

[BSP CIRCULAR NO. 813, September 27, 2013]

AMENDMENT ON MARKET VALUATION OF GOVERNMENT SECURITIES

Pursuant to Monetary Board Resolution No. 1504 dated 13 September 2013, to further define benchmarks and establish a robust pricing and valuation standard for debt securities, the market valuation of government securities are hereby amended as follows:

Section 1. Appendix 33a of the Manual of Regulations for Banks (MORB) and Appendix Q-20a of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) on market valuation of government securities are hereby amended to read as follows:

"x x x

"D. Peso-Denominated Government Securities

"The benchmark or reference prices shall be based on the weighted average of done or executed deals in a trading market registered with the SEC. In the absence of done deals, the simple average of all firm bids per benchmark tenor shall be used in calculating the benchmark; Provided, That the simple average of all firm offer per benchmark tenor shall likewise be included as soon as permissible under securities laws and regulations.

"x x x

"Other Guidelines

"The basis for the market valuation of non-benchmark securities shall be the same as those used in Peso-Denominated Government Securities in Section D above. In the absence of both done and bid rates, interpolated yields derived from the benchmark or reference rates in accordance with the BSP-approved guidelines for computation of reference rates in Section D above shall be used.

"x x x"

Section 2. Subsections X410.10 of the MORB and 4410Q.10 and 4910N.10 of the MORNBFI on "*Other Related Guidelines on Valuation of Allowable Investments*" are hereby amended to read as follows:

"a. In pricing debt securities, the provision of Appendix 33a/Appendix Q-20a under the "Other Guidelines" section shall apply for non-benchmark securities.

"x x x"