

621 GLOBAL PESO NOTES

The following are the guidelines on the regulatory treatment of investments of banks in Global Peso Notes (GPNs) issued by the Republic of the Philippines:

- a. Investments in GPNs shall be recorded in the RBU books of a bank as a foreign currency-denominated asset in accordance with the provisions of the Philippine Financial Reporting Standards/ Philippine Accounting Standards at their foreign currency amount and local currency equivalent;
- b. Investments in GPNs that are classified at fair value shall be subject to mark-to-market valuation and shall be valued similar to other foreign currency-denominated securities traded abroad;
- c. Investments in GPNs shall be subject to a credit risk weight of twenty percent (20%) for purposes of computing a bank's risk-based CAR;
- d. Investments in GPNs shall be excluded in the computation of a bank's daily net foreign exchange position;
- e. Trading of GPNs shall be subject to pertinent securities laws and provisions, including the appropriate licensing of dealers;
- f. Pursuant to Sec. 350, investments in GPNs shall be excluded by government FIs in determining compliance with DOSRI ceilings; and
- g. Risks attendant to investments in GPNs shall be captured under a bank's Internal Capital Adequacy Assessment Process such that investing institutions must manifest their approach in handling the risks attendant to holding/trading GPNs.