



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 806

Series of 2013

Subject: The Establishment of Two Separate Rediscounting Windows

Pursuant to Monetary Board Resolution Nos. 1373, 2063.A and 1267 dated 9 September 2011, 13 December 2012 and 1 August 2013, respectively, establishing two separate rediscounting windows, Rediscounting Window I (RW I) for universal and commercial banks and Rediscounting Window II (RW II) for thrift, rural and cooperative banks, the following provisions of Section X269 and Subsections X268.2, X268.3, X269.2, X269.5, X269.6 and X269.10 of the Manual of Regulations for Banks, covering the guidelines of the Bangko Sentral ng Pilipinas Rediscounting Facility, are hereby amended as follows:

§ X268.2 Application Procedures. Banks applying for a rediscounting line shall submit their application in the prescribed form (RL Form No. 1) to the Department of Loans and Credit (DLC), BSP-Manila, together with the following documents:

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§ X268.3 Approval/Renewal of the Line. The approval/renewal of rediscounting line shall be subject to the bank's full compliance with the following requirements:

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Banks with approved rediscounting line shall, thereafter, submit the following:

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- b. For new applicant rural/cooperative banks with designated custodian bank, a tripartite depository agreement (RL Form No. 2) by and among the applicant bank, designated depository bank (duly concurred by its Head Office) and the DLC.

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Sec. X269. Rediscounting Availments. Banks shall enroll in the Electronic Rediscounting System (eRS) by executing and submitting to the DLC a notarized Electronic Rediscounting System Participation Agreement before availing of the rediscounting facility of the BSP.

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§ X269.2 Eligible Papers and Collaterals. The BSP shall accept credit instruments covering all economic activities except the following:

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Credit instruments acquired under commercial credits shall be secured either by:

Type of Collateral		Collateral Value
	xxx	
(6)	Marketable debt instruments issued by the NG and all its instrumentalities, including Republic of the Philippines US\$ denominated bonds or ROPs	Current market value shall equal or exceed the outstanding balance of the PN

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Credit instruments acquired under other credits shall be secured by:

Type of Collateral		Collateral Value
	xxx	
(5)	Marketable debt instruments issued by the NG and all its instrumentalities, including Republic of the Philippines US\$ denominated bonds or ROPs	Current market value shall equal or exceed the outstanding balance of the PN

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Unsecured loans may be accepted for rediscounting provided they are:

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- b. Loans secured by a duly registered mortgage on real property of the bank, seventy percent (70%) of the appraised value of which equals or exceeds the outstanding balance of the unsecured PN and other collaterals acceptable to the BSP, e.g., marketable debt instruments issued by the NG and all its instrumentalities, including Republic of the Philippines US\$ denominated bonds or ROPs.

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§ X269.5 **Maturities.** The maturities of BSP rediscounts are as follows:

Type of Credit	Maturity Date	
	RW I	RW II
a. Commercial Credits	180 days from date of rediscount but shall not go beyond the maturity date of the credit instrument	180 days from date of rediscount but shall not go beyond the maturity date of the credit instrument
(1) Export Packing		
(2) Trading		
(3) Transport		
(4) Quedan		
(5) Export Bills (EBs)		
At Sight	Fifteen (15) days from date of purchase	Fifteen (15) days from date of purchase
Usance EB	Term of draft but not to exceed sixty (60) days from shipment date	Term of draft but not to exceed sixty (60) days from shipment date
b. Production Credits	180 days from date of rediscount but shall not go beyond the maturity date of the PN. Renewable, not to exceed 180 days.	360 days from date of rediscount but shall not go beyond the maturity date of the PN
c. Other Credits	180 days from date of rediscount but shall not go beyond the maturity date of the PN (renewable depending on the type of credit).	360 days from date of rediscount but shall not go beyond the maturity date of the PN (renewable depending on the type of credit).

§ X269.6 **Rediscount/Lending Rates and Liquidated Damages.** The rediscount rates for peso, dollar and yen loans shall be as follows:

a. Peso Rediscounts

	RW I	RW II
Interest Rate	BSP one (1)-month repurchase (R/P) rate plus term premium:	BSP overnight reverse repurchase (O/N RRP) rate plus term premium:
30 days	BSP one (1)-month R/P rate	
90 days	BSP one (1)-month R/P rate + 0.0625	BSP O/N RRP rate
180 days	BSP one (1)-month R/P rate + 0.1250	BSP O/N RRP rate + 0.0625
360 days	n/a	BSP O/N RRP rate + 0.1250

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§ X269.10 **Monitoring and Credit Examination of Borrowing Banks.** The DLC shall conduct an off-site analysis of the BSP's credit exposure to borrowing banks and a risk-based on-site credit examination that will focus primarily on determining whether there is a "high", "moderate" or "low" probability of default on the settlement of the banks' rediscounting obligations with the BSP.

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Effectivity. This Circular shall take effect on 15 NOV 2013. From the effectivity of this Circular, thrift banks are given a sunset period of five years (i.e. until 15 November 2018) to access RW II, while rural and cooperative banks are given 10 years (i.e. until 15 November 2023). By 15 November 2023, all banks shall access only RW I.

FOR THE MONETARY BOARD:


NESTOR A. ESPENILLA, JR.
Officer-In-Charge

15 August 2013