



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

MEMORANDUM NO. M-2020- 017

To : All BSP-Supervised Financial Institutions (BSFIs)

Subject : Implementing Rules and Regulations (IRR) of Section 4(aa) of Republic Act (R.A.) No. 11469, Otherwise Known as the “Bayanihan to Heal As One Act”

All BSFIs are required to comply with Section 4 (aa) of R.A. No. 11469 or the “Bayanihan to Heal As One Act” and its Implementing Rules and Regulations (copy attached).

The attached IRR prescribes the guidelines for the implementation of R.A. No. 11469. It mandates all covered institutions to implement a 30-day grace period to all loans with principal and/or interest falling due within the Enhanced Community Quarantine (ECQ) period, without incurring interest on interest, penalties, fees and other charges. The 30-day grace period shall apply to each loan of individuals and entities with multiple loans.

Covered institutions shall not charge or apply interest on interest, fees and charges during the 30-day grace period to future payments/amortizations of the borrowers. They are likewise prohibited from requiring their clients to waive the application of the provisions of the “Bayanihan to Heal As One Act”. No waiver previously executed by borrowers covering payments falling due during the ECQ period shall be valid.

The accrued interest for the 30-day grace period may be paid by the borrower on staggered basis over the remaining life of the loan. Nonetheless, this shall not preclude the borrower from paying the accrued interest in full on the new due date.

The initial 30-day grace period shall automatically be extended if the ECQ period is extended by the President of the Republic of the Philippines.

For information and strict implementation.

BENJAMIN E. DIOKNO

Governor

Att: a/s

1 April 2020

**Implementing Rules and Regulations of Section 4(aa) of Republic Act No. 11469,
Otherwise Known as the “Bayanihan to Heal As One Act”**

**RULE I
PRELIMINARY PROVISIONS**

Section 1.01. Title. These rules (“Rules”) shall be known and cited as the Implementing Rules and Regulations of Section 4 (aa) of Republic Act No. 11469, otherwise known as the “Bayanihan to Heal as One Act”.

Section 1.02. Purpose. These Rules are issued to prescribe the guidelines and procedure for the implementation of Section 4(aa) of the “Bayanihan to Heal as One Act”.

Section 1.03 Interpretation Clause. These Rules shall be interpreted to harmonize with Section 4 (n) of the “Bayanihan to Heal as One Act” which provides that the President shall have the power to “ensure the availability of credit to the productive sectors of the economy especially in the countryside through measures such as, but not limited to, lowering the effective lending rates of interest and reserve requirements of lending institutions”.

Moreover, these rules shall be liberally construed to ensure the fulfillment of the policy objective of Section 4(aa) of the “Bayanihan to Heal as One Act”.

Section 1.04. Declaration of Policy. The COVID-19 pandemic has greatly affected nations worldwide, including the Philippines, and has caused and is continuing to cause loss of lives and disruption to the economy. Thus, there is an urgent need, among other things, to: (a) undertake a program for recovery and rehabilitation, including a social amelioration program and provision of safety nets to all affected sectors; (b) partner with the private sector and other stakeholders to deliver these measures and programs quickly and efficiently; and (c) promote and protect the collective interests of all Filipinos in these challenging times.

**RULE II
DEFINITION OF TERMS**

Section 2.01 Definition of Terms. As used in these Rules, the following terms shall mean:

- (a) “Covered Institutions” shall mean all lenders, including but not limited to banks, quasi-banks, non-stock savings and loan associations, credit card issuers, pawnshops and other credit granting financial institutions under the supervision of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), and Cooperative Development Authority, public or private, including the Government Service Insurance System, Social Security System and Pag-ibig Fund.



- (b) "Loan Amortization" means a scheduled periodic payment that is applied to both loan principal and/or interest.
- (c) "ECQ Period" means the Enhanced Community Quarantine period from 17 March 2020 to 12 April 2020 cited in Proclamation No. 929 dated 16 March 2020.
- (d) "Due Date" means the maturity date of the principal and/or interest, including amortizations falling within the ECQ Period.

RULE III

MANDATORY GRACE PERIOD

Section 3.01 Mandatory Grace Period. All Covered Institutions shall implement a 30-day grace period for all loans with principal and/or interest falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. The initial 30-day grace period shall automatically be extended if the ECQ period is extended by the President of the Republic of the Philippines pursuant to his emergency powers under the Bayanihan to Heal as One Act.

Section 3.02 Non-application of interests, fees and charges to future payments. All Covered Institutions shall not charge or apply interest on interest, fees and charges during the 30-day grace period to future payments/amortizations of the individuals, households, micro, small and medium enterprises (MSMEs), and corporate borrowers.

Section 3.03. Prohibition on waivers. Covered Institutions are prohibited from requiring their clients to waive the application of the provisions of the "Bayanihan to Heal as One Act", including among others, the mandatory 30-day grace period. No waiver previously executed by borrowers covering payments falling due during the ECQ Period shall be valid. Nonetheless, the grant of grace period by the above-mentioned Covered Institutions shall not preclude the borrowers from paying their obligations as they fall due during the period of ECQ should they so desire.

RULE IV

SCOPE OF APPLICATION

Section 4.01 Coverage. The mandatory thirty (30)-day grace shall apply to all loans with principal and/or interest, falling due within the ECQ Period. Loans shall mean loans extended by Covered Institutions to individuals, households, MSMEs, corporate borrowers, and other counterparties.

Section 4.02. Application to multiple loans. The mandatory 30-day grace period shall apply to multiple loans of individuals and entities, with principal and/or interest falling due within the ECQ Period. The grace period shall apply to each loan.



RULE V
EFFECT OF THE GRACE PERIOD

Section 5.01. Relief for loans. Borrowers whose loan/s with principal and/or interest falling due within the ECQ Period shall be entitled to avail of the 30-day grace period without incurring interest on interest, penalties, fees and other charges. For this purpose, no additional DST shall be imposed as a consequence of the relief so granted. Further, no DST shall be imposed on credit extensions and credit restructuring, micro-lending including those obtained from pawnshops and extensions thereof during the ECQ Period.

Section 5.02. Treatment of accrued interest. The accrued interest for the 30-day grace period may be paid by the borrower on staggered basis over the remaining life of the loan. Nonetheless, this shall not preclude the borrower from paying the accrued interest in full on the new date following the application of the 30-day grace period or extended grace period, as the case may be.

RULE VI
PENAL PROVISIONS

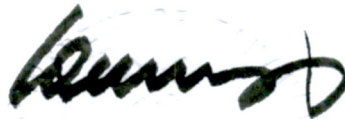
Section 6.01. Penalties. Violation of the provisions of these Rules shall be subject to the appropriate penalties set forth in the Bayanihan to Heal as One Act, as well as existing laws, rules and regulations.

RULE VII
EFFECTIVITY

Section 7.01. Separability Clause. Should any provision herein be declared unconstitutional or contrary to law, the same shall not affect the validity of the other provisions of these Rules.

Section 7.02. Effectivity. These Rules shall take effect immediately upon publication.

The Office of the National Administrative Register (ONAR) of the UP Law Center shall be provided three (3) certified copies of these Rules.



CARLOS G. DOMINGUEZ

Secretary

APR 01 2020

