

**GUIDELINES ON REQUESTS FOR MONETARY BOARD OPINION ON THE MONETARY
AND BALANCE OF PAYMENTS IMPLICATIONS OF PROPOSED DOMESTIC
BORROWINGS BY GOVERNMENT-OWNED AND/OR -CONTROLLED CORPORATIONS
(GOCCs), LOCAL WATER DISTRICTS (LWDs) AND STATE UNIVERSITIES AND
COLLEGES (SUCs) PURSUANT TO SECTION 123 OF R.A. NO. 7653
(Appendix to Sec. 316)**

Pursuant to Monetary Board Resolution No. 1125 dated 22 June 2016, the following guidelines shall govern the domestic borrowings of Government-owned and/or Controlled Corporations (GOCCs), Local Water Districts(LWDs) and State Universities and Colleges(SUCs), in line with R.A. No. 7653 (The New Central Bank Act), as well as other pertinent laws/regulations.

I. Coverage

This shall govern domestic borrowings¹ of GOCCs,² LWDs, and SUCs, herein collectively referred to as “borrowing government entities” (BGEs), within the Philippines, the procedures to be observed and the documentary requirements to be submitted, relative to the request for Monetary Board opinion on the probable effects of their proposed credit operation on monetary aggregates, the price level and the balance of payments (BOP), pursuant to Section 123 of Republic Act No. 7653.

II. Procedures

- a. The BGE shall submit a written request to the Bangko Sentral for Monetary Board opinion on the monetary and BOP implications of its proposed borrowing prior to the loan release. The request shall be accompanied by the required documents and information listed in Section III of this Appendix.
- b. The Bangko Sentral shall acknowledge receipt of the request, with an initial evaluation of the documents/ information submitted. No request will be processed should there be any deficiency or inconsistency found in the documents/ information submitted.
- c. Once the BGE has submitted the complete set of required documents/ information, the matter shall be elevated to the Monetary Board for an opinion on the probable monetary and BOP implications of the proposed loan.
- d. The BGE shall be informed in writing of the Monetary Board’s decision on its request for opinion and shall contain the following conditions:

- (1) The opinion of the Monetary Board is limited to the assessment of the monetary and BOP implications of the proposed borrowing, pursuant to Section 123 of R.A. No. 7653. The said opinion is based on: (i) the information contained in the documents submitted; and (ii) the assumption that the proceeds of the borrowing will be used for the intended purpose described in the documents submitted;
 - (2) The Monetary Board opinion is valid only for one (1) year from the date of issue. The validity period refers to the time within which the proposed loan is to be released in part or in full. It commences on the date of the Bangko Sentral letter transmitting the Monetary Board opinion on the monetary and BOP implications of the BGE's proposed loan;
 - (3) The BGE shall submit to Bangko Sentral a post-borrowing report on the final terms and conditions and on the utilization of the proceeds of the borrowing within thirty (30) days after the full release of the loan proceeds or final availment of the credit facility; and
 - (4) The Monetary Board opinion should not in any way be construed as exempting the BGE from the applicable requirements and/or prohibitions under existing laws, rules and regulations.
- e. No opinion will be issued by the Monetary Board in case the borrowing has already been partially or fully disbursed.
- f. The BGE shall request a new Monetary Board opinion should there be any increase in the loan amount in excess of ten percent (10%) or a change in the manner of acquisition of the project/s to be funded (i.e., whether for importation or local purchase) after a Monetary Board opinion has been issued: Provided, That no release has been made of the term loan/credit line. The BGE shall likewise request for new Monetary Board opinion for the renewal of credit line/s.
- g. BGEs that are unable to avail of their loan during the one (1) year validity period shall request for a new Monetary Board opinion on their proposed loan. They shall submit to the Bangko Sentral the required documents and information under Item "1" of Section III of this Appendix.
- h. BGEs need not request a Monetary Board opinion for a one-time short-term borrowing, but if the borrowing is a revolving credit line, the BGEs shall request said Monetary Board opinion.

III. Required documents and information

- a. *Request for Monetary Board opinion.* To support the request for Monetary Board opinion, the BGE must submit the following documents/information to Bangko Sentral:

(1) For GOCCs

- (a) Letter from the GOCC requesting Monetary Board opinion on its proposed loan (use the prescribed letter format attached as *Annex 1*). The letter should contain information on the following: loan amount; name of lending institution; for credit line/facility: type, purpose and date of expiry; for term loan: breakdown of specific project/s to be funded, cost and mode of acquisition (i.e., whether through importation or local purchase); interest rate; term/tenor; date of maturity; fees and other charges; lending institution's source of fund for the loan; and name/s of designated contact person/s responsible for coordinating with the Bangko Sentral along with contact information. The letter should certify that no disbursement, in full or partial amounts, has been made on the loan.
- (b) Copy of the specific provision in the GOCC's charter or its equivalent for GOCC's without original charters (which may pertain to the GOCC's Articles of Incorporation duly registered with the SEC), indicating its authority to borrow, including the borrowing limit, if any.
- (c) Board Resolution approving the proposed loan, its purpose, terms and conditions (pro-forma Board Resolution attached as *Annex 2*) or Corporate Secretary's certificate on the corresponding Board Resolution (pro-forma Corporate Secretary's certificate attached as *Annex 3*).
- (d) Department of Finance (DOF) comments on the proposed loan.
- (e) Endorsement/clearance of the proposed loan by the head of the line department or government agency with oversight functions over the borrowing entity, as applicable.
- (f) Information on outstanding loans (use the prescribed form attached as *Annex 4*).

(2) For LWDs

- (a) Letter from the LWD requesting for Monetary Board opinion on the proposed loan (use the prescribed letter format attached as *Annex 1*). The letter should contain information on the following: loan amount, lending institution; purpose with breakdown of specific project/s to be funded, cost, and manner of acquisition (i.e., whether through importation or local purchase); interest rate; term/tenor; fees and other charges; lending institution's source of fund for the loan; name/s of designated contact person/s responsible for coordinating with the Bangko Sentral along with contact information. The letter should certify that no disbursement, in full or partial amounts, has been made on the loan.
- (b) Board Resolution approving the proposed loan, its purpose and terms and conditions

(pro-forma Board Resolution attached as *Annex 2*) or Corporate Secretary's certificate on the corresponding Board Resolution (pro-forma Corporate Secretary's certificate attached as *Annex 3*).

(c) Endorsement/clearance of the proposed loan from the Local Water Utilities Administration (LWUA).

(d) Information on outstanding loans (use the prescribed form attached as *Annex 4*).

(3) *For SUCs*

(a) Letter from the SUC requesting for Monetary Board opinion on the proposed loan (use the prescribed letter format attached as *Annex 1*). The letter should contain information on the following: loan amount, lending institution; purpose with breakdown of specific project/s to be funded, cost, and manner of acquisition (i.e., whether through importation or local purchase); interest rate; term/tenor; fees and other charges; lending institution's source of fund for the loan; name/s of designated contact person/s responsible for coordinating with the Bangko Sentral along with contact information. The letter should certify that no disbursement, in full or partial amounts, has been made on the loan.

(b) Board Resolution approving the proposed loan, its purpose and terms and conditions (pro-forma Board Resolution attached as *Annex 2*) or Corporate Secretary's certificate on the corresponding Board Resolution (pro-forma Corporate Secretary's certificate attached as *Annex 3*).

(c) Endorsement/clearance of the proposed borrowing from the Commission on Higher Education (CHED).

(d) Information on outstanding loans (use the prescribed form attached as *Annex 4*).

The Bangko Sentral may request additional documents and information from the BGE or the lending institution, as may be deemed necessary, to support the request for Monetary Board opinion.

BGEs requesting Monetary Board opinion on proposed borrowings to be obtained from lending institutions other than BSP-supervised financial institutions (BSFIs), shall submit to Bangko Sentral a written request accompanied by the required documents/information enumerated above.

b. *Release of loan proceeds.* The lending institution shall require the submission of the Monetary

Board opinion on monetary and BOP implications prior to the release of the loan proceeds or the release of the first tranche, in case of loans with multiple tranches.

IV. Reportorial Requirements

- a. *Post-Borrowing Report (PBR)*. The BGE shall submit to Bangko Sentral, through registered mail addressed to the Director, Department of Economic Research (DER) or through electronic mail addressed to mbopinion_der@bsp.gov.ph, a post-borrowing report that will indicate, among others the actual amount of the loan availed as well as the final terms and conditions thereof within thirty (30) calendar days from the date of the full release of the loan proceeds or final availment of the credit facility (use the prescribed form attached as *Annex 5*).
- b. *Post-Loan Release Report (PLRR)*. The lending institutions shall submit to Bangko Sentral, through a letter addressed to the Director, DER or through electronic mail addressed to mbopinion_der@bsp.gov.ph, a semestral post-loan release report on GOCC/LWD/SUC loans granted in full within the last six (6) months that will indicate the actual amount of loan released as well as the final terms and conditions thereof, within thirty (30) calendar days after the end of each semester (use the prescribed form attached as *Annex 6*).
- c. *Sworn Certification on Lendings to BGEs*. The BSFIs shall submit, through a letter addressed to the appropriate supervising department of the Bangko Sentral, within fifteen (15) banking days after every semester, a duly notarized certification on loan releases to BGEs signed by the president or an officer of equivalent rank and the chief compliance officer. Such certification shall be considered as a *Category A-2* report for purposes of imposing fines on the delayed submission of required reports pursuant to existing regulation. (Use the prescribed form attached as *Annex 7*).

(Circular No. 926 dated 13 September 2016)

Annex 1

(Name of GOCC/LWD/SUC)

(Complete address)

(Contact number/s: telephone and facsimile)

Date: _____

The Governor
Bangko Sentral ng Pilipinas

b. Total loan amount (in Php million)	
c. Purpose/s	<p><i>Please provide breakdown of specific projects, including cost and mode of acquisition:⁵</i></p> <p>Project 1: (Project title/details) (Cost in Php million) (Mode of acquisition)</p> <p>Project 2: (Project title/details) (Cost in Php million) (Mode of acquisition)</p>
d. Interest rate (in percent per annum)	<i>Please indicate if fixed or floating</i>
e. Term/tenor (in no. of years)	
f. Repayment terms and conditions	
g. Lending institution's source of fund for the loan	

c. For bond flotation:

Details of proposed bond flotation	
a. Lender/investor	
b. Trustee bank	
c. Amount (in Php million)	
d. Bond name/label	
e. Purpose/s	<i>Please provide breakdown of specific projects, including cost and mode of acquisition</i>
f. Interest rate (in percent per annum)	
g. Term/tenor (in no. of years)	
h. Collateral/security	
i. Fees and charges	
j. Payment terms and conditions	
k. Borrowing capacity (in Php million)	
l. Financial advisor	
m. Underwriter	
n. Guarantor	

Relative to this, we would like to certify that no disbursement, in part or in full, has been made on the proposed loan.

Please find attached documents and information in support of our request, as follows:

For GOCCs:

- a. Board Resolution approving the proposed loan, its purpose, terms and conditions (Annex 2. Pro-forma Board Resolution) or Corporate Secretary's certificate on the corresponding Board Resolution (Annex 3. Pro-forma Corporate Secretary certificate);
- b. Data on the year-to-date outstanding borrowings (Annex 4. Pro-forma report on outstanding loans);
- c. DOF comments on the proposed loan; and
- d. Endorsement/clearance of the proposed loan by the head of the line department or government agency with the oversight functions over the borrowing entity, as applicable.

For LWDs:

- a. Board Resolution approving the proposed loan, its purpose, terms and conditions (Annex 2. Pro-forma Board Resolution) or Corporate Secretary's certificate on the corresponding Board Resolution (Annex 3. Pro-forma Corporate Secretary certificate);
- b. Data on the year-to-date outstanding borrowings (Annex 4. Pro-forma report on outstanding loans); and
- c. LWUA endorsement/clearance of the proposed loan.

For SUCs:

- a. Board Resolution approving the proposed loan, its purpose, terms and conditions
- b. (Annex 2. Pro-forma Board Resolution) or Corporate Secretary's certificate on the corresponding Board Resolution (Annex 3. Pro-forma Corporate Secretary certificate);
- c. Data on the year-to-date outstanding borrowings (Annex 4. Pro-forma report on outstanding loans); and
- d. CHEd endorsement/clearance of the proposed loan.

Also, please find below the name/s and details of our designated contact person/s whom you may coordinate with relative to this request for Monetary Board opinion:

1. (Name); (telephone/facsimile/mobile nos.); and (email address); ..

Very truly yours,

Name and signature
Head of GOCC/LWD/SUC

Name and signature
Lending institution's authorized
representative⁶

Annex 2

Form No. _____

BOARD MEMBERS' RESOLUTION

WE: _____, _____, _____, of legal age, after first being duly sworn in accordance with law, hereby depose and state:

That we are the members of the Board of Directors of _____, with office and principal place of business at _____.

That in a special meeting of the said Board of Directors of the aforesaid office held at _____ on _____ at which majority of the directors were present and acted throughout, the following resolution was unanimously passed and approved:

RESOLUTION No. XXX
Series of 20XX

"RESOLVED, that the (borrowing) with the (lending institution) is hereby APPROVED under the following terms and conditions:

Facility:	_____
Amount:	_____
Purpose:	_____
Term:	_____
Interest rate:	_____
Repayment terms:	_____
Security:	_____
Availability/expiry date:	_____
(other items in the list of terms and conditions)	

“RESOLVED, FURTHER, that the authority of the President and CEO to sign, countersign, execute and deliver any and all documents or papers necessary in order to effect the renewal of the aforesaid credit line be, as it hereby APPROVED.”

WE HEREBY CERTIFY that the above-quoted Board Resolution, a certified true copy of which is attached, is existing and has not been amended in whole or in part⁷.

IN WITNESS WHEREOF, WE have hereunto set our hands this _____ day of _____, 20XX, in _____, Philippines.

(MEMBERS' NAMES AND SIGNATURES OF APPROVAL)

SUBSCRIBED AND SWORN to before me this day of , 20xx affiant exhibiting to me their Community Tax Certificate:

Member's Name	CTC No.	Date issued:	Place issued:
_____	_____	_____	_____
_____	_____	_____	_____

Notary Public

Doc. No. _____

Page No. _____

Book No. _____

Series of _____

Annex 3

Form No.

CORPORATE SECRETARY'S CERTIFICATE

I: _____, _____, _____, of legal age, after first being duly sworn in accordance with law, hereby depose and state:

That in a special meeting of the said Board of Directors of the aforesaid corporation/office held at _____ on _____ at which majority of the directors were present and acted

throughout, the following resolution was passed and approved unanimously/by a majority:

RESOLUTION NO. XXX
Series of 20XX

“RESOLVED, that the (borrowing) with the (lending institution) is hereby APPROVED under the following terms and conditions:

Facility: _____
 Amount: _____
 Purpose: _____
 Term: _____
 Interest rate: _____
 Repayment terms: _____
 Security: _____
 Availability/expiry date: _____
 (other items in the list of terms and conditions)

“RESOLVED, FURTHER, that the authority of the President and CEO to sign, countersign, execute and deliver any and all documents or papers necessary in order to effect the renewal of the aforesaid credit line be, as it hereby APPROVED.”

I HEREBY CERTIFY that the above-quoted Board Resolution, a certified true copy of which is attached, is existing and has not been amended in whole or in part.⁸

(NAME OF SECRETARY, SIGNATURE AND DATE)

“IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of 20XX, in _____, Philippines.

(NAME OF CHAIRMAN/PRESIDENT, SIGNATURE OF APPROVAL AND DATE)

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20xx, affiant exhibiting to me their Community Tax Certificate:

Annex 5

For submission to the Bangko Sentral, through registered mail to the Director, Department of Economic Research, Bangko Sentral ng Pilipinas, A. Mabini St. cor. P. Ocampo St. Malate, Manila, 1004, or by electronic mail to mbopinion_der@bsp.gov.ph

POST BORROWING REPORT

Name of Borrower	
Monetary Board Resolution No.	
Date of Monetary Board Opinion	
Amount of Proposed Bond Loan	
Lending Institution	
Final Terms and Conditions	
Name of Facility	
Actual Amount of Loan*	
Purpose	
Interest Rate (Actual) If floating, please indicate base and spread	
Availment/Drawdown date ⁹	
Term (In Years)	
Maturity Date	
Grace Period	
Interest Payment (Frequency/Date)	
Principal Payment (Frequency/Date)	
National Government Guarantee	
Collateral Guarantee/Security	
Breakdown of fees and other related costs	
Other relevant terms and conditions	

Annex 6

For submission to the Bangko Sentral, through registered mail to the Director, Department of Economic

Research, Bangko Sentral ng Pilipinas, A. Mabini St. cor. P. Ocampo St. Malate, Manila, 1004, or by electronic mail to mbopinion_der@bsp.gov.ph

POST-LOAN RELEASE REPORT ON LOANS

Name of BSFI/lending institution: _____

Period covered, for the six (6) months ending (mm/dd/yyyy)

A. Loans granted in full for the semester

(1) Name of borrowing government entity (BGE)	(2) Loan amount applied for (in Php million)	(3) Monetary Board Resolution No. and date	(4) Actual loan amount released (in Php million)	(5) Final terms and conditions ¹⁰	(6) Date of initial loan release (mm/dd/yyyy)	(7) Date of final loan release (mm/dd/yyyy)	(8) Explanation for variance between loan applied and granted

B. Past-due loans for the semester

(1) Total no. of borrowing BGEs with payment due	(2) GOCCs/WDs/SUCs with delayed payment	(3) Loan Amount	(4) Loan Maturity	(5) Interest Rate	(6) Mode of Payment

Annex 7

Deadline: 15 banking days after end of reference semester

SWORN CERTIFICATION ON LENDINGS TO BORROWING GOVERNMENT ENTITIES

(Name of BSFI)

Pursuant to the requirements under Sec. 316 [Domestic borrowings by local government units pursuant to Section 123 of R.A. 7653; Domestic Borrowings by Government-Owned and/or -Controlled

Corporations (GOCCs), Local Water Districts (LWDs) and State Universities and Colleges (SUCs) pursuant to Section 123 of R.A. No. 7653; and Enforcement actions], we hereby certify that for the six (6)-month period ending <state reporting semester>:

- There were no loans released to borrowing government entities (BGEs) by <Name of BSFI>
- <Name of BSFI> had released loans to BGEs and that -
 - EXCEPT for loans in the attached list, loans released to BGEs were covered with Monetary Board opinions on the borrowings' probable effects on monetary aggregates, the price level and the balance of payments, pursuant to Section 123 of R.A. No. 7653, otherwise known as "The New Central Bank Act"
 - ALL loans released to BGEs were covered with Monetary Board opinions on the borrowings' probable effects on monetary aggregates, the price level and the balance of payments, pursuant to Section 123 of R.A. No. 7653.

Footnotes

1. The term 'borrowings' shall include credit lines of BGEs.
2. GOCCs shall cover agencies/institutions classified as such by the GOCC Governance Commission (GCG).
3. Information for Items "d" to "g" should be validated with the lending bank/institution.
4. Information for Items "d" to "g" should be validated with the lending bank/institution.
5. For mode of acquisition, please indicate whether for importation or local purchase; for acquisition or heavy equipment, please provide list of equipment.
6. The signature of the lending institution's authorized representative is required only for loan availments.
7. This sworn statement/certification executed by the approving members of the board should have exactly the same provisions as the actual Board Resolution. The said sworn statement is not necessary if a copy of the actual Board Resolution could be submitted which shows the original signatures of approval of the majority of the board members. In any case, the document submitted should explicitly authorize the borrowing transaction. It should likewise declare the particular purpose/s and respective costs involved, presenting these within the main body of the text of the document (not as attachment thereto) together with the other items of the terms and conditions.
8. This certification executed should have exactly the same provisions as actual Board Resolution. This is not necessary if a copy of the actual Board Resolution could be submitted which shows the original signatures of approval of the majority of the board members. In any case, the document submitted should explicitly authorize the borrowing transaction. It should likewise declare the particular purpose/s and respective costs involved, presenting these within the main body of the text of the document (not as attachment thereto) together with the other items of the terms and conditions.
9. Please indicate if on a staggered basis
10. Should at least include information on the maturity date, interest rate, and payment terms.