NATIONAL ADMINISTRATIVE REGISTER · SEPTEMBER 25, 1995

INVESTMENTS IN GOVERNMENT SECURITIES UNDER THE BOOK-ENTRY SYSTEM (BES) OF THE BANGKO SENTRAL NG PILIPINAS

IC CIRCULAR LETTER NO. 27-95, September 25, 1995

Read online (full-text search, related cases, audio case brief): https://batas.org/library/79ffc01d88ee/

Pursuant to the Memorandum Circular dated August 22, 1995 issued by the Bangko Sentral ng Pilipinas (BSP), implementing Monetary Board Resolution No. 920, dated August 16, 1995, on the limited participation in the Book-Entry System (BES) of the insurance companies, Mutual Benefit Association (MBAs) and of the Security Fund Accounts for both life and non-life sectors, the following requirements, rules and regulations are hereby promulgated.

A.
BSP and BES Eligible Participants

I. Memorandum Agreement (MOA) shall be made and entered into by and between the BSP and the aforesaid newly eligible BES participants, certified xerox copy of which to be furnished the Insurance Commission (IC). The IC as Administrator of the Security Fund, life and non-life accounts, shall also apply for inclusion in the Book-Entry System.

II. BES-eligible government securities (GS) shall be limited to those acquired by the insurance companies pursuant to Sections 191, 203 and 281 of the Insurance Code; mutual benefit association (MBA) and Security Fund, life and non-life accounts pursuant to Section 392 and 367, respectively, of the said Code.

III. Securities lodged in the BES shall be held and shall remain in the BES until maturity.

IV. Acquisition of BES-eligible GS shall either be through non-competitive primary awards during auctions or through secondary purchase from other BES participants, as follows:

A) Primary Purchase (Auction)

a) Non-Competitive

(1) Minimum amount of participation in the non-competitive bidding is P1.0 million.

(2) Participants shall submit accomplished tender forms to the BSP-Government Securities Department (GSD) duly signed by two (2) duly authorized signatories on or before auction date, Friday, for T-Bills and Tuesday for FXTNs together with a debit authorization from its depository bank.

(3) If tender is accepted, the BSP shall prepare at issue date (Wednesday for T-Bills and Thursday for FXTNs) the following to be released to the participant's representative;

(i) Acceptance/Rejection of Bill Tenders.
(ii) Securities Credit Memo accompanied by a Debit Advice debiting the Demand Deposit Account (D/D) of the participant's depository bank.

b) Competitive

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

The newly eligible BES Participants are not allowed to participate directly in the competitive bidding. However, they may course their bids through and Accredited GS dealer, which is also a BES Participant. All awards for the competitive category shall be credited to the accredited-dealer's securities accounts under the BES.

B) Secondary Trading (Between BES Participants)

(1) Participant can buy securities from an accredited GS dealer (AGSD)/other BES participant.

(2) The seller-participant shall simultaneously deliver to the GSD, BSP on the date of transaction the following documents:

(i) Confirmation on Sale (COS) - from seller
(ii) Confirmation of Purchase (COP) - from buyer

(3) the BSP, upon receipt of documents and verification of participant's securities account balance, shall prepare and release to the participant's authorized representative the following documents:

(i) Securities Account Debit Memo - to the seller (AGSDs of banks)
(ii) Securities Account Credit Memo - to the buyer (insurance company, mutual benefit associations and security fund accounts)

V. Redemption Procedures:

A) Upon maturity, the redemption shall be effected through automatic credit to participant's demand deposit account (D/D) with the BSP.

B) The BSP shall prepare and release to the participant's authorized representative the following documents:

a. Securities Account Debit Memo
b. Credit Advice Crediting the D/D Account

B.
Insurance Commission (IC) and BES-Eligible Participants

I. Withdrawal of Securities from the IC

A) IC notifies company of maturing securities one month before due date. Withdrawal shall be made subject to undertaking.

B) Upon withdrawal. BES-Participants shall execute an undertaking to submit the following proofs of newly acquired securities as replacement:

(1) If GS is acquired through auction, certified xerox copies of:

(i) BSP's Acceptance of Bill Tender
(ii) BSP's Securities Account Credit Memo
(iii) BSP's Debit Advice (Demand Deposit Acct.)

(2) If GS is acquired through secondary trading (with AGSD BES Participants) certified xerox copies of:

(i) Confirmation of Sale (COS) - from seller
(ii) Confirmation of Purchase (COP) - from buyer
(iii) BSP's Securities Debit Memo to the seller
(iv) BSP's Securities Account Credit Memo to the buyer

II. Replacement of matured securities in the BES Accounts

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

A) IC notifies company of maturing securities one month before due date.

B) Company is required to submit the following proofs of redemption/acquisition of securities:

(1) Redemption

(a) BSP's Securities Account Debit Memo
(b) BSP's Credit Advice (D/D account)

(2) Replacement

Same procedures as paragraph B.I. (B) on page 3

III. IC shall evaluate the BES Participant's compliance with the pertinent provisions of Sections 191, 203, 281, 392 and 367 of the Insurance Code based on the aforesaid documents.

IV. The BES Participants shall accordingly be advised in case of deficiency in the said requirements to make good said deficiency.

V. Not Eligible for inclusion in the BES Accounts

A) Non-GS deposits of Foreign Insurance Companies

B) GS deposits of companies without Certificate of Authority (CA)

This Circular Letter shall take effect immediately.

Adopted: 25 Sept. 1995

(SGD.) EDUARDO T. MALINIS
Insurance Commissioner

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.