

[BSP MEMORANDUM, March 29, 2005]

REVISIONS TO SECTIONS 72 AND 73 OF CIRCULAR NO. 1389

Sections 2, 3 and 4 of Circular No. 478 dated 22 February 2005 approving the revisions to Sections 72 and 73 of Circular No. 1389 dated 13 April 1993, provides for -

- 1) The amendment of the Manual of Accounts for Expanded Commercial Banks and Commercial Banks and the Manual of Accounts for Thrift Banks by creating subsidiary ledger accounts under the general ledger account "Trading Account Securities - Loans"; and
- 2) The inclusion of the account "Trading Account Securities - Loans (Government Securities Purchased Under Resale Agreements - EFCDU/FCDU)" as eligible for the -
 - a) 100 percent asset cover requirement; and
 - b) 30 percent liquid asset cover requirement, if the term of the resale agreement is one (1) year or less.

To implement the aforesaid provisions, the following amendments in the BSP reportorial requirements shall be effected:

1. To unblock the EFCDU/FCDU portion of the monthly Consolidated Statement of Condition of Commercial and Thrift Banks so as to reflect the outstanding balances of "Government Securities Purchased Under Resale Agreement - FCDU/EFCDU" account;
2. To include in the SCHAD.DBF file (Additional Information Schedule) outstanding resale agreements with maturities of over one year;
3. To include in the Consolidated Report on Compliance with FCDU Cover Requirement, short term (maximum maturities of one year or less) Government Securities Purchased under Resale Agreements under the "FCDU Liquid Assets" and those outstanding Government Securities Purchased Under Resale Agreements with maturities of more than one year under the "Other Eligible FCDU Asset Cover".

The revised reporting format shall be implemented effective for reports as of 30 April 2005. The pertinent pages of the monthly Consolidated Statement of Condition, SCHAD.DBF file (Additional Information Schedule) under Annexes A to B.1 and the Consolidated Report on Compliance with FCDU Cover Requirement (Annex C for KBs/TBs) are attached for your guidance.

For strict compliance.

Adopted: 29 March 2005