

QAU Memo No. 07, s2021



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Recently, the Bangko Sentral ng Pilipinas (BSP) has issued various Circulars and Memoranda. Some of these are amendments to the guidelines on the Reclassification of Debt Securities Measured at Fair Value to the Amortized Cost Category and Rationalization of Prudential Reporting Requirements.

R.S BERNALDO & ASSOCIATES

TAKING YOU FURTHER



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CIRCULAR NO. 1110 Rationalization of Prudential Reporting Requirements

On the 11th day of February 2021, the BSP approved the amendments to selected Appendices concerning Reports Required from Banks and Reports Required from Quasi Banks and other relevant sections of the Manual of Regulations for Banks (MORB) and Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) as part of the report rationalization of the Bangko Sentral.

The report rationalization initiative aims to contribute to continuing adherence to internationally recognized standards and practices on data aggregation and governance and to promote ease of doing business for Bangko Sentral supervised financial institutions (BSFIs). To ensure that information being gathered remains relevant to the monitoring and supervisory functions of Bangko Sentral, continuous reviewing of the prudential reports required from BSFIs are being done.

In this issuance Appendix 7 of the MORB and Appendices Q-3, S-2 and N-1 of the MORNBFI were amended by deleting selected reports. Reports for deletion as listed in Annex A are the following:

- DCB I/II Form 5 (BSP-7-16-07-A): Daily Report on Compliance with Aggregate Ceiling on Direct/Indirect Credit Accommodations to Directors/Officers/Stockholders (DOSRI), Secured and Unsecured Loans
- DCB I/II Form 5A (BSP-7-16-07-B): Daily Report on Compliance with Ceiling on Outstanding Unsecured Direct and Indirect Credit Accommodations to Directors/Officers/Stockholders (DOSRI)
- SES I/VI Form 5A.1 (BSP-716-07B.1): Daily Report on Compliance with Individual Ceilings on Direct/Indirect Credit Accommodations to DOSRI, secured and unsecured loans together with a certification by authorized signatories that no one has exceeded the prescribed individual ceilings
- DCB I/II Form 5B (BSP-7-16-13) (For U/KBs): Consolidated Report on Compliance with Aggregate Ceiling on Credit Accommodations to DOSRI
- DCB I/II Form 5B, TB Form 8 (For TBs): Consolidated Report on Compliance with Aggregate Ceiling on Direct Credit Accommodations to DOSRI
- DCB I/II Form 5B, TB Form 9 (For TBs): Consolidated Report on Compliance with Individual Ceiling on Direct Credit Accommodations to DOSRI

- DCB I/II Form 5B, RB/COB Form 4B (For RBs/CBs): Consolidated Report on Compliance with Individual Ceiling on Direct Credit Accommodations to DOSRI
1 – Compliance with Individual Ceiling on Credit Accommodations to DOSRI
- DCB I/II Form 5B, RB/COB Form 4B (For RBs/CBs): Consolidated Report on Compliance with Aggregate Ceiling on Credit Accommodations to DOSRI
1 – Secured and Unsecured DOSRI Loans
- Certification of Compliance with Section 55.4 of R.A. No. 8791 (prohibits banks from employing casual, non-regular personnel)
- BSP-7-26-15: Report on Underwriting Activities
- SEC Form: General Information Sheet
- Report on Peso-Denominated Common Trust Fund and Other Similarly Managed Funds (CTF)

All references to the deleted reports and embodied various sections of the MORB and MORNBF are likewise deleted. Additional amendment to the Appendix 7 is the insertion of a new certification report on Loans and Other Credit Accommodations to Directors, Officers, Stockholders and their Related Interests/Subsidiaries/Affiliates, which is codified as Appendix 142 of the MORB as shown in Annex B.

As amendment to Section 346 of the MORB, all banks shall submit a certification (Appendix 142) that it has fully complied with the provisions of Part III.D of this Manual on Loans and Other Credit Accommodations to Directors, Officers, Stockholders and their Related Interests/Subsidiaries/Affiliates. This certification is considered as Category A-3 report and shall be submitted to the appropriate supervising department of the Bangko Sentral fifteen (15) banking days after end of the reference semester.

For the full version of this issuance and for the Annexes mentioned above, kindly see [CIRCULAR NO. 1110 Rationalization of Prudential Reporting Requirements](#)

Section 346 of the MORB can be seen in [SECTION 346 Procedural and Reportorial Requirements](#)

MEMORANDUM NO. M-2021-011 Reclassification of Debt Securities Measured at Fair Value to the Amortized Cost Category

To: All BSP-Supervised Financial Institutions (BSFIs)

On the 28th day of January 2021, the BSP approved the amendments to the guidelines governing Reclassification of Debt Securities Measured at Fair Value to the Amortized Cost Category.

The amendments to the guidelines under Memorandum No. M-2021-011 includes the removal of item number eight (8) which states that a BSFI which avails of the look-back provision, and which has submitted prudential reports to the BSP need not submit restated prudential reports covering the affected reporting periods.

Additional guidance states that a BSFI which avails of the alternative accounting treatment under these guidelines and intends to revert to Philippine Financial Reporting Standards (PFRS) 9 shall classify its outstanding debt securities as of the start of the financial reporting period when such a decision will be made, i.e., 01 January, in the case of a BSFI that adopts a calendar year-end reporting period, or as of the first day of its fiscal year, in the case of a BSFI that adopts a fiscal year-end reporting period, as if the classification requirements of PFRS 9 had always been applied to the outstanding debt securities. The cumulative effect of such a reclassification shall be reflected as an adjustment to each affected component of the BSFI's equity at the start of the relevant financial reporting period in its prudential reports.

Alternative accounting treatment under this Memorandum may be adopted by a BSFI if this is made in accordance with the provisions of Securities and Exchange Commission Memorandum Circular No. 32 dated November 17, 2020.

For the full version of this issuance, kindly see [Memorandum No. M-2021-011 Reclassification of Debt Securities Measured at Fair Value to the Amortized Cost Category](#)

Previous version of this memorandum can be seen in [Memorandum No. M-2020-022 Reclassification of Debt Securities Measured at Fair Value to the Amortized Cost Category](#)

Securities and Exchange Commission memorandum stated above can be seen in [Memorandum Circular No. 32 Basis of Preparation of Audited Financial Statements for BSFIs](#)

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