multi-storey Building Bangko Sentral ng Pilipinas A. Mabini Street, Malate Manila 1004

For compliance.


NESTOR A. ESPENILLA, JR.
 Deputy Governor

27 February 2008