



BANGKO SENTRAL NG PILIPINAS

**OFFICE OF THE DEPUTY GOVERNOR
FINANCIAL SUPERVISION SECTOR**

MEMORANDUM NO. M-2021-011

To : All BSP-Supervised Financial Institutions (BSFIs)

Subject : Reclassification of Debt Securities Measured at Fair Value to the Amortized Cost Category

The Monetary Board, in its Resolution No. 118 dated 28 January 2021, approved the amendments to the guidelines under Memorandum No. M-2020-022 dated 8 April 2020, to read, as follows:

xxx

The reclassification of debt securities shall be implemented in the following manner:

8. xxx
9. A BSFI which avails of the alternative accounting treatment under these guidelines and intends to revert to Philippine Financial Reporting Standards (PFRS) 9 shall classify its outstanding debt securities as of the start of the financial reporting period when such a decision will be made, i.e., 01 January, in the case of a BSFI that adopts a calendar year-end reporting period, or as of the first day of its fiscal year, in the case of a BSFI that adopts a fiscal year-end reporting period, as if the classification requirements of PFRS 9 had always been applied to the outstanding debt securities. The cumulative effect of such a reclassification shall be reflected as an adjustment to each affected component of the BSFI's equity at the start of the relevant financial reporting period in its prudential reports.

A BSFI may adopt the alternative accounting treatment under this Memorandum in its audited financial statements: *Provided*, That this is made in accordance with the provisions of Securities and Exchange Commission Memorandum Circular No. 32 dated 17 November 2020.

For guidance and implementation.

CHUCHI G. FONACIER
Deputy Governor

02 February 2021