



OFFICE OF THE GOVERNOR

CIRCULAR NO. 605
Series of 2008

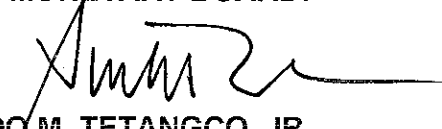
Subject: Treatment of Transactions Involving ROP Warrants as among the Generally Authorized Derivative Activities and Exemption of Paired ROP Warrants from Capital Charge for Market Risk

The Monetary Board in its Resolution No. 224 dated 21 February 2008 approved the following additional regulatory relief for transactions involving warrants issued under the Republic of the Philippines (ROP) "Paired Warrants Program":

- (1) All transactions involving warrants issued under the ROP's "Paired Warrants Program" shall be considered as among the generally authorized derivative activities that banks (including TBs and RBs/Coop Banks) may engage in as end-user, without need for additional derivative authority required under Circular No. 594 dated 8 January 2008: *Provided*, That banks holding such instruments shall comply with the requirements of Appendix 25 of the Manual of Regulations for Banks, where applicable.
- (2) Warrants paired with ROP Global Bonds shall be exempted from capital charge for market risk only to the extent of bank's holdings of bonds paired with warrants equivalent to not more than fifty percent (50%) of total qualifying capital, as defined under Circular No. 538 dated 4 August 2006.

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:


AMANDO M. TETANGCO, JR.
Governor

5 March 2008

PANANALAPING MATATAG, BANSANG PANATAG