



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1224 Series of 2025

Subject: Amendments to Regulations on Definition of Financial Intermediaries, Issuance of Bonds and Commercial Papers, and Borrowings from Banks, Quasi-Banks and Other Financial Intermediaries

The Monetary Board, in its Resolution No. 1023 dated 16 October 2025, approved the amendments to the provisions of Section 101-Q of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) defining financial intermediaries, Section 246/205-Q of the Manual of Regulations for Banks (MORB)/MORNBFI on the Issuance of Bonds and Commercial Papers and Section 293/242-Q of the MORB/MORNBFI on Borrowings from Banks, Quasi-Banks and Other Financial Intermediaries.

Section 1. Section 101-Q of the MORNBFI is hereby amended to read, as follows:

101-Q QUASI-BANKING FUNCTIONS

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As used in the definition of *quasi-banking functions*, the following terms and phrases shall be understood, as follows:

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Financial intermediaries. *Financial intermediaries* shall mean juridical entities whose principal functions include the lending, investing or placement of funds or evidences of indebtedness or equity deposited with them, acquired by them, or otherwise coursed through them either for their own account or for the account of others.

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Functions shall mean actions, activities or operations of an entity by which its business or purpose is fulfilled or carried out. The business or purpose of an entity may be determined from the purpose clause in its articles of incorporation/partnership, and from the nature of the business indicated in its application for registration of business filed with the appropriate government agency.

A financial intermediary, as defined under this Section, performs on a regular and recurring basis, the functions such as, but not limited to, the following:

- a. Receive funds from persons or entities through traditional deposits, or issuance of debt or equity securities; and make available/lend these funds to another person or entity, and in the process acquire debt or equity securities;

- b. xxx

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- e. Realize regular income xxx.

Financial intermediaries shall include, but not limited to the following entities:

- a. An entity licensed and/or registered with and/or supervised by the Bangko Sentral or other relevant regulatory agencies, that meets the definition of a financial intermediary under this Section.¹ This includes a bank; quasi-bank; investment house (IH); investment company; trust entity, including borrowing from funds it managed and administered under a trust agreement; financing company; securities dealer/broker; lending investor; pawnshop; money broker; fund manager; cooperative; insurance company; non-stock savings and loan association (NSSLA); building and loan association; venture capital corporation; non-bank credit card issuer; asset management company; credit granting entity; and other non-bank financial institution (NBFi) considered as financial intermediary as defined under this Section;
- b. A government financial institution² such as government-owned or -controlled financial institution that performs banking or credit functions;
- c. International financial institution that performs banking, credit or investment functions;³
- d. An entity performing any of the functions of a financial intermediary.

In the case of borrowings from funds managed and administered by regulated entities under an agency agreement, the same shall be considered as borrowings from a financial intermediary if the principal of the fund meets the definition of a financial intermediary as provided under this Section (*Financial Intermediaries*).

Guidelines on Lender Count. xxx

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Section 2. Section 246 of the MORB is further amended to read, as follows:

246 ISSUANCE OF BONDS, COMMERCIAL PAPERS AND OTHER DEBT SECURITIES/INSTRUMENTS

All banks with quasi-banking authority issuing bonds, commercial papers, or other debt securities/instruments to counterparties that meet the definition of lenders under Sec. 241 shall comply with Republic Act No. 8799 or the Securities Regulation Code (SRC) and its Implementing Rules and Regulation, and other applicable rules and regulations issued by the Securities and Exchange Commission (SEC). They may issue bonds, commercial papers, or other debt securities/instruments without prior Bangko Sentral approval: *Provided*, That they meet the prudential criteria as described in Sec. 111 (*Prudential criteria*); *Provided, further*, That bonds or other debt securities/instruments issued are enrolled and/or

¹ Other domestic regulatory agencies include the Securities and Exchange Commission (SEC), Insurance Commission (IC) and Cooperative Development Authority (CDA), among others.

² A government financial institution refers to a financial institution created by special law or organized as a stock or non-stock corporation, in which the government owns directly or indirectly, wholly or in the case of stock corporation, at least majority of the capital stock. Examples of GFIs are Philippine Deposit Insurance Corporation and Government Service Insurance System, among others.

³ International financial institution includes the International Monetary Fund, World Bank, Asian Development Bank, Bank for International Settlement, International Finance Corporation and other multilateral development banks, among others.

traded in a market which is organized in accordance with the SEC rules and regulations.

For banks without quasi-banking authority that are allowed under applicable laws or regulations to issue bonds, commercial papers, or other debt securities/instruments, they may do so under a private offering⁴ or equivalent form of negotiated issuance to any counterparties without prior Bangko Sentral approval: *Provided*, That the prudential criteria as described in Sec. 111 and relevant guidelines of the SEC will be complied, as applicable.

In the case of issuance of green, social, or sustainability bonds, including other sustainable bonds falling within their acceptable definition, the issuing bank shall comply with the pertinent guidelines of the SEC as well as the disclosure requirements in Sec. 153. In addition, the issuing bank shall not engage in "greenwashing" as defined in Sec. 614.

Bonds, commercial papers, or other debt securities/instruments issued by banks shall comply with applicable regulations, including but not limited to customer due diligence requirements of Part 9 (*Anti-Money Laundering (AMLA) and Combatting the Financing of Terrorism Regulations*) and foreign currency liquidity management under *Appendix 71*, in the case of foreign currency denominated issuance, as applicable.

Notice to the Bangko Sentral ng Pilipinas. Within five (5) banking days from approval by the bank's board of directors of the bond/commercial paper/other debt security/instrument issuance, the bank shall submit the following documents to the appropriate supervising department of the Bangko Sentral:

- a. Notification letter signed by the president or officer of equivalent rank, indicating the amount and the terms of the bond/commercial paper/other debt security/instrument issuance. The letter shall also include the funding plan of the bank in the next three (3) years considering its strategic direction and business model. The funding plan, at the minimum, shall contain how the planned issuance factors into the funding plan;
- b. Secretary's certificate on the approval of the board of directors on the bond/commercial paper/other debt security/instrument issuance;
- c. Certification signed by the bank's president or officer of equivalent rank and chief compliance officer, that the bank has complied with the prudential requirements as provided in this Section, and the relevant requirements of the SRC and other pertinent rules and regulations of the SEC; and
- d. Written undertaking to enroll and/or trade the bonds or other debt securities/instruments for public issuance or offering, in a market which is organized in accordance with SEC rules and regulations, as applicable.

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⁴ The offering and sale of securities directly to a limited number of investors (i.e., not more than 19) without a public offering.

Prohibition on Issuing Banks and Their Related Entities⁵. The issuing bank, including its related parties as defined in Sec. 131, except for its trust department or related trust entities, are prohibited from holding or acting as market makers of the bank's listed/traded bonds, or commercial papers (CP), or other debt securities/instruments. The underwriter/arranger that is a related party of the issuing bank may be a holder of the bonds, CPs, or other debt securities/instruments: *Provided*, That it is part of the underwriting agreement. xxx.

Enforcement Action. xxx.

Section 3. The amendments to Section 246 of the MORB as provided in Section 2 of this Circular, shall be adopted in Section 205-Q of the MORNBFI with some amendments, as follows:

a. The title of Sec. 205-Q and the introductory provisions shall read as:

"205-Q ISSUANCE OF BONDS, COMMERCIAL PAPERS AND OTHER DEBT SECURITIES/INSTRUMENTS

All quasi-banks (QBs) issuing bonds, commercial papers, or other debt securities/instruments to counterparties that meet the definition of lenders under Sec. 101-Q shall comply with Republic Act (R.A.) No. 8799 or the Securities Regulation Code (SRC) and its Implementing Rules and Regulation, and other applicable rules and regulations issued by the Securities and Exchange Commission (SEC). They may issue bonds, commercial papers, or other debt securities/instruments without prior Bangko Sentral approval: *Provided*, That they meet the prudential criteria as described in Sec. 111-Q (*Prudential criteria*). *Provided, further*, That bonds or other debt securities/instruments issued are enrolled and/or traded in a market which is organized in accordance with the SEC rules and regulations.

Bonds, commercial papers, or other debt securities/instruments issued by QBs shall comply with applicable regulations including but not limited to customer due diligence requirements of Part 9 (*Anti-Money Laundering (AMLA) and Combatting the Financing of Terrorism Regulations*) and foreign currency liquidity management under *Appendix Q-43*, in the case of foreign currency denominated issuance, as applicable.

b. The amendments to Sec. 246 of the MORB under the sub-topics "*Notice to the Bangko Sentral ng Pilipinas*" and "*Prohibition on Issuing Banks and Their Related Entities*" shall also be adopted in Sec. 205-Q under the same sub-topics except that reference to "bank/bank's" shall be replaced with "QB/QB's."

Section 4. Section 293/242-Q of the MORB/MORNBFI is hereby amended, as follows:

293 /242-Q BORROWINGS FROM BANKS, QUASI-BANKS AND OTHER FINANCIAL INTERMEDIARIES

The following borrowings from banks, quasi-banks and other financial intermediaries as defined under Sec. 101-Q (*Financial intermediaries*) shall not be considered as deposit substitutes:

⁵ For further clarification on the prohibition of related entities from holding an issuing bank's listed/traded bonds, commercial papers or other debt securities/instruments please see Memorandum No. M-2020-001 dated 30 January 2020.

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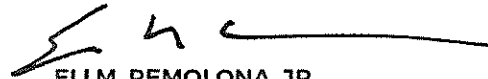
- c. *Bonds, Commercial Papers, and Other Debt Securities/Instruments.* Bonds, commercial papers, and other debt securities/instruments that are issued to banks, quasi-banks and other financial intermediaries as defined under Sec. 101-Q (*Financial Intermediaries*) shall comply with the regulations prescribed under Sec. 246/205-Q on the issuance of bonds, and commercial papers, and other debt securities/instruments xxx

Section 5. Transitory Provision. The following provision shall be incorporated as a footnote to Section 101-Q of the MORNBF under "*Financial Intermediaries*".

Borrowings from lenders who are no longer considered as financial intermediaries based on the revised definition after the effectivity of this Circular shall continue to be excluded from the lender count until borrowings from them are paid or renewed.

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

FOR THE MONETARY BOARD:


ELI M. REMOLONA, JR.
Governor

28 November 2025