

R.S. BERNALDO & ASSOCIATES

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IN THIS ISSUE: *#THROWBACK2014*

Before we look ahead on what is awaiting for us this year, let us look back and familiarize ourselves to the previous year's relevant rulings and issuances of various government agencies such as the Securities and Exchange Commission (SEC), Bangko Sentral ng Pilipinas (BSP), Insurance Commission (IC) and the Cooperative Development Authority (CDA) to determine its impact in the current year's compliance with the respective regulatory agencies.

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QAU BULLETIN: 2014 SEC UPDATES

SEC Memorandum Circular No. 1, Series of 2014: Guidelines for Changes and Updates in the Annual Corporate Governance Report

To	All Listed Companies
Date issued	January 10, 2014
Effectivity	Shall take effect immediately

The Securities and Exchange Commission (“SEC” or the “Commission”) described the following guidelines regarding the manner of reporting changes and updates in the Annual Corporate Governance Report (ACGR) for the second (2nd) to fourth (4th) year:

- Changes or updates
 - ✓ **Required** to be reported or disclosed under Section 17 of the Securities Regulation Code - The Company shall notify the Commission using **SEC form 17-C** within five (5) days from the occurrence of the reportable change.
 - ✓ **Not required** to be reported or disclosed under Section 17 of the Securities Regulation Code - The Company shall notify the Commission through an **advertisement letter** within five (5) days from the occurrence of the reportable change.

Note: The above changes or updates shall likewise be made in the ACGR within the same period.

- In lieu of Certificate of Attendance of Directors to Board Meetings, the Company shall update the pertinent portion of ACGR and file with the Commission an advertisement letter on directors’ attendance within five (5) days from the end of the Company’s fiscal year; and
- The next submission of ACGR will be five (5) years from its initial submission and every five (5) years thereafter.

SEC Memorandum Circular No. 3, Series of 2014: All Corporations that File a Petition to Lift Order of Revocation of Primary Registration

To	All Corporations that File a Petition to Lift Order of Revocation of Primary Registration
Date issued	January 28, 2014
Effectivity	Shall take effect beginning February 15, 2014

As part of the supporting documents to the Petition, the Commission requires sworn statements from the Company and from the latter’s external auditor. The intention of this is to enhance the reliability and integrity of the beginning balances of financial statements that are being submitted.

SEC Memorandum Circular No. 4, Series of 2014: CRMD Guidelines on Refund and Re-application of Filing Fees and Excess Penalties

To	All Concerned
Date issued	January 23, 2014
Effectivity	Shall take effect immediately

The following guidelines are adopted to facilitate the requests for refund and re-application of filing fees and excess penalties with the Company Registration and Monitoring Department (CRMD):

- Application withdrawn prior to its approval
- Only fifty percent (50%) of the filing fees paid shall be refunded or allowed to be re-applied to future transactions.
- Excess assessment of filing fees on applications
 - ✓ Resulting from error in the computation - Total excess amount may be refunded or re-applied to future transactions.
 - ✓ Resulting from factors solely attributable to the corporation – Excess filing fees shall not be allowed.
- Excess assessment of penalties
 - ✓ Resulting from late or non-submissions of prior compliance/s – Total excess penalty shall be refunded or re-applied to the corporation’s future transactions.
 - ✓ Resulting from unreflected reports or SEC electronic records database – Total excess penalty assessed shall be refunded or re-applied to the corporation’s future transactions.
 - ✓ Resulting from error in the computation – Total excess penalty assessed shall be refunded or re-applied to the corporation’s future transactions.

It is to be noted that the re-application shall be allowed only to future transactions of the corporation/ partnership itself and not to transactions of its affiliates or subsidiaries, except for the payment that was made in relation to applications for dissolution subject to the conditions indicated in this memorandum.

- Applications for dissolution later withdrawn by the corporation/ partnership with intension to continue with its term of existence
 - ✓ Only fifty percent (50%) of the filing fees can be refunded or allowed to be re-applied to future transactions.
 - ✓ Re-application shall be allowed only to future transactions of the corporation/ partnership itself and not to transactions of its affiliates or subsidiaries.
- Applications for dissolutions, duly approved by the Department but where excess filing fees were assessed

Total excess filing fee paid may be refunded, or re-applied to future transactions of the corporation/ partnership or to its affiliates or subsidiaries, subject to the approval of the Supervising Commissioner of CRMD.

- Abandoned applications due to inability to comply with the deficiencies noted upon review of the approving authority
 - ✓ 1st and 2nd notices of conference shall be sent to them on their principal office addresses.
 - ✓ In case of failure to comply with the notices, a final conference letter will be sent with warning of abandonment.
 - ✓ In case of failure to comply with the directive of the final conference letter, a notice of abandonment will be sent. And, the filing fee paid in relation to the abandoned application shall be deemed forfeited in favor of the Commission.

SEC Memorandum Circular No. 5, Series of 2014: Guidelines on the Outsourcing of Functions of Broker Dealers

To	All Concerned Corporations
Date issued	February 11, 2014
Effectivity	Shall take effect fifteen (15) days following the completion of its publication in two (2) newspapers of general circulation

A broker-dealer can only outsource its back office functions, except for material activities and any activity which involves any interaction or direct contact with the clients of the broker dealer, except in cases permitted under the rule or regulation. It is to be noted that the clearing and settlement activities may only be outsourced to service providers who are authorized by the Commission to conduct such activities.

In the engagement of a service provider, broker dealers must conduct suitable due diligence processes to ensure that appropriate service provider is selected, such as, but not limited to:

- the prior assessment of the service provider’s ability and capacity to perform the outsourced activities effectively, reliably and in accordance with the broker dealer’s standards;
- the service provider’s financial condition; and
- risk management practices.

Broker dealers must monitor the performance of the service provider and ensure the latter's compliance with applicable Philippine securities laws and regulations. It shall have the duties:

- to terminate the outsourcing contract in case of any failure, on the part of the service provider, to comply with Philippine laws and regulations, and
- to report such failure and the measures undertaken by the broker dealer to remedy the same to the Commission.

It is to be noted that the outsourcing broker dealer, its management and officers retain full legal liability and accountability to the Commission and the relevant self-regulatory organization for any and all functions that it may outsource to the service provider, as if the outsourced activity was performed by the broker dealer itself.

The broker dealer and the service provider shall execute a legally binding written contract.

In addition, the broker dealer shall take appropriate measures to the following:

- IT Service and Business Continuity – protection of the broker dealers' proprietary and customer-related information and software
- Client Confidentiality – protection of the confidential customer and other proprietary information
- Right of Inspection
 - ✓ The Commission, the broker dealer and its auditors shall have access to the records of service providers relating to the outsourced activities such as, but not limited to, the records and reports identified in SRC Rule 52.1 (1) and (2), if applicable.
 - ✓ The broker dealer is liable for any failure of the service provider to provide copies of or access to the books and records required.
- Duty to Report
 - ✓ Notify the Commission of any outsourcing arrangements involving the former, including any change in or termination of the same, within ten (10) days from the execution of the outsourcing contract or the approval of any amendment or termination thereof.
 - ✓ Submit a copy of the outsourcing contract to the Commission, within the same period indicated above.
 - ✓ Notify the Commission of any contractual arrangement not falling within the definition of outsourcing, within ten (10) days from the execution thereof.

Any violations shall be penalized in accordance with Section 54 of the Securities Regulation Code.

Within six (6) months from the effectivity of these guidelines, the broker dealer shall:

- submit a list of their existing outsourcing contracts; and

- for outsourcing contracts not in accordance with the provisions of these guidelines, it has the option to either:
 - ✓ preterminate the subject contract/s; or
 - ✓ renegotiate and/ or amend the outsourcing contract

SEC Memorandum Circular No. 6, Series of 2014: Amendment of the Principal Office Address

To	All Concerned
Date issued	February 20, 2014
Effectivity	Shall take effect immediately after its publication in a newspaper of general circulation

The Commission directs all affected corporations and partnerships to amend its articles of incorporation or articles of partnership whose principal address indicates only a **general address**. Under this rule, corporations and partnerships are required to specify their **complete address**, such that if feasible, it has a street number, street name, barangay, city or municipality, and if applicable, the name of the building, the number of the building, and the name or number of the room or unit. **The corporations and partnerships are given until December 31, 2014 to comply with this requirement.**

Moreover, corporations and partnerships which may fail to effect a change in their principal office address within the deadline set shall not be penalized for non-compliance; however, **the Commission can impose sanctions of deferment of applications such as amendments, certifications, and clearances, and the like.**

SEC Memorandum Circular No. 9, Series of 2014: Amendment to the Revised Code of Corporate Governance

To	All Covered Corporations
Date issued	May 6, 2014
Effectivity	Shall take effect after fifteen (15) days from publication in a national newspaper of general circulation

The Commission approved the following amendments to SEC Memorandum Circular No. 6, series of 2009, Revised Code of Corporate Governance:

- Articles 1, 3, 5, and 8

The respective duties and responsibilities of the Board of Directors and Management is extended from stockholders to other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates.

- Article 8

A paragraph is added to express the commitment of the Board at all times to full disclosure of material information dealings through filing of all required information to the Commission.

SEC Memorandum Circular No. 10, Series of 2014: Guidelines and Directives to Assist Issuers of Securities Listed and Traded in the Philippine Stock Exchange in Complying with the Requirements of BIR Revenue Regulation No. 1-2014

To	All Concerned
Date issued	May 22, 2014
Effectivity	Shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation

Relative to Revenue Regulation No. 1-2014, which mandates all withholding agents to submit an alphalist of payees of income payments subject to creditable and final withholding taxes as an integral part of the Annual Information Returns and Monthly Remittance Returns. This BIR regulation stressed that the submission of the prescribed alphalist where the income payments and taxes withheld are lumped into one single amount:

- shall not be allowed;
- shall result to the unsuccessful uploading into the BIR system;
- shall be deemed not received; and
- shall not qualify as deductible expense for income tax purposes.

The issuer of registered securities are affected by this revenue regulation because their stockholders of record are lumped under PCD Nominee and/ or brokers' accounts due to the current model of the Philippine capital market structure. In view of this, the Commission authorizes the Issuers and their assigned Transfer Agents to receive information from the Philippine Depository and Trust Corporation and the depository account holders to enable the Issuers/ Transfer Agents to comply with said revenue regulation.

However, on September 9, 2014, the Supreme Court issued a temporary restraining order (TRO) against the implementation and further enforcement of Revenue Regulations No. 01-2014, Revenue Memorandum Circular No. 05-2014 and SEC Memorandum Circular No. 10 series of 2014. Among the grounds cited by the petitioners is that the BIR, SEC and Department of Finance (DOF) had exercised grave abuse of discretion in issuing the regulations without regard to their right to privacy. According to them, by disclosing this information the safety of the investors may be compromised. They further alleged that the integrity of the market could be affected by information on the investors buying or selling the shares of stock in a listed company.

SEC Memorandum Circular No. 11, Series of 2014: Posting of Disclosures in Company Website

To	All Publicly-Listed Entities
Date issued	June 2, 2014
Effectivity	Shall take effect immediately

Publicly listed companies are mandated to include all company disclosures in their company websites. These include posting of all periodic reports on their due dates and minutes of all general or special stockholders' meeting within five (5) days from the actual date of the said meeting.

SEC Memorandum Circular No. 12, Series of 2014: Clarification for Changes and Updates in the Annual Corporate Governance Scorecard (ACGR)

To	All Listed Entities
Date issued	May 26, 2014
Effectivity	Shall take effect immediately

The Commission resolved in its meeting the following:

- No need to amend the notarized signature page of the ACGR for the updates and changes posted in the website
- Updates and changes:
 - ✓ **reportable** under Section 17 of the SRC using SEC form 17-C - shall be signed by the duly authorized officer of the company
 - ✓ **not reportable** under Section 17 of the SRC but reported to the Commission through advertisement letter – shall be signed by the Corporate Secretary and Compliance Officer

Note: For updates and changes, there is no need for the signatures of the other original signatories of the ACGR, namely: The Chairman of the Board, Chief Executive Officer, and two (2) Independent Directors.

- ACGR submitted on the fifth (5th) year from initial submission will be notarized and signed by all five required signatories namely: The Chairman of the Board, Chief Executive Officer, two (2) Independent Directors, and Compliance Officer.
- Within ten (10) days from the end of the second (2nd) to fourth (4th) year, the company will consolidate all the updates and changes made for the year.

- In lieu of the notarized signature page, the Consolidated Changes in the ACGR shall be accompanied by a Secretary’s Certificate with excerpts of Board Resolutions or Minutes of meetings regarding said updates and changes in the ACGR.

SEC Memorandum Circular No. 13, Series of 2014: Course Units on Financial Reporting and Audit

To	All Accredited Corporate Governance Training Providers
Date issued	June 23, 2014
Effectivity	Shall take effect immediately

The Commission directs all SEC accredited corporate governance training providers to include in their curriculum, the following units on financial reporting:

- Basic Course which covers, among others:
 - ✓ Framework for financial statements reporting
 - ✓ Principal financial statements and their Uses
 - ✓ What decision-makers need to know about the principal financial statements (e.g. Statement of Comprehensive Income, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity)
 - ✓ What board directors and management need to know about accounting principles
 - ✓ Income Statement, Balance Sheet & Statement of Cash Flows
 - ✓ Financial statements analysis
 - ✓ What to spot in financial statements
 - ✓ Issue spotting
 - ✓ What should be included in performance dashboards
 - ✓ Pointers to ensure that recording, processing & reporting data do not result in material misstatement of financial statements
 - ✓ Pointers to avoid material weaknesses in internal controls
 - ✓ Financial policies for fraud prevention that decision-makers should have
 - ✓ What decision-makers need to know about external auditor’s opinion
 - ✓ Understanding basic concepts in making business decisions
 - ✓ What decision-makers can get from reading financial statements
- Advance Course which covers, among others:
 - ✓ Provisions of the Philippine Financial Reporting Standards
 - ✓ Provisions relevant to the Company’s specific industry

SEC Memorandum Circular No. 14, Series of 2014: Amendment to the Revised Code of Corporate Governance (ACGR) – Exemption from Independent Director Requirement for Close Financing Companies

To	All Covered Financing Companies
Date issued	June 27, 2014
Effectivity	Shall take effect immediately

Financing companies registered as close corporation are exempt from the requirement of electing at least two (2) independent directors in their board, subject to the following conditions:

- they amend their articles of incorporation to state the provisions for close corporation;
- all commercial papers shall be issued only to directors, officers, stockholders and related interests (DOSRI) not exceeding nineteen (19) persons and to institutional clients; and
- restrictions on the right to transfer shares shall be provided in the Articles of Incorporation, By-Laws and Stock Certificates.

SEC Memorandum Circular No. 15, Series of 2014: Filing of Sworn Statement and Certificate of Existence of Project Separate from the Filing of Financial Statements

To	Foundations
Date issued	May 29, 2014
Effectivity	Shall be effective immediately

The Commission set the following guidelines in the filing of the Sworn Statement (SS) and Certificate of Existence of Program/ Activity (CEP) of the Foundation:

- due date of submission of SS, CEP, and AFS is the same;
- SS and CEP shall have a separate coversheet from the coversheet of the AFS; and
- Letters “SSCEP” shall be indicated in the “FORM TYPE” in the coversheet for SS and/ or CEP.

SEC Memorandum Circular No. 16, Series of 2014: Principal Office Address of Corporations and Partnerships

To	All Concerned
Date issued	August 13, 2014
Effectivity	Shall take effect on January 1, 2015 after its publication in a newspaper or general publication

The Commission prescribed the following guidelines where the corporations and partnerships transfer or move to a new location:

- Corporation whose Principal Office Address is Compliant with the Rule:
 - ✓ has moved or moves to another location within the same city or municipality
 - has an option to file an amended articles of incorporation
 - must declare its new address or current specific address in its General Information Sheet (GIS) within fifteen (15) days from transfer to its new location or effectivity of this Circular

Note: Failure to file the GIS within the prescribed period shall constitute violation of Section 16 of the Corporation Code and shall be subjected to penalty
 - ✓ has moved or moves to another location in another city or municipality
 - must file an amended articles of incorporation
- Partnership whose Principal Office Address is Compliant with the Rule:
 - ✓ has no obligation to file the GIS
 - ✓ required to file an amended articles of partnership every time it transfers to a new location within the same or another city or municipality

SEC Memorandum Circular No. 17, Series of 2014: Participation and Support in the Conduct of National Risk Assessment

To	All Exchanges, Transfer Agents, Broker Dealers, Investment Houses, Investment Companies, Investment Company Advisers, and other Covered Institutions under the Supervision of the Securities and Exchange Commission
Date issued	August 20, 2014
Effectivity	Shall take effect immediately

Relative to Memorandum Circular No. 64 dated June 20, 2014 issued by the Office of the President entitled “ENJOINING ALL CONCERNED AGENCIES TO FULLY SUPPORT AND ACTIVELY PARTICIPATE IN THE CONDUCT OF THE MONEY LAUNDERING/ TERRORISM FINANCING (ML/TF) NATIONAL RISK ASSESSMENT (NRA) THROUGH INVOLVEMENT IN THE ML/TF NRA WORKING GROUP”, the Commission directed all regulated entities to furnish the information/ data required or other information that may be required, subject to applicable laws and regulations.

This information includes, but not limited to, the following:

- threat analysis,
- national combatting ability analysis,
- specific sectors,
- product analysis,
- financial inclusion products/ services, and
- others

SEC Memorandum Circular No. 18, Series of 2014: Compliance with SEC Memorandum Circular No. 11, series of 2014

To	All Publicly-Listed Companies
Date issued	September 1, 2014
Effectivity	Shall take effect immediately

The Commission extended compliance with Memorandum Circular No. 11, series of 2014 up to December 31, 2014. Accordingly, the following penalties shall be imposed for non-compliance:

Violation	Basic Penalty	Monthly Penalty
Non-posting	₱10,000.00	₱2,000.00
Incomplete posting	₱5,000.00	₱1,000.00

SEC Memorandum Circular No. 19, Series of 2014: Submission of the Anti-Money Laundering Operating Manual and Anti-Money Laundering Compliance Form

To	Financing and Lending Companies
Date issued	September 16, 2014
Effectivity	Shall take effect 15 days after its publication in two (2) national newspaper of general circulation and posting the same in the Commission's website

The Commission prescribed the due date of submission of the Anti-Money Laundering Operating Manual (Manual) and Anti-Money Laundering Compliance Form (Compliance Form) for financing companies (FCs) and lending companies (LCs) and penalties for non-compliance thereof, as follows:

- The Manual shall be submitted within sixty (60) days from the time the FC or LC becomes covered institution after the effectivity of this circular.
- If the FC or LC became covered institution after December 8, 2010 but prior to the issuance of this circular, the Manual shall be submitted: (whichever is earlier)
 - ✓ on or before the 60th day from its fiscal year nearest the date when it became such, or
 - ✓ the date given the company upon being notified of said non-submission or on or before October 30, 2014
- Compliance form shall be submitted on the first (1st) working day of June of the year following the due date of submission of the Manual, and every three (3) years thereafter.
- Failure to submit on the prescribed periods above shall be subject to a penalty:
 - ✓ Manual – five hundred pesos (P500.00) per day or as may be determined by the Commission
 - ✓ Compliance form – basic penalty of Ten Thousand Pesos (P10,000.00) plus one hundred pesos (P100.00) per day of delay
- FCs and LCs which were already covered prior to December 8, 2010 were previously given until December 8, 2010 within which to submit the Manual. Hence, non-submission of Manual, or submission of the Manual, after December 8, 2010 shall be subject to appropriate penalty.

SEC Memorandum Circular No. 20, Series of 2014: Compliance with SEC Memorandum Circular No. 9, Series of 2014

To	All Corporate Governance Covered Companies
Date issued	November 10, 2014
Effectivity	Shall take effect immediately

The Commission extended compliance with MC9 until December 31, 2014. A basic penalty of ₱20,000.00 shall be imposed for non-compliance plus ₱2,000.00 for every month of delay.

SEC Memorandum Circular No. 21, Series of 2014: Guidelines Governing the Computation of Corporate Term

To	All Concerned
Date issued	November 28, 2014
Effectivity	Shall take effect fifteen (15) days after its publication in a newspaper of general circulation

The Commission adopted the following guidelines to arrive at an accurate computation of the term of existence of a corporation:

- first day of the corporate term is the date of incorporation, as indicated in the Certificate of Incorporation; and
- last day of the corporate term is the day before corresponding numbered day of the same month of incorporation in the last year of the existence of a corporation.

The above guidelines shall apply prospectively.

SEC Memorandum Circular No. 21, Series of 2014: Guidelines Governing the Computation of Corporate Term

To	All Concerned
Date issued	December 9, 2014
Effectivity	Shall take effect fifteen (15) days after its publication in a newspaper of general circulation

The Commission prescribed the schedule of filing of the annual financial statements (AFS) and general information sheet (GIS) of the companies whose fiscal year ends on December 31, 2014. The date of filing shall depend in the last numerical digit of their SEC registration or license numbers, as follows:

April 13, 14, 15, 16, 17	:	"1", "2"
April 20, 21, 22, 23, 24	:	"3", "4"
April 27, 28, 29, 30	:	"5", "6"
May 4, 5, 6, 7, 8	:	"7", "8"
May 11, 12, 13, 14, 15	:	"9", "0"

The above filing schedule shall not apply to the following corporations whose:

- fiscal year ends on a date other than December 31 2014;
- securities are listed on the Philippine Stock Exchange; and
- AFS are being audited by the Commission on Audit (COA).

Please be advised that prior to April 13, 2015, all corporations may file their AFS regardless of the last digit of their registration or license numbers. Late filings shall be accepted starting May 18, 2015 and shall be subject to the prescribed penalties which shall be computed from the date of the last day of filing schedule. Failure to comply with any of the formal requirements under SRC Rule 68, as amended, shall be considered a sufficient ground for the imposition of penalties by SEC.

In addition, those filing reports for five (5) corporations or less have the option to either file at the SEC Head Office or SEC Satellite Office; while, those filing reports for more than five (5) corporations may do their filings directly to SEC Head Office.

All filers may also select courier filing options: SEC express nationwide submission (SENS) or courier/regular.

QAU BULLETIN: 2014 BSP UPDATES



Circular No. 823, Series of 2014: Amendment of Section X181 (2008-X171) on Bank Protection

Date issued	January 10, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

The BSP, pursuant to Monetary Board, in its **Resolution No. 2038 dated December 5, 2013**, requires all the banks that operates an extensive physical network of branches and other offices (at least ten branches and/or other cash handling banking offices) that handle cash to have a **full-time Chief Security Officer**. All other banks are considered to have a reduced security risk exposure; hence, may designate a senior officer to act as concurrent Chief Security Officer, provided that such will not result to a conflict of interest situation.

Also, part of the amendment is the inclusion of a new subsection in the MORB (X181.3) for the qualifications and responsibilities of the Chief Security Officer which was previously incorporated in X181.2. The amendment retained the qualifications and the responsibilities from the previous ruling. Added requirements are the following:

- In the event that the senior officer is acting concurrently as the Chief Security Officer does not meet the five-year experience requirement in the field of law enforcement and/or security operations, and two years of which is in a managerial position, the said officer shall be supported by a competent consultant/adviser who may be a person or a firm independent of the bank with special knowledge, skill, and experience on security management matters. The hiring of the said consultant/adviser shall be approved by the Board of Directors.
- The Chief Security Officer is responsible for the establishment of a security management team, as appropriate.

All banks are given three (3) months from date of effectivity to submit a certification whether or not they are compliant with this circular to the appropriate supervising department of BSP. Within the same period, a non-compliant bank shall submit an acceptable plan of action to achieve compliance within six (6) months from effectivity.

Circular No. 824, Series of 2014: Amendment to the Regulations on Long-Term Negotiable Certificates of Time Deposits

Date issued	January 30, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 2134 dated December 19, 2013, the following provisions on long-term negotiable certificates of time deposits (LTNCTD) in the MORB were amended:

- **X233.9 Item “B”:** Any portion of an approved LTNCTD that is not issued with six (6) months of the approval of the Monetary Board is deemed forfeited.
- **X233.9 Item “E” (new provision):** Listing of LTNCTD with an accredited exchange. LTNCTD shall be listed in an accredited exchange within thirty (30) calendar days after approval of the Monetary Board. Banks which fail to list their issued LTNCTD on an accredited exchange within the prescribed period shall not be allowed to further issue LTNCTDs.
- X233.9 Items “E” to “K” are relabelled as “F” to “I”
- X233.9 Item “I Issue size and aggregate ceiling” is deleted
- X253.1 Item “E” on the required reserve against LTNCTD shall be increased from 3% to 6%

The provisions of this circular shall be applied prospectively.

Circular No. 825, Series of 2014: Amendment of Certain Provisions of the Manual of Regulations for Banks and Non-Bank Financial Institutions

Date issued	February 7, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 2131 dated December 19, 2013, the following provisions on MORB and MORNBFI were amended:

- **X151.6** Establishment of Other Banking Offices. Deletion of the requirement of the undertaking signed by the president of the bank or officer of the equivalent rank that LCDP shall accept deposits thru tellers or other authorized personnel solely from existing microfinance/BMBE borrowers.
- **Section 2205** Check Clearing Rules for Thrift Banks Authorized to Accept Demand Deposits is deleted
- **Section 3205** Check Clearing Rules for Rural Banks who are Members of the Philippine Clearing House Corporation is deleted

- **4245Q** Composition of Reserves. Deletion of the statement “Deposit placements of NBQBs in the RDA shall no longer be paid interest effective 06 April 2012” in the Item B.ii
- **X361.5** Housing Microfinance Loan. Clients’ ability to repay based on cash flow analysis and affordability, especially the new clients is added in the risk management element that must be highlighted and embedded in the product.

Circular No. 826, Series of 2014: Amendment on Risk Disclosure Requirements on Loss Absorbency Features of Capital Instruments

Date issued	February 14, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 109 dated January 16, 2014, the risk disclosure requirements on loss absorbency features of Capital Instruments as provided in Circular No. 786 dated February 15, 2013, including the amendment thereto, which clarify the applicability of the risk disclosure requirements with regard to the place of issuance of capital requirements, shall be incorporated in the Appendix 63b/Q46b of the MORB/MORNBFI as Annex G – Risk Disclosure Requirements on Loss Absorbency Features of Capital Instruments.

Circular No. 827, Series of 2014: Amendments to the Risk-Based Capital Adequacy Framework for Stand-alone Thrift Banks, Rural Banks and Cooperative Banks

Date issued	February 28, 2014
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Pursuant to the Monetary Board Resolution No. 232 dated February 7, 2014, the following provisions were added in the Appendix 63c:

- **A. On-balance sheet asset item “C” 50% Risk Weight** shall be applied on foreign currency denominated claims on or portion of claims guaranteed by or collateralized by foreign currency denominated securities issued by the Philippine National Government and the BSP instead of 100% risk weight.

Effectivity	Starting CAR reporting period ending March 31, 2014
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- The amendment in the risk-based capital adequacy ratio report on market risk –weighted assets as provided in the **Memorandum No. M-2013-028 dated June 19, 2013**, particularly the change in the corresponding specific weight of “Foreign currency denominated debt securities/derivatives issued by the Philippine National Government or BSP from 8% to a range of 0.25% to 1.60% depending on its residual maturity.

Effectivity	Starting CAR reporting period ending March 31, 2014
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- **X116.1** Basel I Risk Based Capital and its pertinent subsections and Appendix 63a of the MORB are deleted.

Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation
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Circular No. 828, Series of 2014: Amendment of Section X401 of the Manual of Regulations for Banks

Date issued	March 11, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 233 dated February 7, 2014, Section X404 of the MORB is amended to exclude government financial institutions from the list of banks prohibited from receiving or holding as trustee, agent, financial manager or similar capacity any fund or money from the government and government entities.

Circular No. 829, Series of 2014: Amendments to Consolidated Rules and Regulations on Currency Notes and Coins (BSP Circular No. 61, Series of 1995)

Date issued	March 13, 2014
Effectivity	Immediately

Pursuant to the Monetary Board Resolution Nos. 1097 dated July 4, 2013 and 48 dated January 9, 2014, the following are the amendments in the Consolidated Rules and Regulations on Currency Notes and Coins:

- Any person or entity who receives, takes hold or has in his possession a note or coin which is counterfeit or whose genuineness is questionable, whether Philippine or foreign currency, shall forward the same within five (5) working days from the date of receipt or possession thereof, for examination to the following:

Before	Amended
THE CASH DEPARTMENT	The Currency Issue and Integrity Office
Bangko Sentral ng Pilipinas	Security Plant Complex
A. Mabini St., Manila	Bangko Sentral ng Pilipinas
	East Avenue, Diliman
	1101 Quezon City

All the citing in the Cash Department in the Chapter 1 of the consolidated rules and regulations are changed to the Currency Issue and Integrity Office (CIIO).

- Chapter IV become Clean Note and Coin and Policy
- Added in Section 12 Under Chapter IV Clean Note and Coin Policy is item E which requires banks to incorporate measures on the implementation of the clean note policy in their compliance program in order to ensure compliance thereof.
- Provisions for the submission of coins by banks to BSP for deposit/determination of redemption value are added.
- Added in the list of conditions of currency note considered unfit for circulation is if the note cannot sustain its upright position when held at the mid position when held at the mid portion of one of the shorter border.
- A provision that a currency note which embedded security thread or windowed security thread placed is lost is considered mutilated is added.
- Two additional conditions are added in the exceptions in which replaced or redeemed coins considered unfit for circulation or mutilated but may be presented for exchange to or deposited with any bank:
 - ✓ Notes which are split edgewise resulting in the loss of the whole of or part of, either the face or back portion of the banknote paper; or
 - ✓ Notes where the embedded security thread or windowed security thread placed thereon is completely lost except when the damage appears to be caused by wear and tear, accidental burning, action of water or chemical or bites of rodents/insects and the like.

These notes shall be withdrawn from circulation and demonetized without compensation to the owner/bearer.

Circular Nos. 830 and 832, Series of 2014: Increase in Reserve Requirements

	Circular No. 830	Circular No. 832
Date issued	April 3, 2014	May 27, 2014
Effectivity	Reserve week starting April 11, 2014	Reserve week starting May 30, 2014

The Monetary Board, in its Resolution No. 500 dated March 27, 2014, approved a 1-percentage-point increase in the reserve requirements of universal/commercial banks (UBs/KBs), thrift banks (TBs), rural banks (RBs), cooperative banks (Coop Banks) and non-bank financial institutions with quasi-banking functions (NBQBs).

In the Monetary Resolution No. 703 dated May 8, 2014, another 1-percentage-point increase in the reserve requirements of universal/commercial banks (UBs/KBs), thrift banks (TBs) and non-bank financial institutions with quasi-banking functions (NBQBs). The required reserves for RBs and Coop Banks, as well as for LTNCTDs across bank categories as required by Circular No. 830 remain.

Listed below are the most recent required reserves, based on Circular No. 832:

A. Required reserve against deposits and deposit substitutes

Account	UBs/KBs	TBs	RBs/Coop Banks
a. Demand deposits	20%	8%	5%
b. NOW accounts	20%	8%	5%
c. Savings deposits	20%	8%	3%
d. Time deposits, negotiable CTDs, long-term non-negotiable tax-exempt CTDs	20%	8%	3%
e. Long-term negotiable CTDs			
1. LTNCTDs under Circular No. 304	4%	4%	4%
2. LTNCTDs under Circular No. 824	7%	7%	7%
f. Deposit substitutes (DS)	20%	8%	n.a.
g. DS evidenced by repo agreements	4%	4%	n.a.
h. IBCL (Sec. X343)	0%	0%	0%
i. Bonds	6%	6%	n.a.
j. Mortgage/CHM certificates	n.a.	6%	n.a.
k. Peso deposits lodged under due to foreign banks	20%	n.a.	n.a.
l. Peso deposits lodged under due to Head Office/Branches/Agencies abroad (Philippine Branch of a foreign bank)	20%	n.a.	n.a.

B. Other reserve requirements

Account	UBs/KBs	TBs	RBs/Coop Banks	NBQBs
Reserves against peso denominated common trust funds (CTFs)	20%	9%	4%	20%
Reserves against trust and other fiduciary accounts (TOFA) - others	17%	9%	4%	17%

C. Reserve requirement for NBQBs

Account	NBQBs
Deposit substitutes (general)	20%
Bonds under Sec. 4239Q	6%
Deposit substitutes evidenced by repo agreements covering government securities up to the amount equivalent to the adjusted Tier 1 capital	4%

Circular No. 833, Series of 2014: Amendment to Appendix 75c of BSP Circular No. 808 – Software Acquisition

Date issued	May 28, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to Monetary Board Resolution No. 690 dated April 30, 2014, paragraph 6.3 is added in the Appendix 75c of BSP Circular No. 808 dated August 22, 2013. The added paragraph requires that guidelines and procedures in installation, use, maintenance and retirement of software should be formally defined. Installation should also be controlled, licenses should be adequately reviewed, safe kept and monitored.

Circular No. 834, Series of 2014: Amendments to the Guidelines Governing the Issuance of Long-term Negotiable Certificate of Time Deposits and Unsecured Subordinated Debt

Date issued	May 26, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to Monetary Board Resolution No. 613 dated April 10, 2014, subsections of the MORB pertaining to unsecured subordinated debts (UnSDs) and long-term negotiable certificates of time deposits (LTNCDs) were amended to include provision that for tax purposes, negotiations/transfers from one (1) holder to another of UnSDs and LTNCDs shall be subjected to the pertinent provisions of the NIRC of 1997, as amended, and BIR regulations.

Circular No. 835, Series of 2014: Banking Hours beyond the Minimum

Date issued	June 5, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to Monetary Board Resolution No. 783 dated May 15, 2014, Subsection X156.1 of the MORB was amended which provides that banks may remain open beyond the minimum six (6) hours, even before 8:00 AM or after 8:00 PM, subject to submission of prior written notice required under Subsection X156.2 and compliance with the provisions of Subsections X156.3 on posting of schedule of banking days and hours, and X181.4 on minimum security measures.

Circular No. 836, Series of 2014: Amending Microfinance Reports, and Redefining “Microfinance Loans” and “Small and Medium enterprises Loans” Accounts in the Financial Reporting Package (FRP)

Date issued	June 13, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to Monetary Board Resolution No. 893 dated June 5, 2014, reportorial requirements on microfinance (MF) operations issued under Circular No. 607 dated April 30, 2008 were amended, and microfinance loans and small and medium enterprises loans accounts were redefined.

Circular No. 837, Series of 2014: Amendment to Pertinent Regulations on Salary Loans

Date issued	June 18, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation
	Revised reporting templates shall be adopted starting report ending June 30, 2014

Pursuant to Monetary Board Resolution No. 894 dated June 5, 2014, the following sections in the MORB and MORNBFi were amended:

- **X321.1/ 4337.1S** Salary loans is defined as unsecured loans, granted to individuals on the basis of regular salary, pension or other fixed compensation, where repayment would come from such future remunerations, either through salary deduction, debit from the borrower's deposit account, over-the-counter payment arrangement agreed upon by the borrower and lender.

Same amendment were made on the Subsection X191.2 of the MORB to revise the Manual of Accounts and reporting templates of specific FRP for banks and Simplified Financial Reporting Package for Rural and Cooperative Banks (SFRP).

- **Section 4162S** of the MORNBFi is also amended to revise reporting templates of Consolidated Statement of Condition (CSOC) and Consolidated Statement of Income and Expenses (CSIE) of Non-Stock Savings and Loan Associations to show lines for Salary Loans and Interest/Discounts Earned-Salary Loans, respectively.

Circular No. 838, Series of 2014: Amendments to Foreign Exchange Regulations

Date issued	June 20, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to Monetary Board Resolution No. 624 dated April 14, 2014, a paragraph in Section 37 in Manual of Regulations on Foreign Exchange Transactions was added. This requires an investor or his duly authorized representative shall submit a duly accomplished Authority to Disclose Information as prescribed by Appendix 10.4 relative to all investments registered/held by each custodian bank for the account of the investor. Consequently, Appendix 10 Procedures and Documentary Requirements for the Registration of Inward Foreign Investments and Other Investments and Appendix 10.4 Authority to Disclose Information have been revised accordingly.

Circular No. 839, Series of 2014: Real Estate Stress Test (REST) Limit for Real Estate Exposures

Date issued	June 27, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

The Monetary Board, in its Resolution No. 832 dated May 22, 2014, approved the adoption of prudential REST limit for U/KBs, TBs on a solo and consolidated basis on their aggregate real estate exposures. The REST limit combines a macroprudential overlay of a severe stress test scenario, the principle of loss absorbency through minimum capital ratio thresholds and heightened supervisory response.

- The prudential REST limit by UBs/KBs and TBs, to be complied at all times, under the assumed write-off rate of 25%, is:

	UB/KB	TB
6% of Common Equity Tier 1 (CET1) capital ratio	Yes	Yes, if TB is a subsidiary of UB/KB
6% of Tier 1 capital	n.a.	Yes, for stand-alone TBs
10% of risk-based capital adequacy ratio	Yes (on a solo and consolidated basis)	Yes

- Prudential REST limit is set for:
 - ✓ Real estate exposures (REE) – refers to:
 - real estate loans which consists of residential real estate loans and commercial real estate loans; and
 - investment in debt and equity securities issued by land developers/construction companies and other corporate borrowers, such as real estate brokers, real estate lessors, property management companies and holding companies, for purposes of financing real estate activities. Equity securities issued by holding companies are likewise covered if proceeds from such issue shall be invested in its subsidiary corporation that is engaged in real estate activities.
 - ✓ Other real estate properties – include real and other properties acquired (ROPA) and non-current assets held for sale.

- UB/KB and/or TB that is non-compliant with the REST limit shall explain why its exposure does not warrant immediate remedial action. If explanation is not sufficient, a UB/KB and/or TB shall be directed to submit an action plan, within 30 calendar days from date of notification, to meet the REST limit within a reasonable timeframe. UB/KB and/or TB which continue to be non-compliant thereof may be considered engaging in unsafe and unsound practice, subject to appropriate sanctions.

Circular No. 840, Series of 2014: Amendment to the Guidelines on the Qualifications of a Director

Date issued	July 2, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

The Monetary Board, in its Resolution No. 738 dated May 9, 2014, approved the following amendments in MORB and MORNBFI:

- **X141.2a/4141Q.2a** The following directors are exemption from the special seminar on corporate governance requirement:
 - ✓ Foreign nationals who have attended corporate governance training covering core topics in the BSP-supervised syllabus and certified by a Corporate Secretary;
 - ✓ Filipino citizen with recognized stature, influence and reputation in the banking community and whose business practices stand as testimonies to good corporate governance;
 - ✓ Distinguished Filipino and foreign nationals who served as senior officials in central banks and/or financial regulatory agencies, including former Monetary Board members; and
 - ✓ Former chief justices of the Philippine Supreme Court.

Circular No. 841, Series of 2014: Amendment to Appendix 45 (Notes on Microfinance) of Section X361 of the Manual of Regulations for Banks

Date issued	July 4, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

The Monetary Board, in its Resolution No. 932 dated June 11, 2014, approved the amendment in Item “I” of Appendix 45 of Section X361 General Features on Microfinance Product, as provided by the Insurance Code:

- Premiums, contributions, fees and other charges are collected and/or deducted prior to the occurrence of contingent event. The amount of contributions, premiums, fees or charges, computed on a daily basis does not exceed 7.5% of the current daily minimum wage rate for non-agricultural workers in Metro Manila.
- Guaranteed benefits are provided upon occurrence of a contingent event. The maximum amount of the guaranteed benefits is not more than one thousand (1,000) times of the current daily minimum wage rate for non-agricultural workers in Metro Manila.

Circular No. 842, Series of 2014: Required Reports under the Basel III Risk-Based Capital Adequacy Framework for Universal and Commercial Banks and their Subsidiary Banks and Quasi-Banks

Date issued	July 25, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

The Monetary Board, in its Resolution No. 1013 dated June 26, 2014, approved to include the following provisions on the required reports under **Risk-Based Capital Adequacy (RBCA) Framework**, particularly in the **implementation of the Basel III and sanctions thereto for non-reporting, late or erroneous reporting**:

- **X115.3/4115Q.3** Banks and QBs which are subsidiaries of UBs/KBs shall submit a report of their RBCA ratio on a solo and on a consolidated basis quarterly to the appropriate SES department in their prescribe forms and deadlines. The said reports are considered Category A-1 reports.
- Only banks and QBs with subsidiary financial allied undertaking (excluding insurance companies) are required submit report on a consolidated basis.
- All universal and commercial banks and their subsidiary banks and quasi-banks shall be subject to other reportorial requirements under the Basel III risk-based capital.
- Late and/or erroneous reporting of all reports in compliance with Basel III requirements shall be subject to penalties provided in Section X192.2/4192Q.2 of the MORB/MORNBF with monetary penalty for delayed filing based on the existing regulations.

Circular No. 843, Series of 2014: Libyan Dinar Currency Exchange Facility

Date issued	August 7, 2014
Effectivity	Two (2) days after publication

The Monetary Board, in its Resolution No. 1227 dated August 7, 2014, approved the establishment of a **Currency Exchange Facility (CEF) for overseas Filipino workers (OFWs) returning from Libya**. Significant provisions are as follows:

- Maximum Libyan Dinar (LYD) that maybe exchanged per eligible person is equivalent to Php20,000
- LYD may be converted to PHP provided such is a legal tender in Libya
- Reference rate that should be used in the conversion of LYD to PHP is the latest available rate at the time of exchange. This shall be disseminated by the BSP-Treasury Department to the BSP-Cash Department and the BSP-Regional Monetary Affairs Sub-Sector.
- The BSP shall purchase the LYD from the authorized agent banks (AABs) at the same rate which the AAB purchased the LYD, which is in accordance with the above reference rate.
- The facility shall be open from May 29, 2014, up to four months from the effectivity of this circular.
- Different documentary requirements is set if the exchange is made by the person concerned or through an authorized representative
- Each OFW/family member shall fill-up the prescribed CEF Conversion Slip for the currency exchange
- The BSP Head Office, Regional Offices/Branches, and AABs shall stamp the original passport or travel documents of each person availed, using at least font size "14" of the information of the exchange as a proof
- Banks located at the airports/seaports shall post a signage/public advisories in English and Filipino about the exchange
- AABs are reminded to comply with the provisions of the Anti-Money Laundering Act of 2001
- AABs are enjoined not to collect any service fee from those availing the program
- Consolidated Summary of Purchases with copies of filled-up conversion slips for each transaction shall be submitted by the AABs to BSP-CD (Head Office) within three (3) banking days from the end of reference week
- Currency purchased shall be surrendered to the BSP-CD (Head Office) within ten (10) banking days from purchase

- Currency purchased under the CEF is not included in the computation of foreign exchange position of the bank
- Violations hereof shall be subject to provisions of Section 37 of RA 7653 or the New Central Bank Act

Circular No. 844, Series of 2014: Cross-selling of Collective Investment Schemes (CIS) and Other Amendments to Circular 801 on Revised Cross-selling Framework

Date issued	August 11, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

The Monetary Board, in its Resolution No. 1207 dated August 1, 2014, approved the following guidelines for the cross-selling of collective investment schemes and amendments in MORB, as provided in Circular No. 801 dated June 27, 2013:

- **X172.3** The following shall be observed at all times to avoid any impression that the fulfilment of promises of CIS products cross-sold within bank premises are guaranteed by the bank:
 - ✓ The role of bank employees in cross-selling CIS shall be limited to referral of bank clients to the representative of financial product providers, unless specifically trained and qualified for the purpose. Client should give prior consent before such referral.
 - ✓ There shall be clear distinction between representatives of financial product provider who sell CIS and bank employees. Bank employees authorized to market CIS shall be clearly identified.
 - ✓ The presentation and/or sale of CIS shall be conducted in an area distinct from areas where own bank products are sold.
- **172.6 Cross-selling of Collective Investment Schemes and its Suitability to Customers**
 - ✓ On the onset, banks must ensure that collective investment schemes as financial products are compliant with relevant prudential regulations issued by respective government agencies
 - ✓ Cross-selling bank must ensure that financial product providers observe the following minimum practices:
 - Product Highlight Sheet – document that summarizes the key information of the financial product, its features and risks
 - Client Suitability Assessment – determine the client’s understanding of, tolerance for and capacity in managing various risks

- Investment Policy Statement – formalizes the investment philosophy of the client and his investment directive with respect to handling investible funds
 - Disclosure of Conflict of Interest – material information which can give rise to potential conflict of interest to the client should be disclosed by the financial product providers. All reasonable steps should be taken to ensure fair dealings with the client.
 - Standard Disclosure Statement – this should be contained in all promotional materials, product highlight sheet and contracts of collective schemes. This should be placed in the front cover of all materials used for cross-selling purposes within bank premises.
- **X172.9** The bank shall be jointly responsible with the financial product provider in the resolution of any complaint arising from cross-selling transactions.

Within thirty days after effectivity, the Bank shall review all its existing cross-selling arrangements and determines compliance with the revised rules. All deviations shall be reported to the BSP within the same period. If fully compliant, a certification shall be issued to the BSP. All financial products allowed/approved for cross-selling prior to effectivity of this circular shall be given one year to comply with the requirements set forth herewith.

Circular No. 845, Series of 2014: Meaning of Pre-Approved Credit Cards

Date issued	August 11, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

The Monetary Board, in its Resolution No. 1055 dated July 2, 2014, the following provisions in the MORB and MORNBF were amended to clarify the meaning of pre-approved credit card:

- **X320.1/4320Q.1/4301N.1 Definition of Terms.** A pre-approved credit card is defined as unsolicited credit card issued by the credit card issuers to consumer who have not applied for such credit card.
- **Appendices 103 of the MORB, Q-61 and N-10 of the MORNBF** entitled Acts Tantamount to the Act of Issuing Pre-approved Credit Cards were added.
- **X320.3/4320Q.3/4301N.3 Minimum requirements.** Banks, QBs, and NBFIs and their subsidiary or affiliate credit card companies shall not issue pre-approved credit cards as provided under Appendices 103, Q-61 and N-10, notwithstanding any contrary stipulations in the contract.

Circular No. 846, Series of 2014: Revisions of Bank Reports Submitted to DES, SDC, and IOD

Date issued	August 22, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 920 dated June 11, 2014, revisions in the submission of the following reports should be applied:

Report	Legal Basis	Mode of Submission of Revised Report	Frequency/Deadline
Certification attesting to the correctness of data reported under FX Form 1 Main Report and Schedule 2-13	FX Manual issued under Circular 645 dated Feb 13, 2009, as amended	Email (in .doc/.docx) to Department of Economic Statistics (DES)	Weekly/ within 5 banking days after end of reference week
Inventory of Philippine Debt Papers	CBP Circular No. 1342 dated June 23, 1992; Secs/ 101-104 of FX Manual	Email (in excel format) to International Operations Department (IOD)	Weekly/ within 3 banking days after end of reference week
Volume and Weighted Average Interest Rates on Promissory Notes and Time Deposits	MOR Ref. 1162.3	Discontinue Submission	
Report on Financial Assistance by OBU to Filipino Staff-OBUs	Section 101.E	Discontinue Submission	
Report on Utilization of Allocation of Export LC for OBUs	Section 17 MORFXT 2012	Discontinue Submission	
Report on FX Cash Receipts and Disbursements - RO	Section 101F MORFXT 2012	Discontinue Submission	

Circular No. 847, Series of 2014: Application of Special Licensing Fees on Relocation of Head Offices, Branches/Other Banking offices (OBOs) and Approved but Unopened Branches/OBOs to Restricted Areas

Date issued	August 28, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 1267 dated August 14, 2014, the following provisions were amended for the relocation of branches/OBOs to the following cities:

- ✓ Makati
- ✓ Mandaluyong
- ✓ Manila
- ✓ Parañaque
- ✓ Pasay
- ✓ Pasig
- ✓ Quezon; and
- ✓ San Juan

- **X151.5** Branch Processing and Special Licensing Fee. The following special licensing fee shall be paid per branch:

Bank Category	Licensing Fee per Branch
UB/KB	P20 million
TB	P15 million

The same shall be observed when relocating branch/OBO and/or the Head Office in the areas/cities mentioned above.

Circular No. 848, Series of 2014: Reportorial Requirements for Bank Deposit Interest Rates

Date issued	September 8, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 1296 dated August 20, 2014, Subsection X149.8 Reportorial Requirements is added. This subsection mandates that all banks shall submit a quarterly report on bank deposit interest rates which shall be included in the Report of Selected Branch Accounts. This is for the purposes of determining the benchmarks for deposit interest rates. This refers to the nominal interest rates or the walk-in rates being offered to clients for the following peso deposit products:

- Peso time deposit account
- Regular peso savings account
- Kiddie savings account
- Other peso savings account

Banks are required to report the number of accounts and amount of deposits for each of the deposit product in a template per branch basis as of the reporting period.

Circular No. 849, Series of 2014: Amendment to Subsection 4303Q.1 of the Manual of regulations for Non-Bank Financial Institutions on Exclusion from Single Borrower's Loan Limit Allowed for Quasi-Banks

Date issued	September 8, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 1266 dated August 14, 2014, additional provisions on the exclusions from the required single borrower's loan limit as follows was approved:

- The asset under the management of the stand-alone trust corporation shall not form part of the relevant exposures of the parent QB
- The purchase of the trust corporation, in behalf of its client, of securities or instruments issued by the parent QB shall not form part of the relevant exposure of the trust corporation

Circular No. 850, Series of 2014: Report on Cross-Border Financial Positions of Banks

Date issued	September 8, 2014
Effectivity	Phase 1 implementation : Starting September 30, 2014 quarter-end report Phase 2 implementation: Starting March 31, 2015 quarter-end report

Pursuant to the Monetary Board Resolution No. 1228 dated August 7, 2014, the issuance of the **Report on Cross-Border Financial Positions** was approved. The said report is designed to measure and monitor the cross-border financial claims and liabilities of UBs/KBs and their subsidiary TBs to provide BSP with a comprehensive review of potential financial risks and transmission channels emanating from foreign counterparties of Philippine banks.

- Covered institutions are UBs/KBs and their TBs on a solo basis

- This report is considered Category B report and shall be implemented in two phases:
 - ✓ Phase 1 – initial, one-time report on the total cross-border financial position according to geographic region/country within 120 calendar days after initial reference date
 - ✓ Phase 2 – quarterly report categorized according to sector of their on-resident counterparty within a country. Separate sheet shall be submitted for each sector. This shall replace the initial report required in Phase 1 and shall be submitted within 30 days from the end of reference quarter.
- Submission procedure of the report is by electronic mail to SDC
- Late or erroneous report shall be subject to penalty under X192.2

Circular No. 851, Series of 2014: Amendments to Regulations on Interlocking Positions

Date issued	September 30, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 1475 dated September 18, 2014, Sections X145 and 4145Q and 4140N were amended to include a paragraph for additional case that a concurrent officership may be allowed subject to the prior approval of the Monetary Board, as follows:

- Concurrent officership positions as corporate secretary or assistant corporate secretary between banks, QBs, NBFIs, other than investment houses, provided that a proof of disclosure and consent from all of the involved FIs, on the concurrent officership positions, shall be submitted to the BSP.

Circular No. 852, Series of 2014: Amendments to Unit Investment Trust Fund (UITF) Regulations

Date issued	October 21, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation except for the amendments in Appendix 62/Q-34 of the MORB/MORNBFI which shall take effect starting the reporting period ending December 31, 2014.

Pursuant to the Monetary Board Resolution No. 1525 dated September 25, 2014, the following amendments on the Subsection X410.7/4410Q.7 **Minimum Disclosure Requirements** were approved to enhance the disclosure requirements of the UITF and clarify certain features of the target fund of a fund-of-funds/ feeder fund UITF:

- **Key Information and Investment Disclosure Statement.** This document shall contain the key features and the prospective and outstanding investments of a UIT fund. It shall use a plain language presented in a concise manner, and shall comply substantially with the format prescribed in Appendix 62/Q-34. This shall be updated and made available to participants at least every calendar quarter thereof.
- All marketing materials shall clearly state the designated name and classification of the fund, the fund's trustee and the classes of the UITF, if any.
- Minimum information regarding particulars including administrative and marketing details, such as but not limited to pricing, cut-off time for participation and redemption, early redemption penalties, and any special features of the UITF, as applicable.
- Minimum information regarding the availability of the Plan Rules governing the Fund, upon the client's request and the contact details of the trustee.
- Risk disclosure statement is required to be accomplished by the client every time he participates in a different fund. This serves as evidence of participation, in addition to the participating trust agreement.
- Regular computation and availability of net asset value per unit (NAVPU) and other information. The trustee managing a UITF shall make available the historical NAVPU, declaration of trust or its equivalent documents, and other pertinent information about a UITF via its website of the Trust Officers Association of the Philippines (TAOP)-administered website.
- **Marketing Personnel.** The Trustee shall ensure that there are board-approved policies and procedures covering the following:
 - ✓ Duties and responsibilities of all UIT marketing personnel;
 - ✓ Conduct of due diligence check on the fitness and propriety of all UIT marketing personnel which includes monitoring and reviewing on an ongoing basis their performance; and
 - ✓ Conduct of continuing training and education especially on updates relative to the fund products.

Circular No. 853, Series of 2014: Creation of Multi-class Unit Investment Trust Fund (UITF)

Date issued	October 21, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 1526 dated September 25, 2014, Section X410/4410Q of the MORB/MORNBFI were amended **to allow the offering of a multi class UITF.**

- Multi-class fund is defined as the a unit fund structure which has more than one class of units in the fund and is invested in the same pool of securities and in same portfolio, investment objectives and policies.
- The investments of a multi-class fund shall remain as one pool and are not separately allocated to classes.
- Units shall be issued as units in a class of a fund, in the case of multi-class fund.
- When there is a different fee structure for each class, the NAVPU of each class shall be computed by dividing total net assets of a class by a total outstanding units of such class; where, the net assets of each class shall represent its proportionate share on the net assets of the multi-class fund less the trustee fee and expenses attributable to that class. The net assets of a multi-class fund is the summation of the market value of each investment less fees, taxes, and other qualified expenses, but gross of trustee fees and expenses attributable to a particular class, as defined under the plan rules.
- In the case of a multi-class fund that has different level of trustee fees and expenses, there shall be a policy on the equitable allocation of any costs, charges, and expenses payable out of the multi-class fund, which are not attributable to any particular class.

Circular No. 854, Series of 2014: Minimum Capitalization of Banks

Date issued	October 29, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 1607 dated October 9, 2014, the following are the **new minimum capitalization requirements** of banks upon:

- Establishment of a new bank;
- Conversion of an existing bank from a lower to a higher category bank, or vice versa;
- Relocation of the head office of the TB/RB in an area of higher classification; or

- When majority of an RB's total assets and/or majority of its total liabilities are accounted for by branches located in areas of higher classification as provided in X151.4 on the branching guidelines.

	Head Office Only	Up to 10 Branches	11 to 50 Branches	More than 50 Branches
Universal Banks	₱3 Billion	₱6 Billion	₱15 Billion	₱20 Billion
Commercial Banks	₱2 Billion	₱4 Billion	₱10 Billion	₱15 Billion
Thrift Banks (Head Office in NCR)	₱500 Million	₱750 Million	₱1 Billion	₱2 Billion
Thrift Banks (Head Office in all other areas outside NCR)	₱200 Million	₱300 Million	₱400 Million	₱800 Million
Rural and Cooperative Banks (Head Office in NCR)	₱50 Million	₱75 Million	₱100 Million	₱200 Million
Rural and Cooperative Banks (Head Office in all other areas outside NCR – up to 3 rd class municipalities)	₱20 Million	₱30 Million	₱40 Million	₱80 Million
Rural and Cooperative Banks (Head Office in all other areas outside NCR – 4 th to 6 th class municipalities)	₱10 Million	₱15 Million	₱20 Million	₱40 Million

For the grant of special banking authority, the required minimum capital requirement would be the **higher** of the required minimum capital as discussed above or the amount specified in the applicable sections/subsections for the grant of such authority.

Transitory provision to meet the above minimum capital requirement is **five years** from the effectivity of this circular. Banks which comply to the above rules shall submit to the BSP a certification to such effect within 30 calendar days within effectivity of this circular. Banks not meeting the above requirements shall submit to BSP an acceptable capital build-up program within one year of effectivity of this circular.

Circular No. 855, Series of 2014: Guidelines on Sound Credit Risk Management Practices; Amendments to the Manual of Regulations for Banks and Non-Banks Financial Institutions

Date issued	October 29, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 1606 dated October 9, 2014, the following guidelines on **sound credit risk management practices** as well as amendments and deletion of certain provisions in the MORB and MORNBF were approved:

- **X178/4178Q/4197N Credit Risk Management.** It is BSP policy to ensure that FIs under its supervision have adequate and effective credit risk management systems commensurate to their credit risk-taking activities. The guidelines further articulate sound principles and practices that shall be embedded in the credit risk management framework of FIs and shall cover the following areas:
 - ✓ Establishing an appropriate credit risk environment;
 - ✓ Operating under a sound credit granting process; and
 - ✓ Maintaining appropriate credit administration, measurement, monitoring and control process over credit risk.
- **X301.6/4301Q.6 Large exposures and credit risk concentrations.** The terms such as large exposures, connected counterparties, economic interdependence were defined. Loans and other credit accommodations and guarantees that are excluded from the single borrower's limit (SBL), as well as intraday and end-of-day interbank exposures arising from interbank payment and settlement processes shall be excluded from large exposures.
- The provision stating that it is expected that FIs would generally observe a lower internal SBL than the prescribed limit of 25% as a matter of sound practice was added in the last paragraph of Section X303 on credit exposure limit to a single borrower.
- **X305.4 Accrual of interest earned on loans** was amended. Accrual of interest earned on loans shall only be allowed on the current and performing loans and other credit accommodations. However, interest income on past due loans arising from discount amortization shall be accrued in accordance with PAS 39.
- **Item I in X306.1/4306Q.1** on accounts considered as past due was added. This pertains to restructured loans in case of delay of any of its interest or principal payments.
- **Item D in X309.1/4309Q.1 Accounts considered non-performing** was amended as restructured loans shall be considered non-performing except when as of restructuring date: (1) the principal and interest payments have been updated; and (2) the loan is yielding a rate of interest that fully compensates the FI for its cost of funds and credit risk.

- The following sections/subsections were deleted since they were already covered by the other sections/subsections:

Section/ Subsection	Title	Section/ Subsection	Title
X301/4301Q	Lending Policies	3311.2	Eligible real estate collaterals on rural/cooperative bank loans
1301.1	Rules and regulations to govern the development and implementation of internal credit risk rating system	X311.3	Insurance on real estate improvements
X302/4302Q /4302N	Loan portfolio and other risk assets review system	X312	Loans and other credit accommodations secured by chattels and intangible properties
X302.1/ 4302Q.1	Provisions for losses; booking	X313	Loans secured by personal properties
X302.2/ 4302Q.2	Sanctions	X314	Increased loan values and terms of loans for home building
X304.2/ 4302Q.2/ 4312N.2	Purpose of loans and other credit accommodations	X315	Loans secured by certificates of time deposits
X306.3/ 4306Q.3	Renewals/extensions	X319/4319Q/ 4314n	Loans against personal security
X306.4/ 4306Q.4	Restructured loans (past due)	X322/ 4322Q/ X322.2/ 4332Q.2	Restructures loans; General policy procedure requirements
X306.5/ 4306Q.5	Write-off of loans as bad debts	X322.1/ 4322Q.1/ x322.3	Definition; when to consider performing/non-performing restructured loans considered past due

Section/ Subsection	Title	Section/ Subsection	Title
X306.6	Writing-off microfinance loans as bad debts	X322.4/ 4322Q.4	Classification of restructured loans
X311.1	Loans secured by a junior mortgage on real estate		

- FIs have six months after effectivity of this circular to:
 - (1) gap analysis of their current practices vis-à-vis this circular; and
 - (2) propose an action plan duly approved by the BOD to achieve full compliance within a reasonable period of time but in no case longer than 2 years from effectivity of this circular.

Circular No. 856, Series of 2014: Implementing Guidelines on the Framework for Dealing with Domestic Systematically Important Banks under Basel III

Date issued	October 29, 2014
Effectivity	December 31, 2014

Pursuant to the Monetary Board Resolution No. 1674 dated October 16, 2014, **guidelines on the framework for dealing with domestic systematically important banks in accordance with Basel III** standards and which will be incorporated as Section X115.5/ X4115Q.5 of the MORB/MORNBFI was approved. The said guidelines shall be applicable to all universal and commercial banks including branches of foreign banks established under RA 7721 An Act Liberalizing the Entry and Scope of Operations of Foreign Banks in the Philippines and for Other Purposes, as well as their subsidiary banks and quasi banks.

Circular No. 857, Series of 2014: BSP Regulations on Financial Consumer Protection

Date issued	November 21, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 691 April 30, 2014 and Resolution No. 831 dated May 22, 2014, the **Financial Consumer Protection Framework** of the BSP was approved. The framework is consistent with the BSP policy to provide an enabling environment that protects the interest of financial consumers and institutionalizes the responsibilities of all stakeholders. This framework ensures that BSP-supervised financial institutions (BSFIs) are responsive to the needs of their stakeholders while being held against a high standard of accountability.

BSFIs are given a period of one year to introduce and make appropriate adjustments in systems, processes and personnel preparations to be compliant with BSP Regulations on Financial Consumer Protection. Conduct of Periodic Consumer Protection Assessment shall commence one year after the effectivity of this Circular.

Circular No. 858, Series of 2014: Amendments to Relevant Provisions of the Manual of Regulations for Banks Implementing RA 10641 (An Act Allowing the Full Entry of Foreign Banks in the Philippines, amending for the purpose Republic Act No. 7721)

Date issued	November 21, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 1794 dated November 6, 2014, providing for the rules and regulations to implement RA 10641, the following provisions in MORB were amended:

- Increasing the threshold from **60% to 100%** of voting stock of an existing domestic bank or a new banking subsidiary incorporated under the laws of the Philippines, subject to prior approval of the Monetary Board.
- Qualification requirements of the foreign banks as widely-owned and publicly-listed, established, reputable and financially sound
- Foreign bank branch and subsidiary shall comply with the minimum capital and prudential capital ratios applicable to domestic banks of the same category as prescribed under prevailing regulations
- **X105.9 Control of the resources of the banking system.** MB shall adopt measures to ensure that at all times, the control of 60% of the resources or assets of the entire banking system is held by domestic banks, which are majority owned by Filipinos.

- **X105.12 Equal Treatment.** Any right, privilege or incentive granted to foreign banks or their subsidiaries or affiliates shall be equally enjoyed by, and extended under the same conditions, to domestic banks.

Circular No. 859, Series of 2014: Europay, MasterCard and Visa (EMV) Implementation Guidelines

Date issued	November 21, 2014
Effectivity	All cards issued and card-accepting devices should be EMV-compliant by January 1, 2017

Pursuant to the Monetary Board Resolution No. 1795 dated November 6, 2014, the **EMV Implementation Guidelines** was approved. This is part of the BSP’s continuing efforts to strengthen the electronic retail payment network and for the protection of the public against payment card fraud.

These guidelines govern the migration to and implementation of EMV of all the BSP supervised institutions with debit card issuing and acquiring functions and credit card for cash advance transactions with the Automated Teller Machine (ATM) only.

EMV is a global standard for credit, debit and prepaid payment cards based on chip card technology. EMV chip-based payment cards, also known as the smart cards, contain an embedded microprocessor, a type of small computer.

Implementing EMV shall address the deficiencies inherent in magnetic stripe (magstripe) by reducing fraud from counterfeit, lost and stolen card information through various features.

Interoperability of the domestic payment networks should always be maintained.

All affected BSIs shall resubmit their updated EMV Migration Plan within 60 calendar days from the date of this circular to BSP Core Information Technology Specialist Group (CITSG).

Circular No. 860, Series of 2014: Guidelines on the Qualification/Accreditation Requirements of Personal Equity and Retirement Account (PERA) Market Participants and PERA Investment Products

Date issued	November 28, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the Monetary Board Resolution No. 1835 dated November 13, 2014, the **guidelines on the qualification/accreditation of PERA Market Participants and PERA Investment Products** was approved pursuant to RA 9505 also known as PERA Act of 2008 and its Implementing Rules and Regulations.

The following PERA investment products are considered BSP-eligible PERA Investment Products:

- UITF;
- Debt instruments such as but not limited to long-term negotiable certificate of deposits and unsecured subordinated debt;
- Deposits; and
- Government-issued certificates.

Should be issued by BSP-supervised entities with CAMELS rating not lower than “3” or its equivalent

BSP may allow other category of investment products or outlets for PERA purposes provided that the product is non-speculative, readily marketable, and with a track record of regular income payment to investors.

PERA Market Participants

PERA Market Participants	Eligible Entities	Qualifications
Administrator	Banks, trust entities and other eligible to act as such as determined by BSP	<ul style="list-style-type: none"> >Net worth of at least P100 Million >Adopted and compliant with a BSP-approved Manual of Corporate Governance >Has a clear and sufficient organization plan or structure of its personnel >Possesses adequate system and technological capabilities, necessary technical expertise and personnel >Has sufficient competent personnel >Adopted the required forms that an Administrator should use >Has board-approved policy on fees and charges, subject to BSP approval >Shall file application to the BIR to complete its application process as PERA Administrator

PERA Market Participants	Eligible Entities	Qualifications
Investment Manager	Trust entities and other entities qualified to be accredited by BSP as PERA Investment Manager	<ul style="list-style-type: none"> >Written application signed by the CEO >Written supervision and control procedures for the conduct of management investment functions >Proof of atleast 5 years of experience in professional investment management >Certified true copy of educational, professional/technical or other academic qualifications of principal officers >Copy of the form contract >Schedule of commission charges and/or other fees
Cash Custodian	Banks	<ul style="list-style-type: none"> >Compliant with the minimum capital requirement >CAMELS composite rating is not lower than 3 with management component score of not lower than 3
Securities Custodian	Banks and trust entities	Banks and other entities with trust license
Investment Product Provider	Any BSP-supervised entity that wishes to offer PERA Investment Product to Contributors	

Basic Security Deposit (Security for Faithful Performance of Administrators)

- An Administrator shall hold eligible government securities of at least 1% of the book value of the total volume of PERA assets administered, earmarked in favour of the BSP
- The amount of securities so earmarked shall be based on its book value.
- Compliance period of one week from the end of every calendar quarter to replenish any deficiency in the security requirements

Penalty

Not less than P50,000 nor more than P200,000 or imprisonment of not less than 6 years and one day to not more than 12 years, or both

Circular No. 861, Series of 2014: Additional Eligibility Requirement for Rediscounting Loan Availments

Date issued	December 1, 2014
Effectivity	December 1, 2014

Pursuant to the Monetary Board Resolution No. 1205 dated July 18, 2013, provision **of X269.1 Eligibility Requirements at the Time of Availment** of the MORB was amended to include item D which states that no chronic reserve deficiency in deposit/deposit substitute liabilities immediately preceding the loan drawdown/availment.

Circular No. 862, Series of 2014: Amendments to Pertinent Sections of the MORB and MORNBFI on Examination by the Bangko Sentral

Date issued	December 17, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

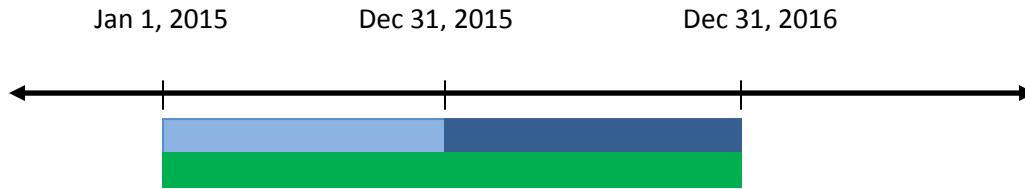
Pursuant to the Monetary Board Resolution No. 1907 dated November 26, 2014, Section **X658/4661Q Examination by the Bangko Sentral** of the MORB/MORNBFI was amended. The scope of BSP examination to determine whether the institution is operating in a safe and sound basis, inquire into its solvency and liquidity and assess the effectiveness of its compliance function to ascertain that it is conducting business in accordance with laws and regulations may include, but not limited to the following:

- Appraisal of the overall quality of corporate governance;
- Assessment of risk management system;
- Review of the institution's operations and overall risk profile;
- Evaluation of financial performance, capital adequacy, asset quality and liquidity; and
- Any other activity relevant to the above.




Circular No. 863, Series of 2014: Replacement and Demonetization of the Bangko Sentral New Design Series Bank Notes (5-, 10-, 20-, 50-, 100-, 200-, 500- and 1000-Piso Denominations)

Date issued	December 29, 2014
Effectivity	Fifteen (15) days after publication to official gazette or newspaper of general circulation

Pursuant to the authority of the BSP under Section 57 of RA 7653 otherwise known as the New Central Bank Act, the **replacement of the new design series (NDS) banknotes** starts January 1, 2015. These can be exchanged with the BSP or its authorized agent banks and FIs with New Generation Currency (NGC) banknotes. The timeline for the exchange of the NDS is described below:



Legend

-  - NDS is still a legal tender
-  - NDS is not a legal tender
-  - NDS can be exchanged with NGC



New Design Series Banknotes



New Generation Currency Banknotes

QAU BULLETIN: 2014 IC UPDATES

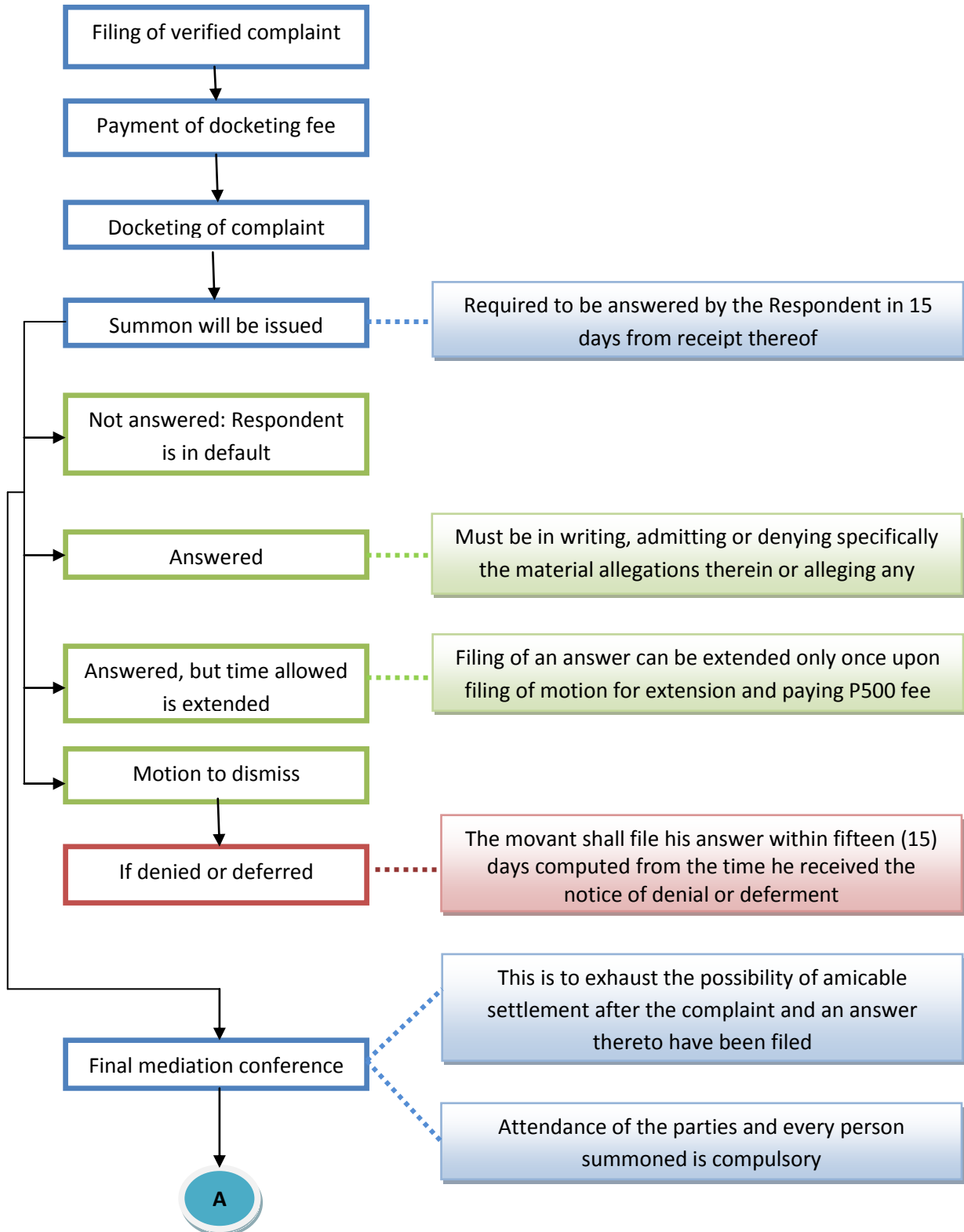


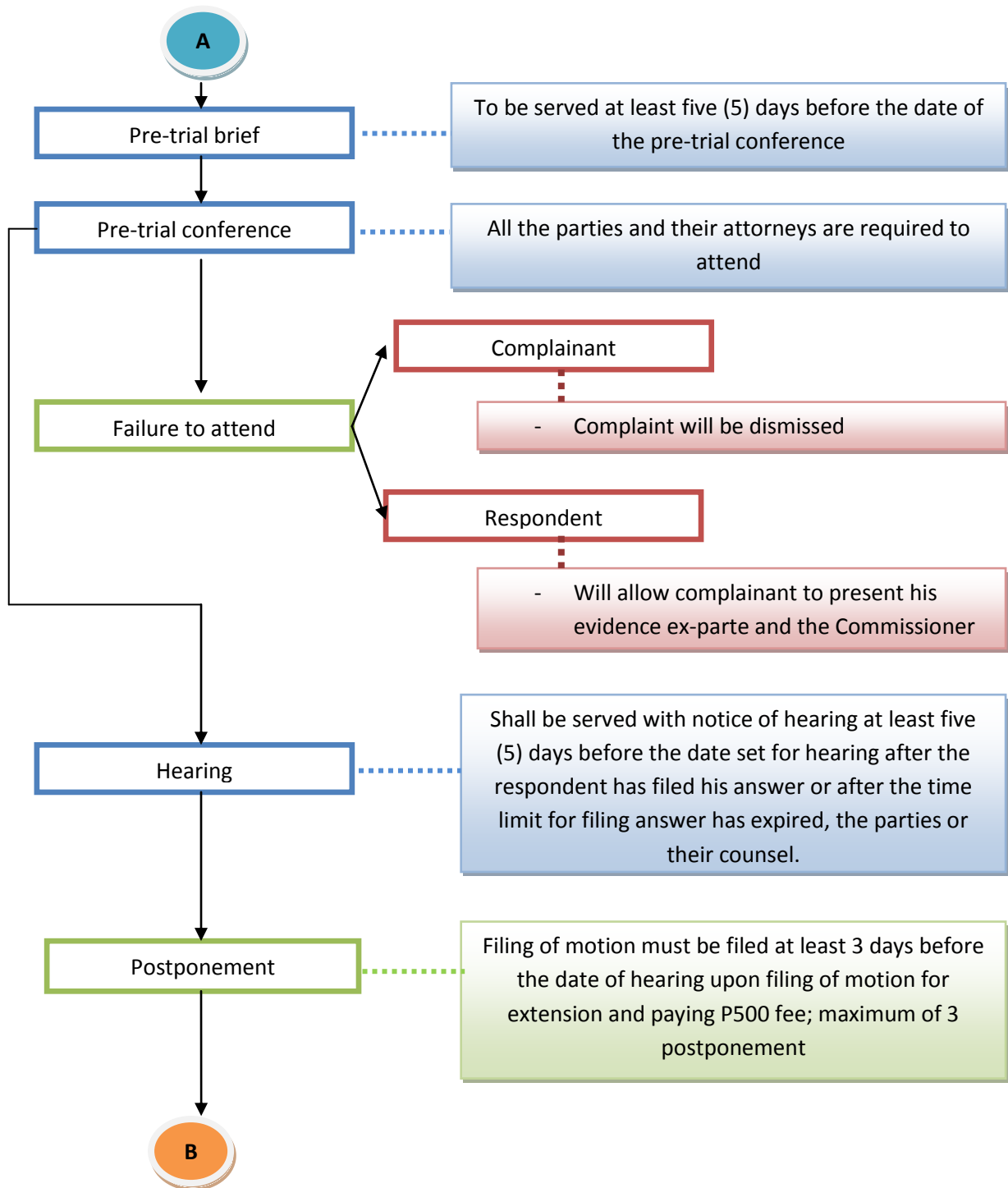
Memo Circular No. 2014-01, Rules of Procedures Governing Trial and Hearing of Claim Cases on Insurance, Reinsurance, and those Arising under the Membership Certificates Issued by Mutual Benefit Associations, in the Insurance Commission

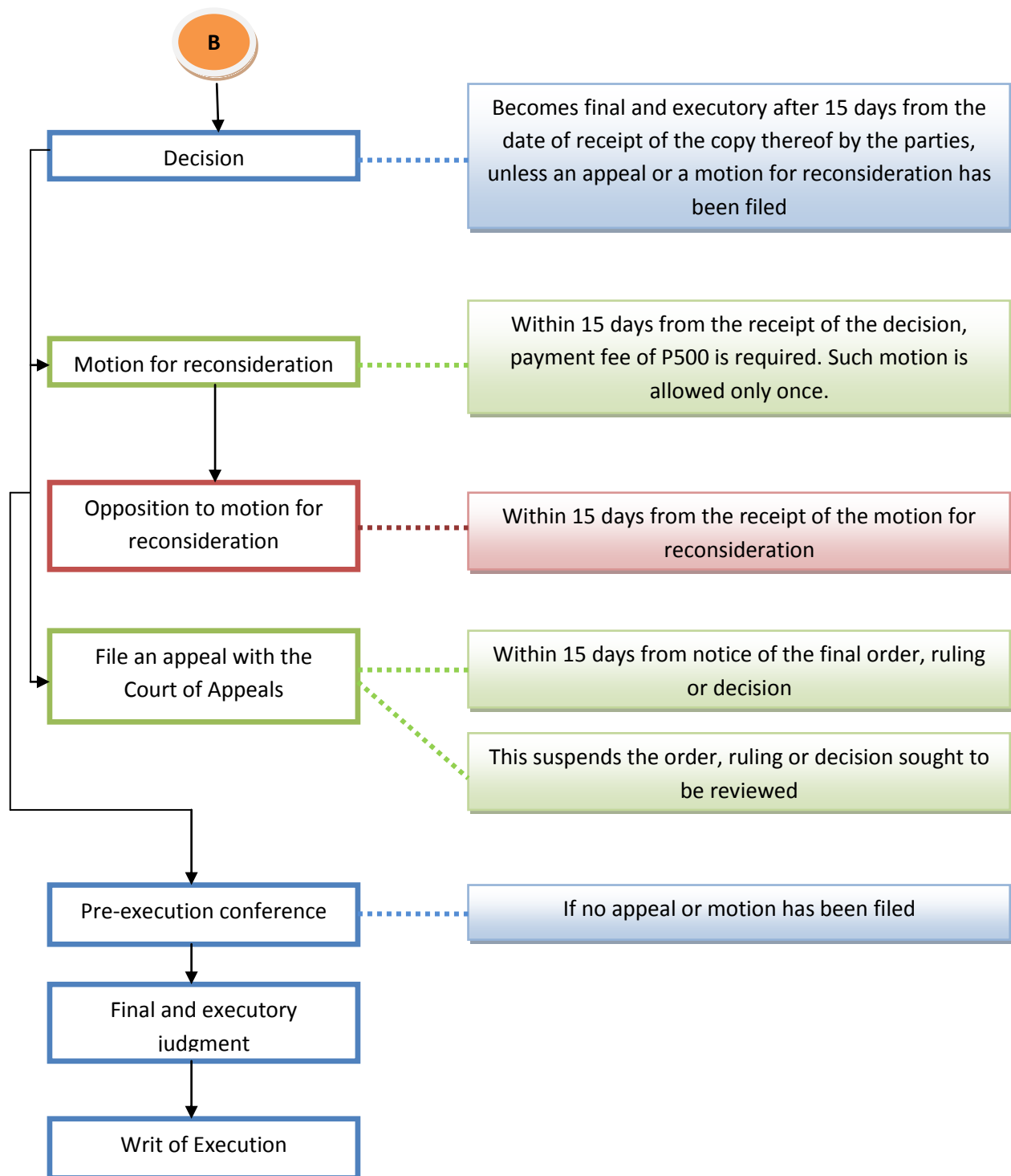
Effectivity	Supersede Insurance Memorandum Circular No. 2-91 of the Insurance Commission and shall take effect upon approval by the Insurance Commissioner and after the completion of its publication in a newspaper of general circulation.
Transition	All complaints filed prior to the effectivity of this Rules of Procedure shall be tried in accordance with the rules in force at the time of filing

- Scope: These rules govern hearings of such claims and complaints which does not exceed in any single claim P5 Million, excluding interest, costs and attorney's fees.
- Real party in interest is the party, natural or juridical, who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit. Every action filed with the Commission must be prosecuted in the name of real party in interest.
- Complaints: The complaint shall state the names and addresses of the parties, the substance of the claim, the date when the loss occurred, the amount of claim, the grounds of action, the relief sought, an allegation that there is final denial of the claim by the insurance company and that there is no pending mediation conference in the Public Assistance and Mediation Division of this Commission, and in which the Commission shall determine whether the same is sufficient in form and substance, if not, will motu proprio refuse to accept such.
- A docketing fee shall be paid to the Commission for all the action or proceedings, counterclaim or cross-claim and complaints based on the principal amount claimed plus an equivalent to 1% of the filing fee, but in case be lower than P10.
- This Commission will conduct a final mediation conference upon the parties without the assistance of their counsels to exhaust the possibility of amicable settlement after the complaint and an answer thereto have been filed. Attendance of the parties and every person summoned by this Commission is compulsory. Refusal to obey the summons issued by this Commission shall be punished for contempt of the Commissioner.
- All records and minutes of the proceeding taken under in the final mediation conference shall be inadmissible in evidence.
- In lieu of the direct testimonies of the witnesses, the same shall be made through a judicial affidavit, which shall be serve not later than five (5) days before the scheduled date for pre-trial conference. This shall contain a sworn attestation of the lawyer to effect that the lawyer faithfully recorded the questions he asked and the corresponding answers the witness gave and that the witness was not coached in giving his answers.

The rules of procedure governing trial and hearing of claim cases on insurance, reinsurance, and those arising under the membership certificates issued by mutual benefit associations, in the Insurance Commission, is described as follows:









QAU BULLETIN: 2014 CDA UPDATES

Memorandum Circular No. 1, Series of 2014: Regulatory Relief for Cooperatives Affected by 2013 Fortuitous Events

Date issued	January 22, 2014
Effectivity	Shall take effect fifteen (15) days after its publication with the Office of National Administrative Register (ONAR)

The CDA provided regulatory relief to those affected cooperatives by widespread substantial damage and death brought about by Super Typhoon Yolanda, 7.2 magnitude earthquake, and public disorder in Zambaonga. This includes cooperatives in the following areas:

Calamity	Areas Covered
Typhoon Yolanda	Region 4 – Mindoro, Palawan, Marinduque
	Region 5 – Masbate
	Region 6 – Cebu, Bohol, Negros Oriental
	Region 7 – Bohol, Cebu, Negros Oriental
	Region 8 – Samar Provinces, Leyte, Biliran, Southern Leyte
7.2 Magnitude Earthquake	Region 7 – Bohol, Cebu, Negros Oriental
Public Disorder	Region 9 – Zambaonga City

All affected cooperatives shall be relieved from the following:

- Submission of mandatory reports
- Payment of fines and penalties for failure to submit the required reports on time, except for those incurred prior to the occurrence of the fortuitous event.
- Submission of requirements for the issuance of certificate of good standing for regular purpose, except payment of certification fee.

In addition, the following requirements shall be submitted to the authority for the availment of regulatory relief and issuance of the certificate of good standing:

- Letter of application for relief signed by the Chairperson and/ or the General Manager of the cooperative;
- Damage assessment report (Form 1); and
- Board or general assembly resolution requesting availment of the regulatory relief.

All application for regulatory relief shall be filed with the Authority where the affected cooperative is registered on or before April 30, 2014.

Memorandum Circular No. 2, Series of 2014: Clarificatory Issuance on the “Five (5) Consecutive Year Limit Rule” in the Engagement of Cooperative External Auditor

Date issued	April 21, 2014
Effectivity	Shall take effect immediately

The Authority clarifies that the five (5) consecutive year limit in the audit of a particular cooperative shall apply to the accredited cooperative external auditor, either as:

- individual CPA or
- partnership/ auditing firm.

In addition, in case of audit conducted beyond the required limit, such shall be basis for:

- non-renewal of accreditation and
- the audited financial statements prepared cannot be considered as valid compliance.

Memo Circular No. 2014-03, Implementing the Collection of Legal Research Fund (LRF) Fee from Fees for Registration and Amendment, Petitions, Complaints Imposed by the Cooperative Development Authority

Date issued	July 23, 2014
Effectivity	Shall take effect fifteen (15) days after its publication with the Office of National Administrative Register (ONAR)

This memorandum circular directed that:

- An LRF fee equivalent to 1% of the fee imposed but in no case lower than P10 shall be collected on every fee for all applications for registration and amendment, petitions and complaints, imposed by CDA in the exercise and discharge of its regulatory function. The LRF fee supports the UP Law Center and the University of the Philippines Law Complex.
- The LRF fee shall be in top of, and separate from, whatever fees payable to CDA
- The cashier of CDA Central Office and extension Office shall collect the LFR fee and deposit it directly to the Bureau of Treasury for the account of UP Systems

Memo Circular No. 2014-04, Amendment to Memorandum Circular No. 2013-12, Series of 2013 Re: Policy on the Required Ownership of Units by Transportation Service Cooperatives

Date issued	August 16, 2014
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This memorandum circular amended the Section 6 Transitory Provision of Memorandum Circular No. 2013-12 to extend the time given to existing transportation service cooperative to comply with the provisions of Memorandum Circular No. 2013-12 to another three (3) years or until February 7, 2018.

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Comments & suggestions are welcome.

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