

**[ BSP CIRCULAR NO. 1256, October 17, 1990 ]**

**SALE AND PURCHASE OF GOVERNMENT SECURITIES (GS) BY  
BANKS AND NON-BANK FINANCIAL INSTITUTIONS**

The Monetary Board, in its Resolution No. 1027 dated September 28, 1990, approved the following rules and regulations to govern the sale and purchase of government securities (GS) by banks and non-bank financial institutions:

1. Any sale of GS by banks and non-bank financial institutions to non-participants in the Book Entry System (BES) shall be evidenced by a Confirmation of Sale (COS) which shall contain as a minimum requirement the following features/information:
  - a. Complete description of the securities sold as to type, series, serial number, face amount, issue date, maturity date, yield, terms, final tax and selling price;
  - b. In case the GS sold are not covered by specific treasury bill/note certificate, in addition to the information under item "1" above, the number and date of the Securities Credit Memo (mentioned under item 1.d of the Central Bank Circular to All Accredited Government Securities Dealers dated December 21, 1988) given by the Central Bank to cover the original purchases and subsequent acquisitions and deposits of GS which the GS subject of the sale agreement are part of;
  - c. The phrase "Without Recourse", "Sans Recourse" or any combination of words of similar import that will convey the absence of liability or guaranty of liability by the selling bank shall be indicated in conspicuous print directly below the title "Confirmation of Sale"; and
  - d. The COS shall be serially pre-numbered and all unused forms shall be considered accountable forms.
2. The sale agreement and supporting documents such as the custodianship agreement in case the treasury bill/note to be sold will be left to the selling bank's custody, offering sheets and any other additional agreement that may be executed in connection with such sale agreement shall not contain any (a) provision that indicates an undertaking, guaranty, promise of the selling bank to buy from the purchaser of, (b) agreement on the part of the purchaser for the selling bank to repurchase for its own account, or (c) condition giving the purchaser the option to sell back to the selling bank, the securities subject of the sale/custodianship agreement at any time before the maturity of said securities;