

[BSP CIRCULAR NO. 266, November 07, 2000]

**RULES ON SETTLEMENT OF TRANSACTIONS INVOLVING
INTERBANK LOANS AND GOVERNMENT SECURITIES UNDER
REPURCHASE AGREEMENTS WITH THE BANGKO SENTRAL NG
PILIPINAS (BSP)**

The Monetary Board, in its Resolution No. 1813, dated October 13, 2000, approved the following amendments to the rules on settlement of transactions involving interbank loans and government securities under repurchase agreements with the Bangko Sentral ng Pilipinas (BSP).

Settlement Procedures for Interbank Loan Transactions and Purchase and Sale of Government Securities under Repurchase Agreements with the Bangko Sentral ng Pilipinas (BSP). Interbank loan transactions (call and term) among banks and non-bank financial intermediaries performing quasi-banking functions (NBQBs) and purchase and sale of government securities under repurchase agreements (GS/RP) between and among banks and NBQBs and BSP in connection with the latter's Open Market Operations shall be settled gross, on a trade-for-trade basis and with finality subject to the availability of balances in the deposit reserves maintained by banks in the BSP in accordance with the following procedures:

1. The lender, in the case of lending/borrowing and purchaser in GS/RP transaction, and the borrower, in the case of collection/repayment and repurchaser in a GS/RP transaction, should transmit an IBCL-MIPs (System) Fund Transfer Instructions (Instruction) to the Philippine Clearing House Corporation (PCHC) which shall forward the transaction electronically to BSP. Each transacting party shall use its confidential ID and password to activate the System and initiate/authorize its transaction. The electronic debit instruction shall undergo System authentication by the PCHC and BSP. Authentication confirms that the Instructions contain the proper approvals from authorized officers of the originating institution.
2. BSP shall settle in the deposit reserves maintained by banks and NBQBs in the BSP the individual interbank loan and GS/RP transaction within the following settlement time frame:

From 9:00 AM to 9:45 AM

Only lending/borrowing to cover shortfall in deposit reserves with BSP arising from the results of the AM Returned Checks and Other Clearing Items (COCI) Clearing conducted pursuant to Circular 214, valued on the same date as the date of original presentation of the COCI to PCHC and BSP regional clearing centers (RCCs).