

[BSP CIRCULAR-LETTER, s. 1993, May 20, 1993]

**REGULATIONS FOR THE IMPLEMENTATION OF CENTRAL BANK
CIRCULAR NO. 1392 DATED MAY 20, 1993**

The following regulations are hereby adopted for implementation of Central Bank Circular No. 1392 dated May 20, 1993.

1. No bank shall sell, discount, assign, negotiate, in whole or in part such as through syndications, participations and other similar arrangements notes, receivables, loans, debt instruments, and any type of financial asset or claim, except government securities, on a without recourse basis unless such receivables, notes, loans, debt instruments and financial assets or claims are registered with the Securities and Exchange Commission (SEC) or, when the transactions are with another financial intermediary with quasi-banking functions. However, the prohibition against the sale, discount, assignment, negotiation of unregistered commercial papers between a bank and its trust department still applies.
2. No bank shall be a party in any capacity, in any transaction involving the sale, discount, assignment, negotiation in whole or in part such as through syndication, participation and other similar arrangements of any note, receivables, loans, debt instruments and financial assets or claims, except government securities, among and between other parties on a without recourse basis unless such notes, receivables, loans, debt instruments and financial assets or claims are registered with SEC or, when the transactions are with another financial intermediary with quasi-banking functions.
3. The prohibited practices, arrangements and transactions enumerated under Subsection 1290.1a(1), (2) and (3) and 2290.1a(1), (2) and (3) of the Manual of Regulations for Banks and Other Financial Intermediaries, Books I and II, respectively, are made part of these regulations.

Any violation of the above rules and regulations shall be subject to any or all of the following sanctions:

1. Suspension of quasi-banking authority for a period of six (6) months; and
2. Monetary penalty of P500.00 per day per transaction for each and every officer of the bank involved in any capacity in any transaction violative of these regulations.

as may be approved by the Monetary Board.

This Circular-Letter shall take effect immediately.