

MARKING TO MARKET GUIDELINES FOR INVESTMENTS IN DEBT AND EQUITY SECURITIES

(Appendix to Sec. 172 on Marking to market of financial instruments)

Bases/References

Bangko Sentral Supervised Financial Institutions (BSFIs) shall have adequate governance structures and control processes to ensure that valuations are prudent and reliable for risk management and financial reporting purposes. These processes shall be consistently applied across the institution and integrated within the overall governance framework and risk management systems.

In this respect, BSFIs shall mark-to-market (MTM) debt and equity securities in accordance with the provisions of Philippine Financial Reporting Standard 13 (PFRS 13) on Fair Value Measurement and shall observe the following bases/references:

Type of Security	Market Price Basis
A. Equity Securities Listed in the Stock Exchange	
1. Traded in the Philippines	Same day closing price as quoted at the Philippine Stock Exchange. In case of halt trading/suspension or holidays, use the latest available closing price.
2. Trade Abroad	Latest available closing price from the exchange where the securities are traded.
B. Foreign Currency-Denominated Debt Securities Quoted in Major Information Systems (e.g., Bloomberg, Reuters)	Latest available price for the day, Manila time.
C. Foreign Currency Denominated Debt Securities Traded in Local Registered Exchange or Market	The latest available closing price provided by the exchange where the said security is traded and/or enrolled.
D. Peso-Denominated Government Securities	The market prices provided by either a third party pricing service or calculating agent: Provided, That the pricing service or the calculation agent and its valuation methodology are recognized by the Securities and Exchange Commission (SEC) – licensed benchmark administrator.
E. Peso-Denominated Private Debt Securities	The basis for MTM of peso-denominated debt securities traded in an organized market shall be the same as those used in Section C above.

Other Valuation Guidelines

In the absence of market price described above, the fair value which is the price that would be received in selling the financial instrument in an orderly transaction in the principal (or most advantageous)

market under current market condition, shall be used as basis for the MTM. BSFIs shall ensure that such an observed price or the price estimated using another valuation technique, including inputs to valuation technique, are consistent with the provisions of PFRS 13.

(Circular Nos. 1021 dated 15 November 2018, 960 dated 04 May 2017, 813 dated 27 September 2013 and M-2007-006 dated 28 February 2007)