



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1147 Series of 2022

Subject: Amendment to the Guidelines Implementing Republic Act (R.A.) No. 11523, otherwise known as the "Financial Institutions Strategic Transfer (FIST) Act"

The Monetary Board in its Resolution No. 742 dated 26 May 2022, approved the following amendments to Circular No. 1117 dated 27 May 2021 implementing R.A. No. 11523, otherwise known as the FIST Act, and its Implementing Rules and Regulations (IRR) for BSP-Supervised Financial Institutions (BSFIs).

Section 1. Investment Unit Instrument (IUI) transactions of BSFIs pursuant to the FIST Act and its IRR. The following provisions shall amend Section 1 of Circular No. 1117 which added Section 386 of the Manual of Regulations for Banks (MORB) and Sections 363-Q/307-N of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI):

386/363-Q/307-N SALE/TRANSFER AND INVESTMENT TRANSACTIONS OF BSP-SUPERVISED FINANCIAL INSTITUTIONS (BSFIS) PURSUANT TO REPUBLIC ACT (R.A.) NO. 11523, OTHERWISE KNOWN AS THE FINANCIAL INSTITUTIONS STRATEGIC TRANSFER (FIST) ACT.

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Definition of Terms

For purposes of this Section, the following definitions shall apply:

a. Certificate of Eligibility (COE) xxx

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e. Investment Unit Instruments (IUIs) refer to a participation certificate, debt instrument or similar instrument issued by the FISTC and subscribed by Permitted Investors as provided in Section 11 of the FIST Act and Rule 11 of the IRR, pursuant to an Approved Plan: *Provided*, That these shall not include the instruments to be issued by the FISTC to the selling BSFIs as full or partial settlement of the NPAs transferred to the said FISTC: *Provided*, further, That such issuances of the FISTC shall not be considered as deposit substitutes: *Provided, finally*, That these shall not form part of the capital stock of the FISTC. In this regard, loans, advances, or other credit accommodations obtained by the FISTC from any BSFI (other than the selling BSFI) or from its shareholders shall not be considered an IUI under this Section.

- f. **NPA**s xxx
- g. **NPL**s xxx
- h. **ROPA**s xxx
- i. **SCR**s xxx
- j. **Special Purpose Vehicles (SPVs)** xxx
- k. **True sale** xxx

All references to FISTCs in subsequent provisions of this Section shall also refer to SPVs as defined under this Section (*Definition of Terms*).

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Investment Transactions of a BSFI.

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A BSFI may acquire or hold IUIs issued by a FISTC in the minimum amount of P10 million. Compliance with the minimum investment requirement shall be determined for each acquisition/purchase by a BSFI of IUIs of a FISTC in the primary and secondary markets and shall be based on the IUI's acquisition cost. Changes in the net carrying value of a BSFI's IUI holdings resulting from change in market value/fair value or impairment of the IUIs as well as maturity or redemption of the IUI by the issuer shall not affect status of compliance of the BSFI.

A BSFI may also subscribe to, acquire, or hold shares and other securities that are not considered as IUIs and are issued by a FISTC, subject to the provisions of the FIST Act, its IRR and other applicable Bangko Sentral regulations.

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Section 2. This Circular shall take effect immediately after its publication in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:



BENJAMIN E. DIOKNO
Governor

10 June 2022