



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

Circular No. 558
(Series of 2007)

Subject: Guidelines on Foreign Currency Denominated Philippine National Government (NG)/BSP Bonds/Debt Securities Booked Under Held to Maturity (HTM) Category

The Monetary Board in its Resolution No. 37 dated 11 January 2007, approved the following guidelines on the reclassification of foreign currency denominated National Government (NG)/Bangko Sentral ng Pilipinas (BSP) bonds/debt securities booked under the Held to Maturity (HTM) category, in view of the increased risk-weights of said securities under Circular No. 538 dated 4 August 2006.

Reclassification of investments in foreign currency denominated NG/BSP bonds/debt securities booked under the HTM category shall be exempted from the "tainting" provision of Circular No. 476 dated 16 February 2005, as amended, which requires reclassification of the entire HTM portfolio to the Available for Sale (AFS) category and prohibits the use of the HTM category during the reporting year and for the succeeding two full financial years whenever a financial institution sells or reclassifies more than an insignificant amount of HTM investments before maturity for reasons other than those specified under the said Circular: *Provided*, That only the outstanding HTM securities as of the effectivity date of this Circular shall be reclassified: *Provided further*, That the reclassification shall be made anytime but only within thirty (30) calendar days after the effectivity date of this Circular. The subject securities once reclassified shall be accounted for in accordance with the measurement requirements of their new category (i.e. AFS).

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:


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

22 January 2007

PANANALAPING MATATAG, BANSANG PANATAG