



# BANGKO SENTRAL NG PILIPINAS

## OFFICE OF THE GOVERNOR

CIRCULAR NO. 1118  
Series of 2021

**Subject: Amendments to the Regulations on the Engagement by Non-Stock Savings and Loan Associations of Individual Agents or Sales Representatives**

The Monetary Board (MB), in its Resolution No. 612 dated 20 May 2021, approved the amendments to Sections 111-S and 112-S of the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFI-S Regulations) on the Engagement of Individual Agents or Sales Representatives.

The amended regulation, which covers individual agents or sales representatives, sets forth BSP's supervisory expectations and the minimum prudential requirements on the engagement by a non-stock savings and loan association (NSSLA) of individual agents or sales representatives. Regulation on engagement by NSSLAs of persons that operate an agency as agents or sales representatives shall be covered in a separate issuance.

**Section 1.** The engagement of individual agents or sales representatives shall be classified as Type A License under Section 111-S of the MORNBFI-S Regulations and shall be added, as follows:

### **"111-S LICENSING**

x x x

#### ***Prudential Criteria. x x x***

***Types of License of Permissible Activities.*** The type of license attached to permissible activities of Bangko Sentral supervised financial institutions (BSFIs) shall be as follows:

| Type of License | Permissible Activity                                     | Related Sections of the MORNBFI |
|-----------------|----------------------------------------------------------|---------------------------------|
| A               | x x x                                                    | x x x                           |
|                 | Engagement of Individual Agents or Sales Representatives | 112-S                           |
| x x x           | x x x                                                    | x x x                           |

x x x"

**Section 2.** Section 112-S shall be amended, as follows:

**112-S ENGAGEMENT OF INDIVIDUAL AGENTS OR SALES REPRESENTATIVES**

***Policy Statement.*** The Bangko Sentral recognizes the roles of individual agents or sales representatives in facilitating the members' easy access to all products and services offered by NSSLAs and the efficient delivery of services to all the members. In the implementation of the provisions of Section 10 of Republic Act (R.A.) No. 8367 which requires a person to obtain license from the Monetary Board before the former can act as an agent or sales representative, risks involved in the engagement of individual agents or sales representatives have to be properly managed to minimize potential operational and reputational risks to the NSSLA that can undermine/compromise the safety and soundness of its operations. The Bangko Sentral sets forth herein its supervisory expectations and the minimum prudential requirements on the engagement by an NSSLA of individual agents or sales representatives, under a licensing mechanism that involves grant of Bangko Sentral authority to NSSLAs to engage individual agents or sales representatives, subject to NSSLAs' and individual agents or sales representatives' adherence to the parameters and conditions prescribed in this Section.

The Board of Trustees shall be responsible for formulating appropriate risk management system pertaining to the engagement of individual agents or sales representatives, which shall be embedded in the NSSLA's operational risk management system, to ensure that:

- a. The individual agents or sales representatives appointed possess the necessary competence, character, integrity and probity;
- b. Risks associated with the engagement of individual agents or sales representatives are properly identified, assessed, monitored and mitigated, and results thereof are adequately documented; and
- c. The individual agents' or sales representatives' activities are consistently monitored to ensure compliance with this Section, the contract of agency or sales representative agreement, and other applicable laws and regulations.

***Definition of Terms.*** The following shall be defined and understood in this Section to mean, as follows:

- a. *Individual Agent or Sales Representative* – refers to a natural person engaged by an NSSLA under a contract of agency or sales representative agreement to perform on its behalf, acts or services directly related to the functions and operations of an NSSLA as it may designate, except those inherent core functions of NSSLAs requiring exercise of discretion.

- b. *Contract of Agency or Sales Representative Agreement*– refers to a written covenant between an NSSLA and its individual agent or sales representative which sets forth, among others, the purpose, scope, authority, responsibilities and obligations of the parties relative to the engagement.

***Scope of Authority of Individual Agents or Sales Representatives.*** Subject to approval by the Deputy Governor of the appropriate supervising sector of the Bangko Sentral and confirmation by the Monetary Board, individual agents' or sales representatives may be engaged by NSSLAs to perform on its behalf, acts or services directly related to the functions and operations of an NSSLA, except those inherent NSSLA core functions requiring exercise of discretion. The following inherent core functions of NSSLA may not be subject of an agreement as it requires exercise of discretion, thus cannot be performed by an individual agent or sales representative:

- a. Approval of (i) grant and/or renewal of loans, (ii) opening and closing of deposit and capital contribution accounts, (iii) transactions involving the deposit and capital contributions accounts (i.e., receipt, withdrawal or transfer) and the recording thereof, and (iv) applications for membership;
- b. Conduct of Know-Your-Customer and Know-Your-Member procedures and activities;
- c. Policy-making;
- d. Board and management oversight; and
- e. Risk governance.

Meanwhile, the following activities are allowed to be undertaken by individual agents or sales representatives: *Provided*, That should the NSSLA engage more than one individual agents or sales representatives, conflicting activities cannot be performed by one and the same individual agent or sales representative:

- a. Accept loan application documents;
- b. Conduct credit and background investigation on loan applicants;
- c. Appraise loan collaterals except restructured loans requiring appraisal by an independent appraisal company;
- d. Accept applications for opening of deposit accounts;

- e. Promote the NSSLA and its business, and introduce the NSSLA's products and services to potential and existing members;
- f. Conduct financial literacy training or program for potential and existing members;
- g. Assist prospective members in their application for membership and submission of documentary requirements; and
- h. Provide assistance to new and existing members on concerns/issues and complaints that may arise from operations.

Engagement of third parties to perform non-inherent NSSLA core functions, other than those specifically enumerated above, shall continue to be governed by the guidelines on outsourcing under Sec. 113-S.

General administrative services and other incidental services sought to be performed by a third party which are neither considered as acts of agency directly related to the functions and operations of an NSSLA nor covered by the guidelines on outsourcing, do not require prior Bangko Sentral approval.

***Eligibility of an NSSLA to Engage an Individual Agent or Sales Representative.*** Subject to evaluation of the Bangko Sentral, an NSSLA which meets the following minimum conditions may engage the services of individual agents or sales representatives:

- a. The NSSLA has shown that the engagement is directly related to the accomplishment of its business plan/strategy;
- b. The NSSLA has established an appropriate risk management system to govern its engagement of individual agents or sales representatives;
- c. The NSSLA has complied with prudential criteria set forth in Sec. 111-S; and
- d. The NSSLA has not engaged in acts, practices or omissions that are considered prejudicial to the interest of members and/or has not conducted its business in an unsafe or unsound manner, which are continuing or remain uncorrected.

***Selection and Approval of Prospective Individual Agents or Sales Representatives.*** NSSLAs shall establish a selection and approval process, duly approved by the Board of Trustees, that: (i) ensure that selected individual agents or sales representatives possess the competence, character, integrity and probity to discharge their duties; (ii) promote consumer protection; and (iii) provide for appropriate segregation of conflicting allowed activities among

selected individual agents or sales representatives to prevent a conflict of interest situation. In the selection and approval process, the NSSLA shall determine, at the minimum, that the prospective individual agent or sales representative:

- a. Has no derogatory records with National Bureau of Investigation and Philippine National Police involving dishonesty or breach of trust;
- b. Has adequate and relevant experience in performing the allowed activities for which the individual agent or sales representative is sought to be engaged;
- c. Has no existing contract of agency or sales representative agreement with other NSSLAs;
- d. Is not a relative within the second degree of affinity or consanguinity of any incumbent trustee, officer or employee of the NSSLA; and
- e. Has not been previously: (1) engaged as an individual agent or sales representative cited by the Bangko Sentral for acting beyond the scope of authority or performing prohibited activities as set forth in this Section; or (2) an employee of an NSSLA whose citation for conducting business in an unsafe or unsound manner or performing acts or practices considered prejudicial to the interest of members, is directly attributed to such employee.

The NSSLA shall document its assessment on the suitability of the individual agent or sales representative based on the NSSLA's established selection process. Prospects who qualified or passed the selection process shall be submitted to the NSSLA's Board of Trustees for approval and/or confirmation. Documents relative to the selection and approval of prospective individual agents or sales representatives shall be made available to the Bangko Sentral for review upon request.

***Application Process.*** An eligible NSSLA that wishes to engage the services of individual agents or sales representatives shall submit the following documentary requirements to the appropriate supervising department of the Bangko Sentral:

- a. Request for Bangko Sentral approval to engage individual agent/s or sales representative/s containing the justifications or reasons for the engagement particularly its direct relation to the accomplishment of the NSSLA's business plan/strategy, signed by the President or an officer of equivalent rank;
- b. Certification under oath signed by the President or officer of equivalent rank on the following:

- (1) That the NSSLA has complied with the minimum conditions provided in this Section (*Eligibility of an NSSLA to Engage an Individual Agent or Sales Representative*); and
  - (2) That the proposed individual agent/s or sales representative/s has/have met the eligibility and qualification requirements based on the NSSLA's established selection and approval process as required in this Section (*Selection and Approval of Prospective Individual Agents or Sales Representatives*);
- c. Certified true copy of the resolution of the NSSLA's Board of Trustees or a Corporate Secretary's Certificate thereon showing the (1) approval and/or confirmation of the individual agent/s or sales representative/s and (2) acknowledgment of all the rights and liabilities arising from the acts and omissions of the agents and sales representatives for NSSLA-related services performed within the scope of their authority. The date of Board of Trustees' approval and/or confirmation should not be earlier than twenty (20) business days from submission of the application; and
  - d. List of Board-approved individual agent/s or sales representative/s, as well as their official addresses, contact details, allowed activities, and areas of operation.

Payment of non-refundable processing fee of ₱10,000.00 shall be required upon initial submission of the request for Bangko Sentral approval to grant the NSSLA the authority to engage individual agent/s or sales representative/s regardless of the number of selected individual agents or sales representatives. The manner of payment shall be in accordance with the provisions of Sec. 1102-Q (*Check/demand draft payments to the Bangko Sentral*).

Applications with incomplete documentation will be returned without prejudice to re-submission of request with complete documentary requirements prescribed in this Section and subject to payment of above-mentioned non-refundable processing fee.

The Bangko Sentral reserves the authority to conduct on-site verification of the representations stated in the application and the documents that support these representations. Likewise, it shall not be precluded from requiring other information/documents that it may deem necessary to arrive at an informed decision.

The NSSLA shall be notified of the decision of the Bangko Sentral on the request and shall be responsible for informing the individual agents or sales representatives of the said decision, including the conditions set forth for approval of the request, if any. Denial of the request by reason of the NSSLA's failure to comply with the conditions provided in this Section (*Eligibility of an NSSLA to Engage an Individual Agent or Sales Representative*) shall be without prejudice to

re-submission of request with complete documentary requirements including proof of compliance with the conditions for eligibility, upon lapse of six (6) months from receipt of notice of denial of the request.

To forestall the possibility of a conflict of interest situation, NSSLA shall enjoy exclusivity of services of its engaged individual agents or sales representatives based on the contract of agency or sales representative agreement with a maximum term of five (5) years, subject to annual evaluation by the NSSLA of the performance of the individual agent or sales representative.

After the expiration or termination of contract/agreement with the NSSLA, an individual agent or sales representative may not enter into a contract of agency or sales representative agreement with another NSSLA for a period of one (1) year after such termination or expiration.

NSSLA with granted authority to engage individual agents or sales representatives shall comply with the abovementioned standards and requirements on a continuing basis; otherwise, any deviation, non-compliance, or misrepresentation may be a basis for revocation of its authority to engage individual agents or sales representatives and the imposition of appropriate enforcement actions described in this Section.

***Oversight and Governance on the Operations of Individual Agent or Sales Representative.*** The NSSLA shall assume full responsibility and liability for all acts and omissions of its agents or sales representatives on NSSLA-related services. It shall ensure that individual agents or sales representatives act within the scope of their authority and conduct their operations in a safe and sound manner and in compliance with applicable laws, rules and regulations.

An NSSLA shall be responsible and accountable for the effective management of risks arising from the operations of individual agents or sales representatives. To effectively enforce this, the following shall be performed:

- a. The Board of Trustees shall ensure that risk management and governance are clearly defined, through policies that include, at a minimum, the following: (1) standard of operations and performance management; (2) customer protection measures; (3) management information system; (4) anti-money laundering/combating the financing of terrorism (AML/CFT); and (5) termination of contract of agency or sales representative agreement.
- b. The Management shall ensure that: (1) policies on risk management and controls set by the Board of Trustees relevant to the individual agent or sales representative operations are properly implemented;

(2) risks and issues associated with individual agent or sales representative operations are continually assessed, monitored and managed; (3) performance of individual agent or sales representative is evaluated and reported on a regular basis; and (4) performance and implementation of the policies on engaging the services of individual agents and sales representatives are periodically reported to the Board of Trustees.

c. The person/unit in-charge of managing individual agent or sales representative operations shall be responsible for:

(1) Monitoring and supervising the individual agents or sales representatives to ensure that their activities are carried out in accordance with the contract of agency or sales representative agreement and that risks associated with the said activities are properly managed. This includes conduct of appropriate briefings and trainings before an individual agent or sales representative carries out the assigned activities;

(2) Maintaining updated central record of all the information on individual agents and sales representatives and the activities that they carried out, which shall contain sufficient detail to establish an audit trail. This shall be readily accessible for review by the Board of Trustees and management, as well as by the Bangko Sentral and its examiners upon request.

At a minimum, NSSLAs shall have records of the following:

(a) Transactions that are facilitated by the individual agents or sales representatives. Related thereto, NSSLAs shall adopt a documentation system that promotes accountability (e.g., an entry in a loan application form where the individual agent or sales representative is required to sign as a loan facilitator);

(b) Result of annual evaluation/assessment of the performance of individual agents or sales representatives vis-à-vis provisions of the contract of agency or sales representative agreement, as well as the result of the independent review of the internal audit to facilitate an informed and timely decision making by the Board of Trustees;

(c) Commission and other remunerations paid to the individual agents or sales representatives including the basis of commission; and

(d) Results and resolution of investigations conducted, if any, against individual agents or sales representatives;

- (3) Adopting a monitoring system to ensure that individual agents or sales representatives: (a) observe the exclusivity provision of the contract of agency or sales representative agreement; (b) adhere to the highest service standards; and (c) observe the consumer protection standards and applicable AML/CFT rules and regulations prescribed under Parts Seven and Six, respectively, of this Manual in their dealings with existing and prospective members of the NSSLA;
- (4) Conducting investigation, on such grounds as may be defined by the Board of Trustees in the NSSLA policies, against individual agents or sales representatives, monitoring the resolution of investigations conducted, and imposing appropriate fines, penalties or sanctions, including termination of contract of agency or sales representative agreement, as may be provided in the contract/agreement; and
- (5) Conducting annual evaluation/assessment of the performance of individual agents or sales representatives vis-à-vis provisions of the contract of agency or sales representative agreement, including the effectiveness of the individual agent's or sales representative's risk management practices in operations, and perform cost-benefit analysis in continuing the engagement.

Independent review of the selection and approval of prospective individual agents or sales representatives as well as their operations, including oversight and governance thereof, shall be included in the scope of internal audit and compliance testing.

***Individual Agent or Sales Representative Operations.*** An individual agent or sales representative shall be governed by the rules of agency under the New Civil Code of the Philippines, and must act within the scope of his authority. In dealing with existing and prospective members of the NSSLA within the well-defined group, the individual agent or sales representative shall make appropriate disclosures on his capacity as individual agent or sales representative and the extent of his authority.

**a. Contract of Agency or Sales Representative Agreement**

The contract of agency or sales representative agreement between an NSSLA and its engaged individual agent or sales representative shall be exclusive and shall be for a period not exceeding five (5) years. The rights and obligations of the NSSLA and the individual agent or sales representative shall be clearly set out in the contract/agreement which should be approved by the Management and confirmed by the Board of Trustees, and shall be made available to the Bangko Sentral upon request.

The contract/agreement shall include, among others, the following:

- (1) Activities that the individual agent or sales representative are authorized to perform, which shall include the requirement to transact only with existing and prospective members of the NSSLA within the well-defined group;
- (2) Remuneration or fee structure;
- (3) Rights of the parties, which shall include: (a) the right of the individual agent or sales representative to be provided by the NSSLA with appropriate briefings and trainings relative to the assigned activities; (b) the right of the NSSLA to conduct investigations, if warranted; and (c) the rights of the parties to be compensated or to impose applicable fines, penalties or sanctions for breach of any provision of the contract of agency or sales representative agreement;
- (4) Responsibilities, obligations and accountabilities of the parties. These shall include the individual agents' or sales representatives' duties as provided under this Section such as, but not limited to, refrain from performing prohibited activities, provide prior written notification to the NSSLA of any change in the official address and contact details of the individual agents/sales representatives, and safekeep and turn-over records and documents pertinent to their operations to the NSSLA;
- (5) Confidentiality clause covering all data and information during the effectivity and even after the termination of the contract. It shall state that the individual agent or sales representative shall observe Section 6 of R.A. No. 8367 on prohibition against inquiry into or disclosure of deposits, and R.A. No. 10173 on the security and protection of individual personal information. It shall also include actions that an NSSLA may take against the individual agent or sales representative for breach of confidentiality or any form of disclosure of confidential information in accordance with the provision on compensation, fines, penalties and sanctions as may be agreed upon by the parties under Item "(3)" above;
- (6) Customer protection provisions and grievance mechanism;
- (7) Applicable provisions on preventive measures and AML/CFT obligations;
- (8) Annual evaluation and performance review of the individual agents and sales representatives;

- (9) Term/duration of the contract of agency or sales representative agreement, as well as provisions on amendment, renewal, suspension, cancellation, withdrawal and termination thereof. The contract/ agreement shall specifically include a provision that deployment of enforcement action/s under this Section resulting in the revocation of the authority of the NSSLA to engage individual agents or sales representatives shall result in automatic termination of the contract of agency or sales representative agreement;
- (10) Provision on the exclusivity of the services of the individual agent or sales representative for the term/duration of the contract which is a maximum period of five (5) years, subject to a cooling-off period of one (1) year as provided in this Section (*Application Process*); and
- (11) Provision on continuing compliance by the parties with the minimum conditions and qualifications provided in this Section (*Eligibility of an NSSLA to Engage an Individual Agent or Sales Representative; Selection and Approval of Prospective Individual Agents or Sales Representatives*), including such provisions as the parties may agree on that will effectuate the conditions set forth by the Bangko Sentral on the approval of NSSLA's request to engage individual agent or sales representative.

**b. Prohibited Activities**

Individual agents or sales representatives are prohibited from conducting the following activities for the NSSLA:

- (1) Performing functions beyond the scope of authority of individual agents or sales representatives as provided in this Section (*Scope of Authority of Individual Agents or Sales Representatives*) and as approved by the Board of Trustees of the NSSLA to be performed by the engaged individual agent or sales representative. This includes performance of functions outside the assigned areas of operations as approved by the Board of Trustees;
- (2) Performing acts outside the contract of agency or sales representative agreement;
- (3) Accepting any form of payment, gifts, gratuity, favor, entertainment, loan or anything of monetary value from existing and prospective members for the services rendered to them on behalf of the NSSLA;

- (4) Operating an agency, entering into a sub-agency and/or managing/supervising other agents or sales representatives or group of agents or sales representatives, for purposes of performing the assigned activities on behalf of the NSSLA;
- (5) Performing practices or acts prejudicial to the interest of the members or the NSSLA;
- (6) Performing acts not in adherence to consumer protection standards, AML/CFT regulations, or in violation of the confidentiality clause of the contract/agreement; and
- (7) Transacting with persons outside the well-defined group.

The above list is not exclusive. The Bangko Sentral may consider any other similar acts as prohibited activities.

The NSSLA, through its Board of Trustees and Management, shall be responsible for ensuring and monitoring that its individual agents or sales representatives are not engaging at any time in the above prohibited activities.

Performance by individual agents or sales representatives of any of the foregoing prohibited activities shall be a ground for deployment of appropriate enforcement actions as provided in this Section against the NSSLA, its trustees, officers and/or employees concerned.

**c. Publication of List of Authorized Individual Agents or Sales Representatives**

NSSLAs shall post in conspicuous places in the NSSLA premises and/or publish in their websites or other social media platform an updated list of all their authorized individual agents or sales representatives, including their names, contact details, term/duration of contract, allowed activities and areas of operations. The list shall be updated regularly. NSSLAs shall observe the requirements of R.A. No. 10173 in the disclosure of personal information of individual agents or sales representatives.

To facilitate easy identification of the NSSLA's authorized individual agents or sales representatives, and to protect the customer from transacting with unauthorized individual agents or sales representatives, the NSSLA shall provide a uniform affixed signage displayed conspicuously in the premises of the individual agent or sales representative indicating the following:

- (1) That the individual agent or sales representative is "an authorized agent or sales representative of the NSSLA";

(2) Logo of the NSSLA;

(3) The specific functions that are allowed for the individual agents or sales representatives to undertake in behalf of the NSSLA;

(4) Duration of the contract/agreement; and

(5) NSSLA customer care hotline and email address.

**d. Change in Business Address and Contact Details of the Individual Agent or Sales Representative:**

Engaged individual agents or sales representatives are required to maintain an official address and contact details.

No individual agent or sales representative shall change official address and contact details without prior written notification to the NSSLA, except when justified or the situation so requires, in which case, the individual agent or sales representative shall immediately notify the NSSLA within three (3) calendar days from the time of change. Failure to inform the NSSLA may subject the individual agent or sales representative to appropriate fines, penalties or sanctions as may be agreed upon in the contract/agreement.

**e. Change in Assigned Allowed Activities, Renewal and Addition of Individual Agents or Sales Representatives**

An NSSLA which, upon evaluation/review of its business plan and performance of the individual agents or sales representatives, wishes to change the assigned allowed activities of existing individual agents or sales representatives, renew and/or add more individual agents or sales representatives, shall submit to the appropriate supervising department of the Bangko Sentral a notice of change, renewal and/or engagement of additional individual agents or sales representatives, within seven (7) business days from the date of the approval and/or confirmation of the NSSLA's Board of Trustees of the change, renewal and/or engagement of additional individual agents or sales representatives, subject to the same requirements provided in Items "b", "c" and "d" of the *Application Process* described in this Section. Moreover, change in assigned allowed activities would entail an amendment to the contract/agreement between the NSSLA and the individual agent or sales representative.

In case of renewal/addition of previously removed individual agents or sales representatives, the NSSLA shall document the basis/justification for such renewal/addition, which documentation shall form part of the updated central record of all the information on individual agents and sales representatives described in this

*Section (Oversight and Governance on the Operations of Individual Agent or Sales Representative).*

**Reportorial Requirements.** NSSLAs shall submit the following category “B” reports, duly certified by the Compliance Officer or any officer of equivalent rank, to the appropriate supervising department of the Bangko Sentral:

- a. Event-driven report. List of individual agents or sales representatives removed or terminated prior to the end of term or expiration of contract of agency or sales representative agreement, if any, including the reason/ground for removal or termination, within seven (7) business days therefrom;
- b. Periodic report. Notarized certification that an annual evaluation/performance review was conducted by the NSSLA on its engaged individual agents or sales representatives which shall cover the following areas, within ninety (90) calendar days from the end of the calendar year:
  - (1) Compliance with NSSLA’s policies and procedures as well as applicable Bangko Sentral rules and regulations;
  - (2) Contribution to the attainment of NSSLA’s business plans/strategies;
  - (3) Compliance with standard of operations and contract of agency or sales representative agreement; and
  - (4) Complaints handling and resolution.

**Enforcement Actions.** Consistent with the Bangko Sentral Supervisory Enforcement Policy under Sec. 002-S, the Bangko Sentral may deploy its range of supervisory actions to promote adherence to standards and principles set forth in this Section, to bring about timely corrective actions and compliance with Bangko Sentral directives and ensure that NSSLAs operate in sound, lawful and orderly manner. Non-observance of the provisions of this Section, including engagement of an agent or sales representative not submitted/reported to the Bangko Sentral as provided under this Section, may subject the NSSLA, its trustees, officers and employees to appropriate administrative sanctions pursuant to Section 37 of R.A. No. 7653, as amended, including cancellation of the authority granted to the NSSLA to engage agents or sales representatives. Any administrative sanctions imposed by the Bangko Sentral shall be without prejudice to the imposition of penalties under Section 23 of R.A. No. 8367 against the NSSLA, its trustees, officers and/or employees and agents or sales representatives, and criminal charges against such persons under applicable laws.

**Section 3. Transitory Provision.** All licenses previously issued by the Bangko Sentral to agents or sales representatives shall remain valid until expiration of the period of effectivity set by the Bangko Sentral upon issuance of the license or the term/duration of the contract between the NSSLA and the agent or sales representative, whichever comes earlier, subject to compliance with the requirements of this Section, as applicable, concerning oversight and governance, risk management, reporting and individual agent or sales representative's operations/activities. After end of the transitory period, NSSLAs and individual agents or sales representatives shall fully comply with the provisions of this Section in the engagement and operations of individual agents or sales representatives: *Provided*, That the transitory period within which to fully comply with the provisions of this Section shall not apply where the period of effectivity of the authority is not specified upon Bangko Sentral approval and there is no subsisting contract between the NSSLA and the agent or sales representative: *Provided, further*, That where the validity period of the agent's or sales representative's authority is not so fixed upon BSP approval and in the contract, the NSSLA concerned shall be given a transitory period of one (1) year from effectivity of this Circular within which to fully comply with the provisions of this Section, subject to compliance, during the interim period, with the requirements of this Section, as applicable, concerning oversight and governance, risk management, reporting and individual agent or sales representative's operations/activities.

The foregoing provision shall be incorporated as a footnote to Sec. 112-S.

**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:



**BENJAMIN E. DIOKNO**  
Governor

02 June 2021