

**GUIDELINES ON THE PROHIBITION AGAINST THE USE OF FUNDS FROM  
NON-RESIDENT SOURCES FOR PLACEMENTS IN THE BANGKO SENTRAL'S TERM  
DEPOSIT FACILITY (TDF) AND OVERNIGHT DEPOSIT FACILITY (ODF)  
(Appendix to Sec. 601)**

The TDF and ODF are monetary policy instruments deployed by the Bangko Sentral for the purpose of managing domestic liquidity in the financial system. These facilities should not be made available for opportunistic investment activities funded from non-resident sources. Furthermore, placements in the TDF and the ODF are contractual in nature and thus, shall be governed by the intent of the contracting parties. In keeping with the nature of this facility, all eligible banks shall not place in the TDF and in the ODF funds obtained, directly or indirectly, from non-residents: Provided, That funds inwardly remitted by a foreign bank intended as capital of its branch or subsidiary in the Philippines shall be eligible for placement in the TDF and the ODF of the Bangko Sentral.

An eligible bank is required to submit to the Bangko Sentral's Treasury Department a notarized Letter of Undertaking (LOU) (Annex "A") committing it is qualified as a counterparty of the Bangko Sentral TDF and the ODF.

It is the responsibility of an eligible bank to have in place the appropriate internal policies and monitoring and assurance mechanisms consistent with its LOU.

The Bangko Sentral reserves the right to verify compliance with the above conditions. Whenever the Bangko Sentral has reason to believe that an eligible bank is unable or unwilling to comply with the terms and conditions for the access to the TDF or the ODF, the Bangko Sentral may limit, suspend, or deny access by the subject bank to the TDF and/or the ODF.

The eligible bank shall report to the appropriate supervising department of the Bangko Sentral all existing TDF and ODF placements not consistent with these guidelines. Such placements shall not be renewed and shall be terminated upon maturity.

*(Circular No. 995 dated 5 February 2018, 961 dated 02 June 2017, M-2016-016 dated 18 November 2016 and 913 dated 02 June 2016)*

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**Annex A**

(Institution's Letterhead)

Date: \_\_\_\_\_

The Treasury Department  
 Bangko Sentral ng Pilipinas  
 A. Mabini St., Malate, Manila

### Letter of Undertaking

Pursuant to Sec. 601, which prohibits the use of funds sourced from non-residents from being placed in the Term Deposit Facility (TDF) and in the Overnight Deposit Facility (ODF) of the Bangko Sentral, the (Name of Institution) hereby undertakes not to place in the TDF and in the ODF, as applicable, funds obtained from non-residents.

The (Name of Institution) shall put in place appropriate internal policies and monitoring and assurance mechanisms consistent with the above conditions. Furthermore, it shall make available pertinent information and documents requested by the Bangko Sentral to verify compliance with the terms and conditions on its access to the Bangko Sentral's TDF and ODF.

\_\_\_\_\_  
 (Treasurer)  
 Signature Over Printed Name

\_\_\_\_\_  
 (President or Equivalent Position)  
 Signature Over Printed Name

SUBSCRIBED AND SWORN TO before me this day of \_\_\_\_\_ at \_\_\_\_\_,  
 affiant/s exhibiting their \_\_\_\_\_, to wit:

NOTARY PUBLIC

Doc. No. \_\_\_\_\_;  
 Page No. \_\_\_\_\_;  
 Book No. \_\_\_\_\_;  
 Series of 20 \_\_\_\_\_;

**Annex B**

(Institution's Letterhead)

Date: \_\_\_\_\_

The Treasury Department  
 Bangko Sentral ng Pilipinas

A. Mabini St., Malate, Manila

### Letter of Undertaking

Pursuant to Sec. 601, which prohibits the use of funds sourced from non-residents from being placed in the Term Deposit Facility (TDF) and in the Overnight Deposit Facility (ODF) of the Bangko Sentral, the (Name of Trust Department/Trust Entity) hereby undertakes not to place in the TDF and in the ODF, as applicable, funds obtained from non-residents.

The (Name of Trust Department/Trust Entity) shall put in place appropriate internal policies and monitoring and assurance mechanisms consistent with the above conditions. Furthermore, it shall make available pertinent information and documents requested by the Bangko Sentral to verify compliance with the terms and conditions on its access to the Bangko Sentral's TDF and ODF.

\_\_\_\_\_  
 (Treasurer)  
 Signature Over Printed Name

\_\_\_\_\_  
 (President or Equivalent Position)  
 Signature Over Printed Name

SUBSCRIBED AND SWORN TO before me this day of \_\_\_\_\_ at \_\_\_\_\_,  
 affiant/s exhibiting their \_\_\_\_\_, to wit:

NOTARY PUBLIC

Doc. No. \_\_\_\_\_;  
 Page No. \_\_\_\_\_;  
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 Series of 20 \_\_\_\_\_;