



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

Circular No. 926

Series of 2016

Subject : Guidelines in Processing Requests for Monetary Board Opinion on the Monetary and Balance of Payments Implications of Proposed Domestic Borrowings by Government Entities Pursuant to Section 123 of Republic Act No. 7653

The Monetary Board, in its Resolution No. 1125 dated 22 June 2016, approved the amendments in Section X398 of the Manual of Regulations for Banks, as follows:

Section 1. Subsection X398.1 shall be amended to read as follows:

"X398.1 Domestic borrowings by local government units (LGUs) pursuant to Section 123 of R.A. No. 7653. The domestic borrowings of LGUs within the Philippines, the procedures to be observed as well as the documentary requirements to be submitted, relative to the requests for Monetary Board (MB) opinion on the probable effects of the proposed credit operation on monetary aggregates, the price level and the balance of payments (BOP), pursuant to Section 123 of Republic Act No. 7653, as well as other pertinent laws and regulations shall be governed by the guidelines as contained in Appendix 57.

Section 2. Subsection X398.3 is hereby added as follows:

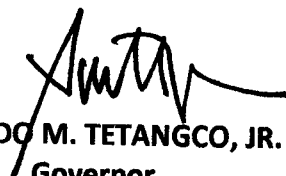
"X398.3 Domestic borrowings by Government-Owned and/or –Controlled Corporations (GOCCs), Local Water Districts (LWDs) and State Universities and Colleges (SUCs) pursuant to Section 123 of R.A. No. 7653. The domestic borrowings of GOCCs, LWDs, and SUCs within the Philippines, the procedures to be observed as well as the documentary requirements to be submitted, relative to the requests for Monetary Board (MB) opinion on the probable effects of the proposed credit operation on monetary aggregates, the price level and the balance of payments (BOP), pursuant to Section 123 of Republic Act No. 7653, as well as other pertinent laws and regulations shall be governed by the guidelines as contained in Appendix 57A.

Section 3. Subsection X398.5 is entirely amended to read as follows:

"X398.5 Enforcement actions. Any violation of Section X398 shall be subject to appropriate enforcement/supervisory action/s provided under Section X009 of the Manual of Regulations for Banks and Sections 36 and 37 of Republic Act No. 7653, as well as those contained in other applicable regulations of the BSP. Imposition of applicable enforcement action shall be on a per loan/borrowing account, regardless of the number of tranches or releases from the same loan/borrowing."

Section 4. Effectivity. 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

13 September 2016

Appendix 57. Guidelines on Requests for Monetary Board Opinion on the Monetary and Balance of Payments Implications of Proposed Domestic Borrowings by Local Government Units (LGUs) Pursuant to Section 123 of R.A. No. 7653

Pursuant to Monetary Board Resolution No. 1125 dated 22 June 2016, the following guidelines shall govern the domestic borrowings of local government units (LGUs) in line with Republic Act No. 7653 (The New Central Bank Act), as well as other pertinent laws/regulations.

I. Coverage

This shall govern domestic borrowings of LGUs within the Philippines, the procedures to be observed and the documentary requirements to be submitted, relative to the request for Monetary Board (MB) opinion on the probable effects of the proposed credit operation on monetary aggregates, the price level and the balance of payments (BOP), pursuant to Section 123 of Republic Act No. 7653.

II. Procedures

1. The LGU shall submit a written request to the *Bangko Sentral ng Pilipinas* ("BSP") for MB opinion on the monetary and BOP implications of its proposed borrowing prior to the loan release. The request shall be accompanied by the required documents and information listed in Section III of this Appendix.
2. The BSP shall acknowledge receipt of the request, with an initial evaluation of the documents/information submitted. No request will be processed should there be any deficiency or inconsistency found in the documents/information submitted.
3. Once the LGU has submitted the complete set of required documents/information, the matter shall be elevated to the MB for an opinion on the probable monetary and BOP implications of the proposed loan.
4. The LGU shall be informed in writing of the MB's decision on its request for opinion and shall contain the following conditions:
 - a. The loan proceeds shall only be released by the lending institution to the LGU subject to the submission of a duly executed ordinance approving the proposed borrowing, its purpose, terms and conditions, as well as the provincial/city/municipal validation of the ordinance, as applicable;
 - b. The opinion of the MB is limited to the assessment of the monetary and BOP implications of the proposed borrowing, pursuant to Section 123 of Republic Act No. 7653. The said opinion is based on: (i) the information contained in the

- documents submitted; and (ii) the assumption that the proceeds of the borrowing will be used for the intended purpose described in the documents submitted;
- c. The MB opinion is valid only for one (1) year from the date of issue. The validity period refers to the time within which the proposed loan is to be released in part or in full. It commences on the date of the BSP letter transmitting the said MB opinion on the monetary and BOP implications of the LGU's proposed loan;
 - d. The LGU shall submit to BSP a post-borrowing report on the final terms and conditions and on the utilization of the proceeds of the borrowing within 30 days after the final disbursement of the loan proceeds; and
 - e. The MB opinion should not in any way be construed as exempting the borrowing LGU from the applicable requirements and/or prohibitions under existing laws, rules and regulations.
- 5. No opinion will be issued by the MB in case the LGU loan has already been partially or fully disbursed.
 - 6. For LGU loans with amounts that exceed the borrowing capacity, as indicated in the certification on the borrowing and debt service capacity issued by the Bureau of Local Government Finance (BLGF), the MB opinion will refer only to the amount that is within the borrowing capacity.
 - 7. The LGU shall request a new MB opinion should there be any increase in the loan amount in excess of 10%, or a change in the manner of acquisition of the project/s to be funded (i.e., whether for importation or local purchase) after an MB opinion has been issued; provided that no release has been made of the loan.
 - 8. LGUs that are unable to avail of their loan during the one (1) year validity period shall request for a new MB opinion on their proposed loan. They shall submit to BSP the required documents and information under item 1 of Section III of this Appendix. However, the LGU would only need to submit the required documents under items a to c of item 2 under Section III of this Appendix to the lending institution if there are changes to the previously submitted documents.

III. REQUIRED DOCUMENTS AND INFORMATION

- 1. Request for MB opinion. To support the request for MB opinion, the LGU must submit the following documents/information to BSP:

- a. Letter from the LGU requesting for MB opinion on its proposed loan (use the prescribed form attached as Annex 1). The letter should contain:
 - i. Information on the loan amount, purpose with breakdown of specific project/s to be funded and corresponding cost/s, manner of acquisition (i.e., whether through importation or local purchase), name of lending institution, interest rate, term/tenor, fees and other charges, lending institution's source of fund for the loan, and name of designated contact person responsible for coordinating with the BSP along with contact information;
 - ii. Statement certifying that no disbursement, in full or partial amounts, has been made on the loan; and
 - iii. The names and signatures of the LGU's chief executive and the lending institution's authorized representative.
 - b. Valid BLGF certification on the borrowing and debt service capacity of the LGU; and
 - c. Information on the LGU's year-to-date outstanding loans (use the prescribed form attached as Annex 2).
2. Release of loan proceeds. The lending institution shall require the submission of the MB opinion on monetary and BOP implications prior to the release of the loan proceeds or the release of the first tranche, in case of loans with multiple tranches. In addition, lending institutions may release the loan proceeds only upon receipt from the LGU of the following documents/information:
- a. Ordinance approving the proposed loan terms and conditions as well as the specific purpose and corresponding amount/s of the project/s to be funded (sample copy attached as Annex 3);
 - b. Other applicable requirements under Republic Act No. 7160, such as the provincial/city/municipal validation of the ordinance, as applicable.
 - c. Waiver on the confidentiality of investment and bank deposits, whether in peso or foreign currency, duly executed by the governor/mayor/ barangay chairman, as the case may be, and supported by a "waiver resolution" (sample copy attached as Annex 4).

3. The BSP may request for additional documents and information from the LGU or the lending institution, as may be deemed necessary, to support the request for MB opinion.
4. LGUs requesting for MB opinion on proposed borrowings to be obtained from lending institutions other than BSP-supervised financial institutions (BSFIs), shall submit to BSP a written request accompanied by the required documents/information enumerated above.

IV. Reportorial requirements

1. Post-Borrowing Report (PBR). The borrowing LGU shall submit to BSP, through a letter addressed to the Director, Department of Economic Research or through electronic mail addressed to mbopinion_der@bsp.gov.ph, a post-borrowing report (PBR) that will indicate the actual amount of loan, the final terms and conditions, and utilization of the proceeds of the borrowing within 30 calendar days after the final release of loan proceeds (use the prescribed form attached as Annex 5/5.1).
2. Post-Loan Release Report (PLRR). The lending institutions shall submit to BSP, through a letter addressed to the Director, Department of Economic Research or through electronic mail addressed to mbopinion_der@bsp.gov.ph, a semestral post-loan release report on LGU loans granted in full within the last six months that will indicate the actual amount of loan released as well as the final terms and conditions thereof, within 30 calendar days after the end of each semester (use the prescribed form attached as Annex 6).
3. Sworn certification on lendings to local government units (LGUs). The BSFIs shall submit, through a letter addressed to the appropriate department of the SES, within fifteen (15) banking days after every semester, a duly notarized certification on loan releases to LGUs signed by the president or an officer of equivalent rank and the chief compliance officer. Such certification shall be considered as a *Category A-2* report for purposes of imposing fines on the delayed submission of required reports pursuant to existing regulations. (use the prescribed form attached as Annex 7).

(Name of Local Government Unit)
 (Complete address)
 (Contact number/s: telephone and facsimile)

Date: _____

The Governor
 Bangko Sentral ng Pilipinas
 A. Mabini cor. P. Ocampo Streets,
 Malate Manila, Philippines 1004

LGU REQUEST FOR MONETARY BOARD (MB) OPINION

Dear Governor:

Pursuant to Section 123 of Republic Act No. 7653 (The New Central Bank Act), may we request for the opinion of the Monetary Board (MB) on the monetary and balance of payments implications of our proposed loan, details of which are provided below.

For term loans:

Details of proposed loan ^{1/}	
a. Name of lending institution	
b. Total loan amount (in Php million)	
c. Purpose/s	<i>Please provide breakdown of specific projects, including cost and mode of acquisition:^{2/}</i> Project 1: <u>(Project title/details)</u> <u>(Cost in Php million)</u> <u>(Mode of acquisition)</u> Project 2: <u>(Project title/details)</u> <u>(Cost in Php million)</u> <u>(Mode of acquisition)</u> ...
d. Interest rate (in percent per annum)	<i>Please provide indicative rate and indicate if fixed or floating</i>
e. Term/tenor (in no. of years)	
f. Repayment terms and conditions	
g. Lending institution's source of fund for the loan	
h. Borrowing capacity (in Php million)	
^{1/} Loan information should be validated with the lending institution. ^{2/} For mode of acquisition, please indicate whether for importation or local purchase; for acquisition of heavy equipment, please provide list of equipment to be purchased.	

For bond flotation:

Details of proposed bond flotation	
a. Lender/investor	
b. Trustee bank	
c. Amount (in Php million)	
d. Bond name/label	
e. Purpose/s	Please provide breakdown of specific projects, including cost and mode of acquisition
f. Interest rate (in percent per annum)	
g. Term/tenor (in no. of years)	
h. Collateral/security	
i. Fees and charges	
j. Payment terms and conditions	
k. Borrowing capacity (in Php million)	
l. Financial advisor	
m. Underwriter	
n. Guarantor	

Relative to this, we would like to certify that no disbursement, in part or in full, has been made on the proposed loan.

Please find attached documents and information in support of our request, as follows:

1. Latest DOF-BLGF certification on the net debt service ceiling and borrowing capacity; and
2. Information on the LGU's year-to-date outstanding loans (use the form attached as Annex 2, Appendix 57, of Circular No. 926, s. 2016).

Also, please find below the name/s and details of our designated contact person/s whom you may coordinate with relative to this request for MB opinion:

1. (Name); (telephone/facsimile/mobile nos.); and (email address); ...

Very truly yours,

Name and signature
Governor/Mayor/Brgy. Chairman

Name and signature
Lending institution's authorized
representative¹

¹ The signature of the lending institution's authorized representative is required only for loan availments.

LIST OF OUTSTANDING LOANS AS OF (dd/mm/yyyy)

[illegible]

For loans that have been fully released, please attach Post-Borrowing Report (use as template Annex 5/5.1, Appendix 57, of Circular No. 926, s. 2016).

Certified true and correct:

Name and signature of
Governor/Mayor/Brgy. Chairman

*Sample LGU Ordinance for
Proposed borrowing (loan)*

Republic of the Philippines
Province of _____
Municipality / City of _____

OFFICE OF THE SANGGUNIANG BAYAN / PANLUNGSOD / PANLALAWIGAN

ORDINANCE¹ NO. _____
Series of _____

ORDINANCE AUTHORIZING THE PROPOSED BORROWING OF THE CITY /
MUNICIPALITY / PROVINCE OF _____, IN THE AMOUNT OF
_____(P_____) TO FUND THE _____.

BE IT ENACTED, as it is hereby ENACTED, by the Sangguniang Bayan /
Panlungsod / Panlalawigan of _____, in session assembled that:

SECTION 1. The Municipal / City Mayor / Provincial Governor, in representation of the Municipality / City / Province, hereinafter referred to as the "Municipality" / "City" / "Province", is hereby authorized to enter into Name of loan agreement/credit facility with name of lender in accordance with Section 297 of Republic Act No. 7160 or the Local Government Code, in the amount of _____ (P _____) under the terms and conditions herein set forth and such other terms and conditions as may be agreed upon with any person, corporation or entity for the purpose of funding priority project/s, and subject to the requirements under Section 123 of Republic Act No. 7653 as implemented by the Bangko Sentral ng Pilipinas Circular No. 402. In this connection, the Municipal / City Mayor / Provincial Governor shall have full power and authority to represent the Municipality / City / Province in negotiating the terms and conditions for the said borrowing and in signing, executing and delivering such agreements, contracts, deeds, papers, and documents as may be necessary and proper for the full and total implementation of the authority herein granted;

SECTION 2. The said priority project/s herein specified as the _____ is/are hereby certified to be a local infrastructure and/or other socio-economic development projects in accordance with² the approved local development plan and public investment program for the period _____ or for the current year _____ of the Municipality / City / Province of _____ and is supported by a final feasibility study prepared by _____ which is also hereby approved / has been approved under the Sanggunian Bayan / Panlungsod / Panlalawigan Resolution No. _____ dated _____.

¹ Based on the Local Government Code (e.g. Sections 305 (a) and 55 (b)).

² Sections 296 and 297 of the Local Government Code.

SECTION 3. Consistent with the covering _____ contract, deeds and assignment, mortgage contracts, and such other agreements as maybe entered into by the Municipality / City / Province in connection with the borrowing, the features, terms and conditions shall be as follows and are hereby approved:

3.1 Project Name

Borrower

Amount

Purpose/s³

Item 1 or Project A- (description, amount)

Sub-item a-(description, sub-amount)

Sub-item b-(description, sub-amount)

Sub-item c-(description, sub-amount)

...

Item 2 or Project B- (description, amount)

Sub-item a-(description, sub-amount)

Sub-item b-(description, sub-amount)

Sub-item c-(description, sub-amount)

...

Term

Manner of Payment

Interest

Principal

Interest rate

Collateral/Guarantee/Security:

Front-end Fee

Commitment Fee

Guarantor

Guarantee Fee

Sinking Fund (if applicable) or other Funding Arrangements

SECTION 4. The Municipality / City / Province hereby appropriates the entire proceeds of the borrowing exclusively to finance the _____ and other financial obligations relative thereto.

SECTION 5. Any Ordinance or parts thereof, inconsistent with this enactment is hereby repealed or amended accordingly.

SECTION 6. This Ordinance shall take effect upon its publication and compliance with all procedures required under Republic Act No. 7160 of an ordinance for its validity, including the affixation of signatures of the Sanggunian Bayan / Panlungsod / Panlalawigan members, in concurrence thereto, composing at least a majority thereof, out of the total of _____ members, on all the pages of this Ordinance.⁴

³ Please indicate the specific project/s, and a basic/simple breakdown into the cost/components of each project, if there is more than one project. Include borrowing cost items, if any will be included in the loan.

⁴ In particular, but not limited to, Sections 54-56, 58-59. This includes the mayor's/governor's/local chief executive's signature on all pages.

Ordinance No. _____, page 3 of 3

SO ORDAINED / ENACTED.

RESOLVED FURTHER, that copies of this Ordinance be furnished the Honorable Governor/Mayor (as the case may be), the Municipal / City / Provincial Accountant, and the Municipal / City / Provincial Auditor, all of this Municipality / City / Province of _____, the _____ and the Bangko Sentral ng Pilipinas for their information and appropriate action.

ADOPTED this ____ day of _____ 201__.

SANGGUNIAN MEMBERS:

Hon. _____

Hon. _____

Hon. _____

Hon. _____

Hon. _____

Hon. _____

Hon. _____

Hon. _____

CERTIFIED TRUE AND CORRECT:

SB/SP Secretary

ATTESTED:

Municipal / City Vice Mayor, or
Vice Governor or Presiding Officer

APPROVED:

Date Approved: _____

Municipal / City Mayor / Provincial Governor

VALIDATED AS CONSISTENT WITH LAW:⁵

Sangguniang Panlalawigan Secretary

Provincial Governor

Date Validated: _____

⁵ An ordinance passed by a municipality or component city has to be validated as consistent with law thru a review by the Sangguniang Panlalawigan (Sec. 56 of LGC). For such case, the ordinance should likewise be signed by the appropriate officers of the Sangguniang Panlalawigan on all pages, or otherwise validated through a separate document. Similarly, Sec. 57 provides for the review of Barangay Ordinances by the Sangguniang Panlungsod or Sangguniang Bayan. Other provinces issue a separate certification or resolution on said provincial review, if applicable.

(Name of Local Government Unit)
(Complete Address)
(Tel.Nos./Fax/Email)

Date: _____

The Governor
Bangko Sentral ng Pilipinas

Dear Governor:

This has reference to our request for the opinion of the Monetary Board (MB) on the probable effects on monetary aggregates, price level and balance of payments of the proposed borrowing amounting to _____ by the Province/City/Municipality of _____.

Pursuant to the provisions of Sections 2 and 3 of Republic Act No. 1405 and other laws relating to the secrecy of bank deposits, Resolution No. ____ dated _____ (certified true copy attached) was passed by the Province/City/Municipality of _____ waiving our rights to confidentiality of information by authorizing _____, our lending/trustee bank and all banks or financial institutions with which we have transactions to disclose to the Bangko Sentral ng Pilipinas (BSP) all information pertaining to the deposits, investments, loans or other transactions including the history or status of our dealings with said banks or financial institutions and for the BSP to make all inquiries as may be necessary regarding the same. The BSP is likewise authorized to disclose and share any such information furnished or obtained from said banks or financial institutions to the Department of Finance in relation to the performance by said Department of its functions.

Thank you.

Very truly yours,

Name and signature
Governor/Mayor/Chairman

Annex 5

For submission to the BSP, through registered mail to the Director, Department of Economic Research, Bangko Sentral ng Pilipinas, A. Mabini St. cor. P. Ocampo St. Malate, Manila, 1004, or by electronic mail to mbopinion_der@bsp.gov.ph

POST BORROWING REPORT

Name of Borrower	
Monetary Board Resolution No.	
Date of Monetary Board Opinion	
Amount of Proposed Loan	
Lending Institution	
Final Terms and Conditions	
Name of Facility	
Actual Amount of Loan*	
Purpose	
Interest Rate (Actual)	
If floating, please indicate base and spread	
Availment/Drawdown date*	
Term (In Years)	
Maturity Date	
Grace Period	
Interest Payment (Frequency/Date)	
Principal Payment (Frequency/Date)	
National Government Guarantee	
Collateral Guarantee/Security	
Breakdown of fees and other related costs	
Other relevant terms and conditions	

* Please indicate if on a staggered basis

For submission to the BSP, through registered mail to the Director, Department of Economic Research, Bangko Sentral ng Pilipinas, A. Mabini St. cor. P. Ocampo St. Malate, Manila, 1004, or by electronic mail to mbopinion_der@bsp.gov.ph

POST BOND FLOTATION REPORT

Name of Issuer	
Monetary Board Resolution No.	
Date of MB Opinion	
Amount of Proposed Bond Flotation	
Final Terms and Conditions	
Bond Name/Label	
Amount of Bonds Actually Sold	
Purpose of Bonds	
Issue Price	
Coupon Rate	
Date of Flotation	
Term (In Years)	
Maturity Date/Grace Period	
Denomination	
Medium of Sale	
Interest Payment (Frequency/Date)	
Principal Payment (Frequency/Date)	
Collateral Guarantee/Security	
Trustee Bank	
Fiscal Agent	
Underwriter	
Guarantor	
Financial Advisor, if any	
Breakdown of fees and other charges:	
Trustee Fee	
Underwriting Fee	
Guarantee Fee	
Financial Advisor Fee	
Other Fees	
List of Investors/Amount Purchased	
Settlement Mode	

For submission to the BSP, through registered mail to the Director, Department of Economic Research, Bangko Sentral ng Pilipinas, A. Mabini St. cor. P. Ocampo St. Malate, Manila, 1004, or by electronic mail to mbopinion_der@bsp.gov.ph

POST-LOAN RELEASE REPORT ON LOANS

Name of BSFI/lending institution: _____
 Period covered, for the six months ending (mm/dd/yyyy) _____

A. Loans granted in full for the semester

(1) Name of local government unit (LGU)	(2) Loan amount applied for (in Php million)	(3) Monetary Board Resolution no. and date	(4) Actual loan amount released (in Php million)	(5) Final terms and conditions ^{1/}	(6) Date of initial loan release (mm/dd/yyyy)	(7) Date of final loan release (mm/dd/yyyy)	(8) Explanation for variance between loan applied and granted

^{1/} Should at least include information on the maturity date, interest rate, and payment terms.

B. Past-due loans for the semester

(1) Total no. of local government units (LGUs) with payment due	(2) LGUs with delayed payment	(3) Loan Amount	(4) Loan Maturity (Years)	(5) Interest Rate	(6) Mode of Payment

Deadline: 15 banking days after end
of reference semester

SWORN CERTIFICATION ON LENDINGS TO LOCAL GOVERNMENT UNITS

(Name of BSFI)

Pursuant to the requirements under Circular No. ____ dated _____, we
hereby certify¹ that for the 6-month period ending < state reporting semester >:

- ☐ There were no loans released to local government units (LGUs) by <Name of BSFI>
- ☐ <Name of BSFI> had released loans to LGUs and that –
- ☐ EXCEPT for loans in the attached list, loans released to LGUs were covered with Monetary Board opinions on the borrowings' probable effects on monetary aggregates, the price level and the balance of payments, pursuant to Section 123 of Republic Act (R.A.) No. 7653, otherwise known as "The New Central Bank Act"
- ☐ ALL loans released to LGUs were covered with Monetary Board opinions on the borrowings' probable effects on monetary aggregates, the price level and the balance of payments, pursuant to Section 123 of R.A. No. 7653.

To the best of our knowledge, the foregoing statements are true and correct.

President or Officer of Equivalent Rank
TIN:
Com. Tax Cert. No.:
Issued on:
Issued at:

Chief Compliance Officer
TIN:
Com. Tax Cert. No.:
Issued on:
Issued at:

SUBSCRIBED AND SWORN to before me, on this ____ day of _____, at _____, exhibiting their respective Community Tax Certificate as indicated above.

NOTARY PUBLIC

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of ____.

¹ Check appropriate box

**LOANS RELEASED TO
LGUs WITHOUT THE REQUISITE MB OPINION**

(Name of BSFI)

LGU	Amount Released	Date of Release	Justifications/explanations for the loan release without the requisite MB Opinion

Appendix 57A. Guidelines on Requests for Monetary Board Opinion on the Monetary and Balance of Payments Implications of Proposed Domestic Borrowings by Government-Owned and/or –Controlled Corporations (GOCCs), Local Water Districts (LWDs) and State Universities and Colleges (SUCs) Pursuant to Section 123 of R.A. No. 7653

Pursuant to Monetary Board Resolution No. 1125 dated 22 June 2016, the following guidelines shall govern the domestic borrowings of Government-Owned and/or –Controlled Corporations (GOCCs), Local Water Districts (LWDs) and State Universities and Colleges (SUCs), in line with Republic Act No. 7653 (The New Central Bank Act), as well as other pertinent laws/regulations.

I. Coverage

This shall govern domestic borrowings¹ of GOCCs,² LWDs, and SUCs, herein collectively referred to as “borrowing government entities” (“BGEs”), within the Philippines, the procedures to be observed and the documentary requirements to be submitted, relative to the request for Monetary Board (MB) opinion on the probable effects of their proposed credit operation on monetary aggregates, the price level and the balance of payments (BOP), pursuant to Section 123 of Republic Act No. 7653.

II. Procedures

1. The BGE shall submit a written request to the *Bangko Sentral ng Pilipinas* (“BSP”) for MB opinion on the monetary and BOP implications of its proposed borrowing prior to the loan release. The request shall be accompanied by the required documents and information listed in Section III of this Appendix.
2. The BSP shall acknowledge receipt of the request, with an initial evaluation of the documents/information submitted. No request will be processed should there be any deficiency or inconsistency found in the documents/information submitted.
3. Once the BGE has submitted the complete set of required documents/ information, the matter shall be elevated to the MB for an opinion on the probable monetary and BOP implications of the proposed loan.
4. The BGE shall be informed in writing of the MB’s decision on its request for opinion and shall contain the following conditions:

¹ The term ‘borrowings’ shall include credit lines of BGEs.

² GOCCs shall cover agencies/institutions classified as such by the GOCC Governance Commission (GCG).

- a. The opinion of the MB is limited to the assessment of the monetary and BOP implications of the proposed borrowing, pursuant to Section 123 of Republic Act No. 7653. The said opinion is based on: (i) the information contained in the documents submitted; and (ii) the assumption that the proceeds of the borrowing will be used for the intended purpose described in the documents submitted;
 - b. The MB opinion is valid only for one (1) year from the date of issue. The validity period refers to the time within which the proposed loan is to be released in part or in full. It commences on the date of the BSP letter transmitting the MB opinion on the monetary and BOP implications of the BGE's proposed loan;
 - c. The BGE shall submit to BSP a post-borrowing report on the final terms and conditions and on the utilization of the proceeds of the borrowing within 30 days after the full release of the loan proceeds or final availment of the credit facility; and
 - d. The MB opinion should not in any way be construed as exempting the BGE from the applicable requirements and/or prohibitions under existing laws, rules and regulations.
5. No opinion will be issued by the MB in case the borrowing has already been partially or fully disbursed.
 6. The BGE shall request a new MB opinion should there be any increase in the loan amount in excess of 10%, or a change in the manner of acquisition of the project/s to be funded (i.e., whether for importation or local purchase) after an MB opinion has been issued; provided, that no release has been made of the term loan/credit line. The BGE shall likewise request for new MB opinion for the renewal of credit line/s.
 7. BGEs that are unable to avail of their loan during the one (1) year validity period shall request for a new MB opinion on their proposed loan. They shall submit to the BSP the required documents and information under item 1 of Section III of this Appendix.
 8. BGEs need not request an MB opinion for a one-time short-term borrowing, but if the borrowing is a revolving credit line, the BGEs shall request said MB opinion.³

³ Short-term borrowings refer to those with tenors of 90 days or less.

III. Required documents and information

1. Request for MB opinion. To support the request for MB opinion, the BGE must submit the following documents/information to BSP:

- a. For GOCCs

- i. Letter from the GOCC requesting for MB opinion on its proposed loan (use the prescribed letter format attached as Annex 1A). The letter should contain information on the following: loan amount; name of lending institution; for credit line/facility: type, purpose and date of expiry; for term loan: breakdown of specific project/s to be funded, cost and mode of acquisition (i.e., whether through importation or local purchase); interest rate; term/tenor; date of maturity; fees and other charges; lending institution's source of fund for the loan; and name/s of designated contact person/s responsible for coordinating with the BSP along with contact information. The letter should certify that no disbursement, in full or partial amounts, has been made on the loan.
- ii. Copy of the specific provision in the GOCC's charter or its equivalent for GOCC's without original charters (which may pertain to the GOCC's Articles of Incorporation duly registered with the Securities and Exchange Commission), indicating its authority to borrow, including the borrowing limit, if any.
- iii. Board Resolution approving the proposed loan, its purpose, terms and conditions (pro-forma Board Resolution attached as Annex 2A) or Corporate Secretary's certificate on the corresponding Board Resolution (pro-forma Corporate Secretary's certificate attached as Annex 3A).
- iv. Department of Finance (DOF) comments on the proposed loan.
- v. Endorsement/clearance of the proposed loan by the head of the line department or government agency with oversight functions over the borrowing entity, as applicable.
- vi. Information on outstanding loans (use the prescribed form attached as Annex 4A).

- b. For LWDs

- i. Letter from the LWD requesting for MB opinion on the proposed loan (use the prescribed letter format attached as Annex 1A). The letter should contain information on the following: loan amount; lending institution;

purpose with breakdown of specific project/s to be funded, cost, and manner of acquisition (i.e., whether through importation or local purchase); interest rate; term/tenor; fees and other charges; lending institution's source of fund for the loan; name/s of designated contact person/s responsible for coordinating with the BSP along with contact information. The letter should certify that no disbursement, in full or partial amounts, has been made on the loan.

- ii. Board Resolution approving the proposed loan, its purpose and terms and conditions (pro-forma Board Resolution attached as Annex 2A) or Corporate Secretary's certificate on the corresponding Board Resolution (pro-forma Corporate Secretary's certificate attached as Annex 3A).
- iii. Endorsement/clearance of the proposed loan from the Local Water Utilities Administration (LWUA).
- iv. Information on outstanding loans (use the prescribed form attached as Annex 4A).

c. For SUCs

- i. Letter from the SUC requesting for MB opinion on the proposed loan (use the prescribed letter format attached as Annex 1A). The letter should contain information on the following: loan amount; lending institution; purpose with breakdown of specific project/s to be funded, cost, and manner of acquisition (i.e., whether through importation or local purchase); interest rate; term/tenor; fees and other charges; lending institution's source of fund for the loan; name/s of designated contact person/s responsible for coordinating with the BSP along with contact information. The letter should certify that no disbursement, in full or partial amounts, has been made on the loan.
- ii. Board Resolution approving the proposed loan, its purpose and terms and conditions (pro-forma Board Resolution attached as Annex 2A) or Corporate Secretary's certificate on the corresponding Board Resolution (pro-forma Corporate Secretary's certificate attached as Annex 3A).
- iii. Endorsement/clearance of the proposed borrowing from the Commission on Higher Education (CHED).
- iv. Information on outstanding loans (use the prescribed form attached as Annex 4A).

The BSP may request for additional documents and information from the BGE or the lending institution, as may be deemed necessary, to support the request for MB opinion.

BGEs requesting for MB opinion on proposed borrowings to be obtained from lending institutions other than BSP-supervised financial institutions (BSFIs), shall submit to BSP a written request accompanied by the required documents/information enumerated above.

2. Release of loan proceeds. The lending institution shall require the submission of the MB opinion on monetary and BOP implications prior to the release of the loan proceeds or the release of the first tranche, in case of loans with multiple tranches.

IV. Reportorial requirements

1. Post-Borrowing Report (PBR). The BGE shall submit to BSP, through registered mail addressed to the Director, Department of Economic Research or through electronic mail addressed to mbopinion_der@bsp.gov.ph, a post-borrowing report that will indicate, among others, the actual amount of the loan availed as well as the final terms and conditions thereof within 30 calendar days from the date of the full release of the loan proceeds or final availment of the credit facility (use the prescribed form attached as Annex 5A).
2. Post-Loan Release Report (PLRR). The lending institutions shall submit to BSP, through a letter addressed to the Director, Department of Economic Research or through electronic mail addressed to mbopinion_der@bsp.gov.ph, a semestral post-loan release report on GOCC/LWD/SUC loans granted in full within the last six months that will indicate the actual amount of loan released as well as the final terms and conditions thereof, within 30 calendar days after the end of each semester (use the prescribed form attached as Annex 6A).
3. Sworn Certification on Lendings to Borrowing Government Entities (BGEs). The BSFIs shall submit, through a letter addressed to the appropriate department of the SES, within fifteen (15) banking days after every semester, a duly notarized certification on loan releases to BGEs signed by the president or an officer of equivalent rank and the chief compliance officer. Such certification shall be considered as a *Category A-2* report for purposes of imposing fines on the delayed submission of required reports pursuant to existing regulations. (Use the prescribed form attached as Annex 7A).

(Name of GOCC/LWD/SUC)
 (Complete address)
 (Contact number/s: telephone and facsimile)

Date: _____

The Governor
 Bangko Sentral ng Pilipinas
 A. Mabini cor. P. Ocampo Streets,
 Malate Manila, Philippines 1004

**GOCC/LWD/SUC
 REQUEST FOR MONETARY BOARD (MB) OPINION**

Dear Governor:

Pursuant to Section 123 of Republic Act No. 7653 (The New Central Bank Act), may we request for the opinion of the Monetary Board (MB) on the monetary and balance of payments implications of our proposed loan, details of which are provided below.

For line/s of credit:

Details of proposed loan ^{1/}	
a. Name of lending institution	
b. Total loan amount (in Php million)	
c. Type of credit line/s	<i>Please provide details:</i> Facility 1: <u>(Type of credit facility)</u> <u>(Amount in Php million)</u> <u>(Purpose)</u> Facility 1: <u>(Type of credit facility)</u> <u>(Amount in Php million)</u> <u>(Purpose)</u> ...
d. Interest rate (in percent per annum)	<i>Please indicate if fixed or floating</i>
e. Term/tenor (in no. of years)	
f. Availability and expiry dates	
g. Repayment terms and conditions	
h. Lending institution's source of fund for the loan	
^{1/} Information for items (d) to (g) should be validated with the lending bank/institution.	

For term loan/s:

Details of proposed loan ^{1/}	
a. Name of lending institution	
b. Total loan amount (in Php million)	
c. Purpose/s	Please provide breakdown of specific projects, including cost and mode of acquisition.^{2/} Project 1: <u>(Project title/details)</u> <u>(Cost in Php million)</u> <u>(Mode of acquisition)</u> Project 2: <u>(Project title/details)</u> <u>(Cost in Php million)</u> <u>(Mode of acquisition)</u> ...
d. Interest rate (in percent per annum)	Please indicate if fixed or floating
e. Term/tenor (in no. of years)	
f. Repayment terms and conditions	
g. Lending institution's source of fund for the loan	
^{1/} Information for items (d) to (g) should be validated with the lending bank/institution. ^{2/} For mode of acquisition, please indicate whether for importation or local purchase; for acquisition of heavy equipment, please provide list of equipment.	

For bond flotation:

Details of proposed bond flotation	
a. Lender/investor	
b. Trustee bank	
c. Amount (in Php million)	
d. Bond name/label	
e. Purpose/s	Please provide breakdown of specific projects, including cost and mode of acquisition
f. Interest rate (in percent per annum)	
g. Term/tenor (in no. of years)	
h. Collateral/security	
i. Fees and charges	
j. Payment terms and conditions	
k. Borrowing capacity (in Php million)	
l. Financial advisor	
m. Underwriter	
n. Guarantor	

Relative to this, we would like to certify that no disbursement, in part or in full, has been made on the proposed loan.

Please find attached documents and information in support of our request, as follows:

For GOCCs:

1. Board Resolution approving the proposed loan, its purpose, terms and conditions (Annex 2A.Pro-forma Board Resolution) or Corporate Secretary's certificate on the corresponding Board Resolution (Annex 3A.Pro-forma Corp Sec certificate);
2. Data on the year-to-date outstanding borrowings (Annex 4A.Pro-forma report on outstanding loans);
3. Department of Finance (DOF) comments on the proposed loan; and
4. Endorsement/clearance of the proposed loan by the head of the line department or government agency with oversight functions over the borrowing entity, as applicable.

For LWDs:

1. Board Resolution approving the proposed loan, its purpose, terms and conditions (Annex 2A.Pro-forma Board Resolution) or Corporate Secretary's certificate on the corresponding Board Resolution (Annex 3A.Pro-forma Corp Sec certificate);
2. Data on the year-to-date outstanding borrowings (Annex 4A.Pro-forma report on outstanding loans); and
3. Local Water Utilities Administration (LWUA) endorsement/clearance of the proposed loan.

For SUCs:

1. Board Resolution approving the proposed loan, its purpose, terms and conditions (Annex 2A.Pro-forma Board Resolution) or Corporate Secretary's certificate on the corresponding Board Resolution (Annex 3A.Pro-forma Corp Sec certificate);
2. Data on the year-to-date outstanding borrowings (Annex 4A.Pro-forma report on outstanding loans); and
3. Commission on Higher Education (CHED) endorsement/clearance of the proposed loan.

Also, please find below the name/s and details of our designated contact person/s whom you may coordinate with relative to this request for MB opinion:

1. (Name); (telephone/facsimile/mobile nos.); and (email address); ...

Very truly yours,

Name and signature
Head of GOCC/LWD/SUC

Name and signature
Lending institution's authorized
representative¹

¹ The signature of the lending institution's authorized representative is required only for loan availments.

Form No. ____

BOARD MEMBERS' RESOLUTION

WE: _____,
 _____, of legal age, after first being duly sworn in accordance with law,
 hereby depose and state:

That we are the members of the Board of Directors of _____, with
 office and principal place of business at _____.

That in a special meeting of the said Board of Directors of the aforesaid office held at
 _____ on _____ at which majority of the directors were
 present and acted throughout, the following resolution was unanimously passed and
 approved:

RESOLUTION NO. XXX
Series of 20XX

"RESOLVED, that the (borrowing) with the (lending institution) is hereby
 APPROVED under the following terms and conditions:

Facility: _____
 Amount: _____
 Purpose: _____
 Term: _____
 Interest rate: _____
 Repayment terms: _____
 Security: _____
 Availability/expiry date: _____
 (other items in the list of terms and conditions)

"RESOLVED, FURTHER, that the authority of the President and CEO to sign,
 countersign, execute and deliver any and all documents or papers necessary in order to
 effect the renewal of the aforesaid credit line be, as it hereby APPROVED."

WE HEREBY CERTIFY that the above-quoted Board Resolution, a certified true
 copy of which is attached, is existing and has not been amended in whole or in part.¹

¹ This sworn statement/certification executed by the approving members of the board should have
 exactly the same provisions as the actual Board Resolution. The said sworn statement is not necessary if a

IN WITNESS WHEREOF, WE have hereunto set our hands this _____ day of _____, 20XX, in _____, Philippines.

(MEMBERS' NAMES AND SIGNATURES OF APPROVAL)

_____	_____	_____
_____	_____	_____
_____	_____	_____

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20XX, affiant exhibiting to me their Community Tax Certificate:

Member's Name	CTC No.	Date issued:	Place Issued:
_____	_____	_____	_____
_____	_____	_____	_____

Notary Public

Doc. No. _____
 Page No. _____
 Book No. _____
 Series of _____

copy of the actual Board Resolution could be submitted which shows the original signatures of approval of the majority of the board members. In any case, the document submitted should explicitly authorize the borrowing transaction. It should likewise declare the particular purpose/s and respective costs involved, presenting these within the main body of the text of the document (not as attachments thereto) together with the other items of the terms and conditions.

Form No. ____

CORPORATE SECRETARYS' CERTIFICATE

I: _____
 _____, of legal age, after first being duly sworn in accordance with law,
 hereby depose and state:

That in a special meeting of the said Board of Directors of the aforesaid corporation/office held at _____ on _____ at which majority of the directors were present and acted throughout, the following resolution was passed and approved unanimously/by a majority:

RESOLUTION NO. XXX
Series of 20XX

"RESOLVED, that the (borrowing) with the (lending institution) is hereby APPROVED under the following terms and conditions:

Facility: _____
 Amount: _____
 Purpose: _____
 Term: _____
 Interest rate: _____
 Repayment terms: _____
 Security: _____
 Availability/Expiry date: _____
 (other items in the list of terms and conditions)

"RESOLVED, FURTHER, that the authority of the President and CEO to sign, countersign, execute and deliver any and all documents or papers necessary in order to effect the renewal of the aforesaid credit line be, as it hereby APPROVED."

I HEREBY CERTIFY that the above-quoted Board Resolution, a certified true copy of which is attached, is existing and has not been amended in whole or in part.¹

¹ This certification executed should have exactly the same provisions as the actual Board Resolution. This is not necessary if a copy of the actual Board Resolution could be submitted which shows the original signatures of approval of the majority of the board members. In any case, the document submitted should explicitly authorize the borrowing transaction. It should likewise declare the particular purpose/s and

(NAME OF SECRETARY, SIGNATURE AND DATE)

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of ____,
20XX, in _____, Philippines.

(NAME OF CHAIRMAN/PRESIDENT, SIGNATURE OF APPROVAL AND DATE)

SUBSCRIBED AND SWORN to before me this ____ day of ____, 20XX,
affiant exhibiting to me their Community Tax Certificate:

Secretary's Name CTC No. Date issued: Place Issued:

Notary Public

Doc. No. ____

Page No. ____

Book No. ____

Series of ____

respective costs involved, presenting these within the main body of the text of the document (not as
attachments thereto) together with the other items of the terms and conditions.

Please attach accomplished form in the letter of request for Monetary Board (MB) opinion on borrowing government entity's proposed loan.

(Name of GOCC/LWD/SUC)

LIST OF OUTSTANDING LOANS AS OF (dd/mm/yyyy)

Lending institution	Loan amount (in Php million)	Loan purpose	Date of first release	Amount released to date (in Php million), indicate if "partial" or "full" release	For loans with MB opinion rendered, indicate Resolution no. and date

For loans that have been fully released, please attach Post-Borrowing Report (use as template Annex 5A, Appendix 57A, of Circular No. 926, s. 2016).

Certified true and correct:

Name and signature of
Head of GOCC/LWD/SUC

Annex 5A

For submission to the BSP, through registered mail to the Director, Department of Economic Research, Bangko Sentral ng Pilipinas, A. Mabini St. cor. P. Ocampo St. Malate, Manila, 1004, or by electronic mail to mbopinion_der@bsp.gov.ph

POST BORROWING REPORT

Name of Borrower	
Monetary Board Resolution No.	
Date of Monetary Board Opinion	
Amount of Proposed Loan	
Lending Institution	
Final Terms and Conditions	
Name of Facility	
Actual Amount of Loan*	
Purpose	
Interest Rate (Actual)	
If floating, please indicate base and spread	
Availment/Drawdown date*	
Term (In Years)	
Maturity Date	
Grace Period	
Interest Payment (Frequency/Date)	
Principal Payment (Frequency/Date)	
National Government Guarantee	
Collateral Guarantee/Security	
Breakdown of fees and other related costs	
Other relevant terms and conditions	

* Please indicate if on a staggered basis

For submission to the BSP, through registered mail to the Director, Department of Economic Research, Bangko Sentral ng Pilipinas, A. Mabini St. cor. P. Ocampo St. Malate, Manila, 1004, or by electronic mail to mbopinion_der@bsp.gov.ph

POST-LOAN RELEASE REPORT ON LOANS

Name of BSFI/lending institution: _____

Period covered, for the six months ending (mm/dd/yyyy) _____

A. Loans granted in full for the semester

(1) Name of borrowing government entity (BGE)	(2) Loan amount applied for (in Php million)	(3) Monetary Board Resolution no. and date	(4) Actual loan amount released (in Php million)	(5) Final terms and conditions ^{1/}	(6) Date of initial loan release (mm/dd/yyyy)	(7) Date of final loan release (mm/dd/yyyy)	(8) Explanation for variance between loan applied and granted

^{1/} Should at least include information on the maturity date, interest rate, and payment terms.

B. Past-due loans for the semester

(1) Total no. of borrowing government entities (BGEs) with payment due	(2) GOCCs/WDs/SUCs with delayed payment	(3) Loan Amount	(4) Loan Maturity (Years)	(5) Interest Rate	(6) Mode of Payment

Deadline: 15 banking days after end
of reference semester

**SWORN CERTIFICATION ON LENDINGS TO
BORROWING GOVERNMENT ENTITIES**

(Name of BSFI)

Pursuant to the requirements under Circular No. ____ dated _____, we
hereby certify¹ that for the 6-month period ending < state reporting semester >:

- ☐ There were no loans released to borrowing government entities (BGEs) by
<Name of BSFI>
- ☐ <Name of BSFI> had released loans to BGEs and that –
- ☐ EXCEPT for loans in the attached list, loans released to BGEs were
covered with Monetary Board opinions on the borrowings'
probable effects on monetary aggregates, the price level and the
balance of payments, pursuant to Section 123 of Republic Act
(R.A.) No. 7653, otherwise known as "The New Central Bank Act"
- ☐ ALL loans released to BGEs were covered with Monetary Board
opinions on the borrowings' probable effects on monetary
aggregates, the price level and the balance of payments, pursuant
to Section 123 of R.A. No. 7653.

To the best of our knowledge, the foregoing statements are true and correct.

President or Officer of Equivalent Rank
TIN: _____
Com. Tax Cert. No.: _____
Issued on: _____
Issued at: _____

Chief Compliance Officer
TIN: _____
Com. Tax Cert. No.: _____
Issued on: _____
Issued at: _____

SUBSCRIBED AND SWORN to before me, on this ____ day of _____, at
_____, exhibiting their respective Community Tax Certificate as indicated
above.

NOTARY PUBLIC

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of ____.

¹ Check appropriate box

**LOANS RELEASED TO
BGEs WITHOUT THE REQUISITE MB OPINION**

(Name of BSFI)

BGE	Amount Released	Date of Release	Justifications/explanations for the loan release without the requisite MB Opinion