



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 834

Series of 2014

Subject: Amendments to the Guidelines Governing the Issuance of Long-Term Negotiable Certificate of Time Deposits and Unsecured Subordinated Debt

The Monetary Board, in its Resolution No. 613 dated 10 April 2014, approved the revisions to the provisions of the Manual of Regulations for Banks (MORB) on unsecured subordinated debt (UnSDs) and long-term negotiable certificates of time deposits (LTNCDs).

Section 1. The provisions of Subsection X119.4 of the MORB are hereby amended to read as follows:

"§ X119.4 Public issuance of unsecured subordinated debt. Public issuance of UnSD is an issuance offered to the general public, which may or may not be qualified investors/buyers as hereinafter defined. The Issuing Bank must be rated by an independent credit rating agency recognized by the BSP and a Public Trustee shall be appointed for investor protection.

"a. Application for authority xxx

" xxx

"f. Agreements Between Issuing Bank and other parties involved. xxx

"g. Purchase Advice and Registry Confirmation. The Purchase Advice and Registry Confirmation shall contain all the terms and conditions on the issuance of UnSD and shall conspicuously state the following caveat:

(1) xxx

xxx

(5) This UnSD cannot be terminated by the holder nor by the Issuing Bank (for HT1). This UnSD cannot be terminated by the holder nor by the Issuing Bank before (maturity date) (for UT2 and LT2).

However, negotiations/transfers from one (1) holder to another do not constitute pre-termination.

For tax purposes, negotiations/transfers from one (1) holder to another shall be subject to the pertinent provisions of the National Internal Revenue Code of 1997, as amended and Bureau of Internal Revenue (BIR) regulations.

xxx

However, it may be pre-terminated at the instance of the Issuing Bank upon:

(a) xxx

xxx

(b) Prior notice to holders on record.

Negotiations/transfers from one (1) holder to another do not constitute pre-termination.

However, for tax purposes, negotiations/transfers from one (1) holder to another shall be subject to the pertinent provisions of the National Internal Revenue Code of 1997, as amended and Bureau of Internal Revenue (BIR) regulations.

xxx"

Section 2. The provisions of Subsection X233.9 of the MORB as amended by Cir. No. 824 dated 30 January 2014, are hereby amended to read as follows:

"§ X233.9 Long-term negotiable certificates of time deposit. The following guidelines shall govern the issuance of long-term negotiable certificates of time deposit (LTNCTD) with a minimum maturity of five (5) years:

"a. Prior BSP approval. xxx

"xxx

"l. Purchase Advice and Registry Confirmation

(1) The Purchase Advice and Registry Confirmation shall conspicuously contain the following caveat:

(a) *"This LTNCD cannot be terminated by the holder nor the Issuing Bank before (maturity date). However, negotiations/transfers from one (1) holder to another do not constitute pre-termination.*

For tax purposes, negotiations/transfers from one (1) holder to another shall be subject to the pertinent provisions of the National Internal Revenue Code of 1997, as amended and Bureau of Internal Revenue (BIR) regulations."

The caveat shall apply if the issuing bank commits no pre-termination. Otherwise, it shall read as follows:

"This LTNCTD cannot be terminated by the holder before (maturity date). However, it may be pre-terminated at the instance of the Issuing Bank upon prior notice to the holder on record. Negotiations/transfers from one (1) holder to another do not constitute pre-termination.

For tax purposes, negotiations/transfers from one (1) holder to another shall be subject to the pertinent provisions of the National Internal Revenue Code of 1997, as amended and Bureau of Internal Revenue (BIR) regulations;" and

"m. xxx

"n. xxx

"o. Non-pretermination by the holder. Presentation of the LTNCTD to the issuing bank for payment before the maturity date is not allowed. However, negotiation or transfer from one (1) holder to another shall not constitute pre-termination of the LTNCTD.

For tax purposes, negotiations/transfers from one (1) holder to another shall be subject to the pertinent provisions of the National Internal Revenue Code of 1997, as amended and Bureau of Internal Revenue (BIR) regulations.

xxx"

Section 3. Repealing Clause. This Circular supersedes/amends/modifies the provisions of the MORB and other existing Circulars, memoranda and/or regulations that are inconsistent herewith.

Section 4. Effectivity. 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

A handwritten signature in black ink, appearing to read 'Amando M. Tetangco, Jr.', with a long horizontal stroke extending to the right.

AMANDO M. TETANGCO, JR.
Governor

26 May 2014