

[BOT DEPARTMENT OF FINANCE CIRCULAR NO. 3-98, November 04, 1998]

PROCEDURE FOR THE RETAIL OF SMALL DENOMINATED TREASURY BILLS

**1.0
BACKGROUND**

1.1 Pursuant to the mandate of Sec. 129 of R.A. No. 7653 to phase out the fiscal agency functions of Bangko Sentral ng Pilipinas (BSP) and transfer the same to the Department of Finance (DOF), the latter designated the Bureau of the Treasury (BTr) to be the Fiscal Agent of the National Government.

1.2 Further, pursuant to DOF Circular 141-95, the issuance and servicing of government securities was also transferred to BTr.

1.3 Henceforth, the investments/placements of investors in Small Denominated Government Securities (SDGS) shall be transacted with BTr.

**2.0
PARTICIPANTS and their ROLES, DUTIES and OBLIGATIONS**

2.1 BUREAU of the TREASURY (BTr)

A. The BTr shall issue the SDGS on a TAP basis, price based on the Weighted Average Yield Rate of the last weekly auction.

B. The BTr shall be responsible in maintaining a fully scripless registry for government securities under the Small Investor s Program.

C. The BTr shall implement a fully electronic environment to cover the entire range of activities related to the issue, sale, service. retirement and redemption of government securities.

D. The BTr shall secure the necessary budgetary support for the implementation of Small Investor's Program.

E. The BTr agrees to provide the backroom support for the SDGS. Backroom shall cover: (a) recording the purchase or sale transaction; (b) the transfer of ownership of such securities; (c) servicing of interest payments, amortization and redemption of principal; and (d) maintenance of securities

accounts ledgers denoted by numbered accounts to ensure maximum investors confidentiality.

F. The BTr shall authorize the necessary interfaces to its RoSS to enable the SIP Retailing Platform Services to function effectively and efficiently.

G. The BTr shall be responsible for accrediting the agents and appointing settlement bank/s for the SIP. The BTr shall, in accordance with existing rules and regulations, adopt procedures for such accreditation and appointment.

H. The BTr shall issue SDGS corresponding to the amount stated on the individual purchase orders and credit the investor's RoSS account upon receipt of confirmed purchase orders.

I. The BTr shall issue a confirmation of the transfer of government securities.

2.2 SETTLEMENT BANKS (SB/s)

A. The SB/s shall open a settlement account for the investor who deposits funds with them for the SIP.

B. The SB/s shall log on to BTr to create a RoSS account number for the investor.

C. The SB/s shall provide BTr with the necessary information to facilitate the development of the settlement bank-related function within the SIP Retailing Platform for account opening and maintenance.

D. The SB/s shall process instructions from BTr based on the orders submitted by Licensed and Accredited Agents. It shall only process those investor accounts with sufficient funds for the amount corresponding to the purchase order and credit BTr's settlement account.

E. The SB/s shall accept or deny the instruction of BTr to debit the account of the investor and credit the account of BTr for investment in SGDS.

2.3 E-COMMERCE SERVICE PROVIDER (ECSP)

A. The ECSP shall provide the Secure Trading Platform (STP) that will link the agents in the field, the settlement bank and the Bureau of the Treasury.

B. The ECSP shall maintain a secure and confidential platform that will deliver the following:

- (1) Settlement account facility.
- (2) Acquisition of purchase order.
- (3) Submission of queued purchase orders to the settlement bank for authorization.