

623-A GUIDELINES ON THE INVESTMENTS OF UNIVERSAL BANKS AND  
COMMERCIAL BANKS IN CREDIT-LINKED NOTES (CLNs), STRUCTURED  
PRODUCTS AND SECURITIES OVERLYING SECURITIZATION STRUCTURES

**623-A GUIDELINES ON THE INVESTMENTS OF UNIVERSAL BANKS AND COMMERCIAL  
BANKS IN CREDIT-LINKED NOTES (CLNs), STRUCTURED PRODUCTS AND SECURITIES  
OVERLYING SECURITIZATION STRUCTURES**

In line with the policy of encouraging banks to diversify their investment portfolios and to foster the development of a market for new financial products, the Bangko Sentral has issued guidelines on the investment of UBs and KBs in (1) CLNs and similar products (Sec. 624-A), (2) foreign currency denominated structured products (Secs. 625-A and 626-A) and (3) securities overlying securitization structures (Sec. 627-A).

No prior Bangko Sentral approval is required to enter into authorized transactions. However, it shall be the responsibility of UBs/KBs to fully comply with appropriate risk management standards including, as a minimum, those prescribed under relevant Sections. The regulatory requirements enumerated in Appendix 64 shall be fully complied with by UBs/KBs investing in products allowed under Secs. 624-A, 625-A and 125 (*Capital treatment of exposures/investments in certain products*).

The guidelines on the accounting for investments in CLNs and other SPs are provided in *Appendix 27*. The guidelines on the reclassification of CLNs and other similar instruments that are linked to the ROP shall no longer apply to financial assets that are accounted for in accordance with PFRS 9.

*(Circular No. 1011 dated 14 August 2018)*