



# Bangko Sentral ng Pilipinas

## OFFICE OF THE GOVERNOR

Circular No. 626  
Series of 2008

Subject : **Reclassification of Financial Assets Between Categories**

The Monetary Board, in its Resolution No. 1388 dated 23 October 2008 approved the following guidelines governing the reclassification of investments in debt and equity securities between categories:

Financial institutions shall be allowed to reclassify their investments in debt and equity securities from the Held for Trading (HFT) or Available for Sale (AFS) categories to the Held to Maturity (HTM) or Unquoted Debt Securities Classified as Loans (UDSCL) categories, subject to the following conditions:

- (1) The reclassification shall be done in accordance with the provisions of the October 2008 amendments to the International Accounting Standards (IAS) 39: *Financial Instruments: Recognition and Measurement* and International Financial Reporting Standards (IFRS) 7: *Financial Instruments: Disclosures*;
- (2) Financial assets that are reclassified from HFT/AFS to HTM/UDSCL shall thereafter be treated in accordance with the guidelines provided under Appendix 33 of the Manual of Regulations for Banks and Appendix Q-20 of the Manual of Regulations for Non-Bank Financial Institutions on the Classification, Accounting Procedures, Valuation and Sales and Transfers of Investments In All Debt Securities and Marketable Equity Securities;
- (3) Reclassification from the AFS to the HTM category shall only be allowed if there was a change in intention for holding the debt instrument, and the financial institution has the ability to hold it until maturity; and
- (4) Financial institutions may reclassify from HFT/AFS to HTM/UDSCL effective 1 July 2008: *Provided*, That any reclassification made in periods beginning on or after 1 November 2008 shall take effect from the date when the reclassification is made: *Provided*, Further that, financial institutions may only reclassify from HFT/AFS to HTM/UDSCL until 31 December 2008.

This Circular shall take effect immediately.

  
**DIWA C. GUINIGUNDO**  
Officer-In-Charge

23 October 2008

PANANALAPING MATATAG, BANSANG PANATAG