

381 PURCHASE OF RECEIVABLES AND OTHER OBLIGATIONS

The following regulations shall govern the purchase of receivables and other obligations.

Yield on purchase of receivables. The rate of yield, including commissions, premiums, fees and other charges, from the purchase of receivables and other obligations, regardless of maturity, that may be charged or received by banks shall not be subject to any regulatory ceiling.

Purchase of receivables on a “without recourse” basis. The total exposure of a bank to a maker of promissory notes resulting from the purchase of receivables on a without recourse basis shall be subject to the SBL of the bank: *Provided*, That the bank shall evaluate the credit worthiness of the maker of such promissory notes.

Purchase of commercial paper. Before purchasing registered commercial paper, banks authorized to engage in quasi-banking functions shall –

- a. Require the issuing entity to submit a duly certified true copy of its Certificate of Registration and Authority to Issue Commercial Paper; and
- b. Ascertain that the registration number and expiry date indicated in the commercial paper are the same as those in the certificate of registration submitted.

Any violation or failure to comply with the provisions of Purchase of commercial paper in this Section shall subject the erring bank to suspension or revocation of its authority to engage in quasi-banking functions.

Reverse repurchase agreements with Bangko Sentral. Reverse repo agreements with the Bangko Sentral shall be governed by Sec. 601.

Investment in readily marketable bonds and other debt securities. The following rules and regulations shall govern investment in readily marketable bonds and other debt securities.

- a. Banks may invest in the following:

- (1) Readily marketable bonds and other debt securities which are of such use or demand as to make them the subject of constant dealings in securities markets, with such frequent quotations of price as to make the price easily and definitely ascertainable, and the security easy to realize upon sale at any time: *Provided*, That the bonds and other debt securities have complied with the rules on registration of commercial papers: *Provided, further*, That RBs/Coop Banks investing in readily marketable bonds and other debt securities shall comply

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with the prudential criteria enumerated under Sec. 111. In addition to said criteria, the investment shall not be held for trading purposes.

RBs/Coop Banks shall submit a one-time notarized certification that the pre-qualification requirements under Sec. 111 (*Prudential criteria*) have been complied with to the appropriate supervising department of the Bangko Sentral within ten (10) calendar days from date of initial investment. In addition, banks shall conduct a continuous self-assessment of their compliance with said pre-qualification requirements.

TBs may invest in evidences of indebtedness which are registered with the SEC but are not readily marketable securities: *Provided*, That these evidences of indebtedness shall be acquired with recourse against a bank or a QB.

It shall be the responsibility of the investing bank to undertake the necessary investigation to satisfy itself with regard to the particular security.

(2) Evidences of indebtedness of the Republic of the Philippines or the Bangko Sentral, and any other evidences of indebtedness or obligations the servicing and repayment of which are guaranteed by the Republic of the Philippines.

b. Any violation of the provision stated in Item “a” above shall subject the bank and its concerned officer/s to applicable enforcement action enumerated under Sec. 111.

Regular banking unit (RBU) of UBs/ KBs and TBs are prohibited from purchasing Philippine debt papers representing debt papers of Philippine public sector and private sector obligors which were restructured during the period of moratorium in the payment of external debt. They may, however, invest in, or purchase, other foreign currency denominated debt instruments, subject to applicable rules and regulations, particularly on risk management: *Provided*, That the RBU of TBs may invest only in readily marketable foreign currency denominated debt instrument as defined under Sec. 72 of Part V (MORFXT).

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