



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR LETTER

Series of 2001

TO: ALL BANKS/NBQBs

The Monetary Board, in its Resolution No. 1765 dated November 8, 2001 approved the Supplemental Memorandum of Agreement (MOA) among the Bangko Sentral ng Pilipinas, Bankers Association of the Philippines and the Philippine Clearing House Corporation on the implementation of the expanded MIPS2 designated as "**MIPS2 Plus**" to cover other types of interbank fund transfers such as settlement of foreign currency (FX) transactions, government securities transactions and other interbank payments. Attached to this letter is the Supplemental MOA which shall be implemented *effective November 15, 2001*.

Salient Features of the Supplemental MOA

Operating Hours (Item 1) – The system's operating window of 10:01 A.M. to 4:00 P.M. shall also include other types of interbank fund transfer transactions. Each transaction shall be properly identified as to the type of interbank transaction being settled (e.g. FX Settlement, Securities Settlement.)

Obligation Requirement (Item 8) - For payment of FX transactions, participants shall transmit at least 70% of their obligations (based on total value) before 12 noon. For payment of securities transaction, participants shall transmit at least 50% of their obligations before 2:00 p.m.

Reports (Item 9) – BAP shall monitor the transmission times and shall exert effort to ensure compliance with set guidelines. PCHC shall provide to the BAP daily reports on the performance of all banks or statistics that shall show the proportion of payment orders (by value) sent in before the relevant times (12 noon for FX settlements and 2:00 P.M. for securities settlements).

Compensation Charges (Item 10) – Errors in processing/settlement instructions resulting in delayed payment/settlement of transaction shall be for the account of the party in error based upon the existing schedule for computing compensations charges for GS and FX settlements.

Settlement of BSP's Securities and FX Transactions (Item 11) - The BSP shall be responsible for directly crediting (in case of sale of securities/foreign exchange to the BSP)/directly debiting (in case of purchase of securities/foreign exchange from



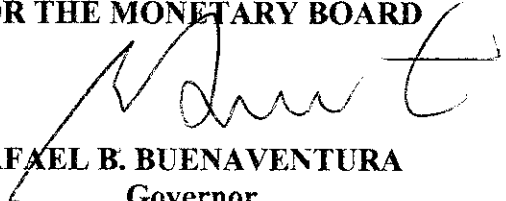
the BSP) the participants' demand deposit account (DDA) using the BSP's FAS. Debits and credits to DDA of participants resulting from outright purchase and sale of securities/foreign exchange transactions with the BSP shall be part of the statements of account broadcast by the BSP on an hourly basis.

Participation Agreement - Similar to the original MOA of MIPS2, participants to the MIPS2 Plus shall be required to execute a Participation Agreement attached as **Annexes 1 and 2**.

Consistency Clause - All other terms and conditions of the MIPS2 Agreement which are not inconsistent with the provisions of the Supplemental Agreement and not otherwise modified or superseded shall continue in full force and effect.

Please be guided accordingly.

FOR THE MONETARY BOARD



RAFAEL B. BUENAVENTURA
Governor

November 13, 2001