



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 912

Series of 2016

Subject: Mandatory Implementation Date and Closure of Early Adoption Window of Philippine Financial Reporting Standards 9 *Financial Instruments*

The Monetary Board, in its Resolution No. 814 dated 5 May 2016, approved the following amendments to the guidelines on the mandatory implementation date and closure of the early adoption window of Philippine Financial Reporting Standards (PFRS) 9 Financial Instruments.

Section 1. Subsection X191.3 of the Manual of Regulations for Banks (MORB) and Subsection 4191Q.3 of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFi) are hereby amended to set the mandatory implementation date and close the early adoption window of PFRS 9 Financial Instruments for banks/quasi-banks, including their trust entities.

"Subsection X191.3/4191Q.3 (2008 - X161.2/2008 - 4161Q.2) Philippine Financial Reporting Standards/Philippine Accounting Standards

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Notwithstanding the exceptions in Items "a", "b" and "c", the audited financial statements required to be submitted to the Bangko Sentral in accordance with the provisions of Subsection X190.1/4190Q shall in all respect be PFRS/PAS compliant: *Provided*, That FIs shall submit to the Bangko Sentral adjusting entries reconciling the balances in the financial statements for prudential reporting with that in the audited financial statements.

Guidelines on the adoption of PFRS 9 Financial Instruments

Banks/Quasi-banks, including their trust entities, shall adopt the full provisions of PFRS 9 Financial Instruments only upon its mandatory effectivity date of 01 January 2018. Prior to said mandatory effectivity date, financial instruments of banks/quasi-banks, including their trust entities, shall continue to be accounted for in accordance with the provisions of PAS 39 under Appendix 33 of the MORB/Appendix Q-20 of the MORNBFi.

As an exception, banks/quasi-banks, including their trust entities, which have early-adopted PFRS 9 (2009 and 2010) as of 31 December 2015, shall continue to account for their financial instruments in accordance with the provisions of Appendix 97 of the MORB/Appendix Q-56 of the MORNBFi until 31 December 2017.

Penalties and sanctions. x x x"

Section 2. Subsections/Section 4161S.2/4161P.2/4161N of the MORNBFIs are hereby amended to set the mandatory implementation date and close the early adoption window of full PFRS 9 Financial Instruments for BSP-supervised financial institutions, including trust entities.

“Subsections/ Section 4161S.2/4161P.2/4161N Philippine Financial Reporting Standards/Philippine Accounting Standards

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Notwithstanding the exceptions in Items “a”, “b”, and “c”, the audited financial statements required to be submitted to the Bangko Sentral in accordance with the provisions of *Appendix S-2/Appendix P-2/Section 4172N* shall in all respect be PFRS/PAS compliant: *Provided*, That FIs shall submit to the Bangko Sentral adjusting entries reconciling the balances in the financial statements for prudential reporting with that in the audited financial statements.

Non-stock savings and loan associations/Pawnshops/NBFIs, shall adopt the full provisions of PFRS 9 Financial Instruments only upon its mandatory effectivity date of 01 January 2018. Prior to said mandatory effectivity date, financial instruments of non-stock savings and loan associations/pawnshops/NBFIs shall continue to be accounted for in accordance with the provisions of PAS 39.”

Section 3. Appendix 97/Q-56 of the MORB/MORNBFIs are hereby re-named to Guidelines Governing the Implementation/Early Adoption of Philippine Financial Reporting Standards (PFRS 9) Financial Instruments as of 31 December 2015 and further amended as follows:

“Guidelines Governing the Implementation/Early Adoption of Philippine Financial Reporting Standards (PFRS 9) Financial Instruments as of 31 December 2015 (Appendix to Subsec. X191.3/Subsec. 4191Q.3)

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Section 3. Early Adoption of PFRS 9

The guidance provided in this Section shall apply to FIs that have early-adopted PFRS 9 as of 31 December 2015. The date of initial application of PFRS 9 is the date when the FI first applies the requirements of PFRS 9. If the date of initial application is prior to 01 January 2011, the date of initial application can be any date between 01 January 2010 up to 31 December 2010. If the date of early application is on or after 01 January 2011 up to 31 December 2015, the date of initial application must be the first day of the calendar year or fiscal year adopted by the FI (e.g., 01 January).

An FI that has early-adopted PFRS 9 (2009 and 2010) as of 31 December 2015 shall observe the requirements of PFRS 9 as provided in this Appendix.

FIs shall, likewise, observe the following guidelines:

1. xx

7. Report on initial application of PFRS 9. A bank/QB and each of its subsidiary banks/QBs, that opt to early adopt PFRS 9 shall submit a one-time solo Report on Initial Application of PFRS 9 to the Bangko Sentral through the SDC. The report which shall be considered a Category A-1 report shall be submitted to the Bangko Sentral in accordance with the following timelines:

a. xx

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c. For FIs which initially apply PFRS 9 on 01 January 2012 up to 31 December 2015 – not later than fifteen (15) banking/business days from the end of the calendar or fiscal year of initial application of PFRS 9.

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Section 4. Transition Rules

FIs shall observe the transition rules provided under PFRS 9 as well as the following:

1. xx

4. An FI may choose to adopt the provisions of PFRS 9 issued in 2009 or the provisions of PFRS 9 issued in 2010 on or before 31 December 2015.

5. An FI that has adopted PFRS 9 on financial assets in 2010 need not submit revised FRCP/CSOC reports that conform with Section 2 of this Appendix for periods prior to 31 December 2010. It may adopt the provisions of PFRS 9 on financial liabilities on or before 31 December 2015: *Provided*, That it does not re-apply the transitional provisions of the said standard on its financial assets: *Provided, further*, That the FI complies with the submission guidelines set forth under Item Nos. "6", "7", and "8" below, as applicable: *Provided, finally*, That the FI limits the information that it shall report in the one-time solo Report on Initial Application of PFRS 9 to that arising from its adoption of the provisions of PFRS 9 on financial liabilities.

6. xx

7. An FI that has early-adopted PFRS 9 on 01 January 2012 up to 31 December 2015 shall reflect the requirements of the said standard in its FRP/CSOC report as of the end of the calendar or fiscal year of initial application of PFRS 9.

8. An FI is expected to comply with the reportorial and disclosure requirements of the Securities and Exchange Commission on the adoption of PFRS 9.

Section 5. Sanction

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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

27 May 2016