

**GUIDELINES ON THE USE OF SCRIPLESS SECURITIES
AS SECURITY DEPOSIT FOR THE FAITHFUL PERFORMANCE OF PERSONAL EQUITY
AND RETIREMENT ACCOUNT (PERA) ADMINISTRATOR
(Appendix to Sec. 417 on Basic Security Deposit)**

Definition of Terms and Acronyms

BSP - Bangko Sentral ng Pilipinas

BSP-FAD - Financial Accounting Department of the BSP

BSP-SES - Supervision and Examination Sector of the BSP

DDA - refers to the regular demand deposit account of a bank with BSP-FAD

DSSA - Daily Statement of Securities Account

Financial Institution (FI) - refers to a bank, non-bank financial institution, or trust entity supervised by the BSP that is accredited to be a PERA Administrator

MORB/MORNBF - Manual of Regulations for Banks/ Manual of Regulations for Non-Bank Financial Institutions

Off-site Supervising Department - refers to the department of the BSP-SES responsible for off-site supervision of FIs

Scripless Securities - refers to uncertificated securities issued by the Bureau of the Treasury (BTr) that are under the BTr's Registry of Scripless Securities (RoSS)

Trust Specialist Group (TSG) - refers to the technical unit of the BSP-SES responsible for supervision of trust entities

A. Basic Requirements

1. The BSP-SES shall file with the BTr an application to open a BSP-PERA RoSS principal securities account where the securities for the faithful performance of PERA Administrator shall be held. The BSP- SES shall use Annex 1 for this purpose.
2. The BSP-SES through its TSG shall request with the BTr the creation of a PERA Administrator

securities account under the BSP-PERA RoSS principal securities account using Annex 1-A. The BTr shall maintain each PERA Administrator securities account for P1,000.00 or any amount per month as may be determined by the BTr.

3. An FI must have a DDA with BSP- FAD. In case when an FI does not have a DDA with BSP-FAD, it shall designate a settlement bank and shall inform the appropriate BSP-SES off-site supervising department of its designated settlement bank.
4. Each FI shall accomplish an autodebit/autocredit authorization for its PERA Administrator securities account under the BSP-PERA RoSS principal securities account. The document shall authorize the BTr and the BSP to credit the DDA of the FI or the designated settlement bank with BSP-FAD for coupons/interest payments and maturity proceeds of securities and to debit the same DDA for the monthly fees payable to the BTr for maintenance of the PERA Administrator securities account. An FI with a DDA with BSP-FAD shall use Annex 2-A while an FI with a settlement arrangement shall use Annex 2-B.
5. The BSP-SES off-site supervising department shall be responsible for monitoring deposit and withdrawal of securities in the PERA Administrator securities account.
6. Every FI shall ensure that it has adequate security for the faithful performance of PERA Administrator pursuant to the provisions of the Personal Equity and Retirement Account (PERA) Act of 2008 and its implementing rules and regulations.
7. The BTr shall provide TSG a monthly statement of securities account as well as a DSSA whenever a transaction in any PERA Administrator securities account is made.
8. The responsible BSP-SES off-site supervising department shall determine on a quarterly basis the compliance with the security for the faithful performance of PERA Administrator based on the reportorial submission of the FI. In case of deficiency, the responsible BSP-SES off-site supervising department shall recommend, as warranted, the imposition of sanctions and/or any other appropriate action to higher BSP authorities.

B. Procedures for Assigning Initial/ Additional RoSS Securities as Security for the Faithful Performance of PERA Administrator

1. The FI shall notify the appropriate BSP-SES off-site supervising department that it will transfer RoSS securities to its PERA Administrator securities account at least two (2) banking days before the date of transfer using the prescribed form (Annex 3) and checking Box "A" or "B", as appropriate, and indicating details therein. The notice, which may initially be sent through

electronic mail or fax, shall be forwarded as an official letter duly signed by authorized officer/s and shall be accompanied by the following:

- a. Computation of compliance with the security for the faithful performance of PERA Administrator. The FI shall provide detailed calculation on specific and relevant dates whenever there is a transfer of RoSS securities to and from its PERA Administrator securities account using Annexes 4 and 4-a to affirm the continuing compliance with the security requirement; and
- b. Notarized certification signed by the chief executive officer of the FI using Annex 5 attesting:
 - i. The accuracy and completeness of submitted reports and corresponding schedules; and
 - ii. The effective interest rate method is being used in the amortization of relevant premium/discount of securities in compliance with the Philippine accounting standards.

This notarized certification shall likewise be submitted to the appropriate BSP-SES off-site supervising department every quarter to attest the continuing compliance of the FI to the security requirement.

2. The FI shall instruct the BTr to transfer RoSS securities to its PERA Administrator securities account on specified date.
3. The BTr shall effect the transfer upon verification of RoSS balances. At the end of the day, the BTr shall transmit a DSSA to TSG containing the transfer.
4. The TSG shall provide the appropriate BSP-SES off-site supervising department a copy of the DSSA.
5. The responsible BSP-SES off-site supervising department shall verify from the DSSA the transfer of securities indicated in the advice (Annex 3) sent earlier by the FI.
6. The above procedures shall also be observed in transferring additional securities to replace maturing/matured RoSS securities.

C. Procedures for Withdrawing RoSS Securities

1. The FI shall notify the appropriate BSP- SES off-site supervising department that it will withdraw existing RoSS securities assigned as security for faithful performance of PERA Administrator at least two (2) banking days before the date of withdrawal using the prescribed form (Annex 6)

and indicating the details of the securities to be withdrawn. The notice shall be accompanied by a computation of compliance with security requirement and certification required under B.1.

2. The responsible BSP-SES off-site supervising department shall verify if the securities to be withdrawn are in the PERA Administrator securities account and the value of outstanding securities remains compliant with the security requirement after the withdrawal. The department concerned shall immediately inform the FI for any discrepancy/deficiency. If in order, the department concerned shall authorize TSG to instruct the BTr to transfer the securities to be withdrawn to the RoSS account of the FI. The BSP-SES off-site supervising department shall use Annex 7 and check boxes "B" and "C". The authority to allow the withdrawal should be transmitted to TSG one (1) banking day before the date of withdrawal indicated in the advice (Annex 6) sent earlier by the FI.

The BSP-SES off-site supervising department shall also advise the FI that it has approved the withdrawal of security using Annex 8 and checking boxes "B" and "C".

3. The TSG shall instruct the BTr within the same day to transfer the securities specified to be withdrawn from the PERA Administrator securities account to the RoSS account of the FI using Annex 9. The BTr shall acknowledge receipt of the confirmation of transfer of government securities (sans consideration).
4. The BTr shall effect the transfer/ withdrawal and shall send a DSSA to TSG containing the transfer/withdrawal.
5. The TSG shall provide the appropriate BSP-SES off-site supervising department a copy of the DSSA.
6. The responsible BSP-SES off-site supervising department shall verify from the DSSA the transfer of securities indicated in the advice (Annex 6) sent earlier by the FI.
7. The above procedures shall also be observed in withdrawing and replacing existing and/or maturing/matured RoSS securities.

D. Procedures for Replacing RoSS Securities

1. The FI shall notify the appropriate BSP-SES off-site supervising department that it will replace existing and/or maturing/ matured RoSS securities assigned as security for the faithful performance of PERA Administrator at least two (2) banking days before the date of replacement using the prescribed form (Annex 3). The FI shall check box "C" of the form and indicate the

details of the securities to be replaced. The notice shall be accompanied by a computation of compliance with security requirement and certification required under B.1.

2. The responsible BSP-SES off-site supervising department shall verify if the securities to be replaced are in the PERA Administrator securities and the value of the outstanding securities remains compliant with the security requirement after the replacement. The department concerned shall immediately inform the FI for any discrepancy/deficiency.
3. The procedures for assigning additional RoSS securities specified in sections B.2 to B.5 of this Appendix shall herein apply.
4. The BSP-SES off-site supervising department shall use Annex 7 and check boxes "A" and "C". Should there be any discrepancy/deficiency; the BSP-SES off-site supervising department shall immediately inform the FI. The authority to allow the replacement shall be transmitted to TSG not later than the day when the replacement securities were transferred to the PERA Administrator securities account.

The BSP-SES off-site supervising department shall also advise the FI that it has approved the replacement of security by using Annex 8 and checking boxes "A" and "B".

5. The procedures for withdrawing RoSS securities specified in sections C.3 to C.6 of this Appendix shall herein apply.

E. Procedures for Crediting Interest and Maturity Proceeds of Securities

1. On coupon or interest payment date, the BTr shall instruct BSP-FAD to credit the DDA of the FI or its designated settlement bank for coupon/interest payment of securities held in the PERA Administrator securities account.
2. On maturity date, the BTr shall instruct BSP-FAD to credit the DDA of the FI or its designated settlement bank for maturity proceeds of securities held in PERA Administrator securities account.
3. The appropriate BSP-SES off-site supervising department shall determine if the value of the outstanding securities remains compliant with the security requirement after the maturity of securities. The department concerned shall immediately inform the FI for any discrepancy/deficiency.
4. When the value of security falls below the required level, the FI shall instruct the BTr to transfer

securities from the FI's own RoSS account to its PERA Administrator securities account under the BSP-PERA RoSS principal securities account. The procedures specified in sections B.1 to B.5 of this Appendix shall herein apply.

(Circular No. 879 dated 22 May 2015)

Annex 1

SUPERVISION AND EXAMINATION SECTOR

(Date)

Treasurer of the Philippines
Bureau of the Treasury
Cabildo Street corner
A. Soriano Avenue and
Sto. Tomas Street,
Intramuros, Manila

Attention: Registry of Scripless Securities (RoSS)

Dear _____:

The Supervision and Examination Sector of the Bangko Sentral ng Pilipinas hereby makes an application to open a Principal Securities Account in the Registry of Scripless Securities (RoSS) to hold government securities earmarked in favor of the BSP as security for the faithful performance by PERA Administrators of their duties set forth in the Personal Equity and Retirement Account (PERA) Act of 2008 (BSP-PERA).

We understand that the Bureau of the Treasury shall maintain the Principal Securities Account of BSP-PERA for free.

Very truly yours,

Deputy Governor

Annex 1-A

SUPERVISION AND EXAMINATION SECTOR

(Date)

Treasurer of the Philippines
Bureau of the Treasury
Cabildo Street corner
A. Soriano Avenue and
Sto. Tomas Street,
Intramuros, Manila

Attention: Registry of Scripless Securities (RoSS)

Dear Ms. _____:

In connection with the BSP-PERA Principal Securities Account of the Bangko Sentral ng Pilipinas-Supervision and Examination Sector in the Registry of Scripless Securities (RoSS), please open PERA Administrator Securities Account for the following trust entities/banks so we can MONITOR the security for the faithful performance of their duties set forth in the Personal Equity and Retirement Account (PERA) Act of 2008.

Please note that the settlement bank of the ENTITY, if it is required, is also indicated.

Name of Trust Entity/Bank

Name of Settlement Bank, where required

1. _____
2. _____
3. _____

We understand that the Bureau of the Treasury will maintain the PERA Administrator Securities Account for (AMOUNT) per month per account.

Very truly yours,

Authorized Signatory

Annex 2-A

To be used by an FI with own demand deposit account for BSP-FAD

Letterhead of Financial Institution

AUTODEBIT/AUTOCREDIT AUTHORIZATION

The (Name of Financial Institution) hereby authorizes the Bureau of the Treasury (BTr) and the Bangko Sentral ng Pilipinas (BSP) to debit/credit our demand deposit account (DDA) with BSP-Financial Accounting Department for coupons/interest payment of our securities held in our RoSS accounts; and to settle the payment of monthly maintenance fees to the BTr in our PERA Administrator Securities Account. We also authorize the BTr and the BSP to credit our DDA with BSP-Financial Accounting Department for the redemption proceeds of our securities in the event such securities mature while in our RoSS account.

This authorization will take effect on (indicate date) .

Authorized Signatory

Annex 2-B

To be used by an FI with settlement arrangement with a bank

Letterhead of Financial Institution

AUTODEBIT/AUTOCREDIT AUTHORIZATION

The (Name of Settlement Bank) for the account of (Name of Financial Institution) hereby authorizes the Bureau of the Treasury (BTr) and the Bangko Sentral ng Pilipinas (BSP) to debit/credit our demand deposit account (DDA) with BSP-Financial Accounting Department for coupons/interest payment of securities of (Name of Financial Institution) in its designated RoSS account; for maturing securities of the (Name of Financial Institution) held in its designated RoSS account with the BTr; and to settle the payment of monthly maintenance fees to the BTr of our PERA Administrator Securities Account.

The (Name of Financial Institution) also authorizes the BTr and the BSP to credit the account of the settlement bank with BSP-Financial Accounting Department for the redemption proceeds of our securities in the event such securities mature while in our RoSS account.

This authorization will take effect on (indicate date) .

(Authorized Signatory of Settlement Bank)

(Authorized Signatory of Financial Institution)

Annex 3

Letterhead of Financial Institution

Date:

The Director
Name of Off-site Supervising Department
Bangko Sentral ng Pilipinas
A. Mabini St., Manila

Dear Sir:

We are transferring on (indicate date of transfer) the following securities to our PERA Administrator Securities Account as our security for the faithful performance of PERA Administrator pursuant to Republic Act No. 9505 also known as the Personal Equity and Retirement Account (PERA) Act of 2008 and its implementing rules and regulations.

<u>Type</u>	<u>ISIN</u>	<u>Purchase Date</u>	<u>Issue Date</u>	<u>Due Date</u>	<u>Remaining Tenor¹</u>	<u>Face Amount</u>	<u>Purchase Price</u>
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We are transferring the above securities:

- As our initial security
- As an additional security
- To replace the following security/ies which we earmarked on (date).

Type	ISIN	Purchase Date	Issue Date	Due Date	Remaining Tenor ²	Face Amount	Purchase Price
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d. To replace matured securities the redemption value of which P_____ is credited to deposit account or that of our settlement bank with BSP-Financial Accounting Department.

Very truly yours,

Name and Designation of Authorized Signatory

Annex 4

Name of Financial Institution
Computation of Security for the Faithful Performance
of PERA Administrator
As of (date)

5. EXCESS (DEFICIENCY) P _____ P _____ P _____ P _____

FOR THE QUARTER ENDED (Date)

1st Month	2nd Month	3rd Month	4th Month
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A. COMPUTATION OF AVERAGE BALANCES

1. Securitized Held by the PERA Administrator	P _____	P _____	P _____	P _____
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B. SECURITY REQUIREMENT

1. Security Requirement (1% of A.1 (Ave.) above)				Book Value
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As of (Transaction date)³

2. Inventory of Outstanding Securities held by the PERA Administrator (Beginning Balance)
(Face Value P ___ million)

3. Add (Subtract) Securities earmarked (matured/replaced) -
(Face Value P ___ million)

4. Outstanding Securities held by the PERA Administrator (Ending Balance) (Face Value P ___ million)	P _____
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5. EXCESS (DEFICIENCY)	P _____
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Name of Financial Institution
SECURITIES FOR THE FAITHFUL PERFORMANCE OF PERA ADMINISTRATOR UNDER
REGISTRY OF SCRIPLESS SECURITIES (RoSS)
As of (Transaction Date)

	A	B	C	D	E	F	G	H	J	K	L	M
	SECURITY/ISSUES (At Face Value)	SECURITY/ISSUES (At Acquisition Cost)	PURCHASE DATE	ISSUE DATE	MATURITY DATE	Original No. of days	REMAINING TENOR TO DATE	NO. OF DAYS DISCOUNT/(PREMIUM) EARNED	AMOUNT OF DISCOUNT/(PREMIUM)	AMOUNT OF AMORTIZED DISCOUNT/(PREMIUM)	REMAINING AMOUNT OF DISCOUNT/(PREMIUM)	Book Value
	-											
	-											
1. Outstanding Gov't securities (Beginning Balance)												
2. Add: Securities on (date)												
Subtotal												
3. Less: Measured/Replaced Securities on (date)												
Subtotal												
4. Outstanding Gov't Securities (Ending Balance)												

Annex 5

(NAME OF FINANCIAL INSTITUTION)

CERTIFICATION
(DATE)

Pursuant to the requirements of Appendix 34a of the Manual of Regulations for Banks, I hereby certify the following:

1. The computation of security for the faithful performance of PERA Administrator and relevant

schedule of inventory of outstanding securities under RoSS are true and accurate; and

2. The effective interest rate method is being used in the amortization of relevant premium/discount of securities in compliance with the Philippine accounting standards.

Authorized Officer/Signatory

Annex 6

Letterhead of Financial Institution

Date:

The Director
 Name of Off-site Supervising
 Department Bangko Sentral ng Pilipinas
 A. Mabini St., Manila

Dear Sir:

We hereby advise you of our decision to withdraw on (indicate date of transfer) the following securities used as security for the faithful performance of PERA Administrator from our PERA Administrator Securities Account.

<u>Type</u>	<u>ISIN</u>	<u>Purchase Date</u>	<u>Issue Date</u>	<u>Due Date</u>	<u>Remaining Tenor⁴</u>	<u>Face Amount</u>	<u>Purchase Price</u>
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Very truly yours,

Name and Designation of Authorized Signatory

Annex 7

MEMORANDUM

Name of Off-site Supervising Department

For: **The Head**
Trust Specialist Group

From: The Authorized Officer

Subject: Scripless Securities for the Faithful Performance of PERA Administrator

Date :

In connection with the request of (indicate name of Financial Institution) dated _____ to:

- a. Replace outstanding RoSS securities
- b. Withdraw RoSS securities

You are hereby authorized to:

- c. Instruct the Bureau of the Treasury to transfer the following securities to the RoSS Account of (Name of Financial Institution).

<u>Type</u>	<u>ISIN</u>	<u>Purchase Date</u>	<u>Issue Date</u>	<u>Due Date</u>	<u>Remaining Tenor⁵</u>	<u>Face Amount</u>	<u>Purchase Price</u>
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Authorized Signatory

Annex 8

NAME OF OFF-SITE SUPERVISING DEPARTMENT

(Date)

(Name of Financial Institution)

(Address)

Subject: Scripless Securities for the Faithful Performance of PERA Administrator

Dear _____:

We are pleased to inform you that we have approved your request dated _____ to:

- a. Replace outstanding RoSS securities
- b. Withdraw RoSS securities

Accordingly, we have authorized the Trust Specialist Group to:

- d. Instruct the Bureau of the Treasury to transfer the following securities to your RoSS accounts

Very truly yours,

Authorized Signatory

Annex 9

TRUST SPECIALIST GROUP

Transaction No. _____
Value Date _____ 201x

The Director
Liability Management
Service The Bureau of the Treasury
Cabildo Street corner A. Soriano Avenue and
Sto. Tomas Street, Intramuros, Manila

Attention: Registry of Scripless Securities (RoSS)

Subject: RoSS Securities of PERA Administrator

**CONFIRMATION OF TRANSFER OF GOVERNMENT
SECURITIES (GS) SANS CONSIDERATION**

The Bangko Sentral ng Pilipinas - Supervision and Examination Sector, BSP-PERA, does hereby **CONFIRM** that it has **TRANSFERRED SANS CONSIDERATION** unto (Name of Financial Institution) the following described government security held by the Bureau of the Treasury under the Registry of

Scripless Securities (RoSS) System.

Type/ISIN	Issue Date	Due Date	Face Amount	Purchase Price

(NAME OF AUTHORIZED SIGNATORY)

Designation

REGISTRY OF SCRIPLESS SECURITIES

This is to acknowledge receipt of the Confirmation of Transfer of Government Securities (Sans Consideration) of Bangko Sentral ng Pilipinas – Supervision and Examination Sector, BSP-PERA.

RoSS

Bureau of the Treasury

Footnotes

1. Reckoned from actual date of transfer/withdrawal.
2. Reckoned from actual date of transfer/withdrawal.
3. For multiple transaction dates, the FI shall provide separate calculation of Annex 4-A for each specific and relevant dates
4. Reckoned from actual date of transfer/withdrawal.
5. Reckoned from actual date of transfer/withdrawal.