

Date Issued: 03.14.2020

MEMORANDUM NO. M-2020-008

To: ALL BSP-SUPERVISED FINANCIAL INSTITUTIONS (BSFIs)

Subject: : Regulatory Relief for BSFIs Affected by the Corona Virus Disease 2019 (COVID-19)

The Monetary Board, in its Resolution No. 397 dated 13 March 2020, approved the granting of temporary regulatory and rediscounting relief measures to BSFIs. The Bangko Sentral recognizes that the outbreak of COVID-19 have potential significant impact on the operations of BSFIs in terms of risks related to exposures to borrowers and/or industries or businesses severely disrupted or affected by the COVID-19 as well as disruption in operations due to measures implemented to control the spread of virus such as lockdown situation, localized work suspension, heightened health and safety risks faced by BSFIs' employees and customers.

In this light, all BSFIs are eligible to avail of the regulatory relief package specified in Annex A within one (1) year from 8 March 2020, the date of declaration of the President of the state of public health emergency under Presidential Proclamation No. 922. The period of eligibility may be extended depending on the developments of the COVID-19 situation.

Prior to availment of the regulatory relief package, BSFIs shall submit, through the appropriate supervising department of the Bangko Sentral, the following:

1. Letter-notification stating the BSFI's intention to avail of the regulatory relief package, signed by the BSFI's President or officer of equivalent rank; Provided, That the notice shall specify, at a minimum, the specific relief measures to be availed and the affected offices of the BSFI; and
2. Resolution of the Board of Directors authorizing the BSFI to avail of the regulatory relief package.

The application of BSFIs for the availment of regulatory relief package shall be evaluated by the Bangko Sentral on a case-to-case basis. BSFIs are expected to ensure that the regulatory relief to be availed is suitable to their operations, situation and condition.

During the period of availment of regulatory relief, BSFIs, as applicable, are strongly encouraged to temporarily suspend all fees and charges imposed on the use of online banking platforms or electronic money, including those imposed on the use of Instapay or PesoNet electronic fund transfer. This will enable consumers to facilitate banking transactions during the COVID-19 situation.

For guidance and strict compliance.

CHUCHI G. FONACIER
Deputy Governor

ANNEX A

REGULATORY RELIEF MEASURES FOR BSP-SUPERVISED FINANCIAL INSTITUTIONS (BSFIs) AFFECTED BY THE CORONA VIRUS DISEASE 19 (COVID-19)

1. Allowing BSFIs to provide financial assistance under Sec. 135/135-Q (Loans, advances, and other credit accommodations to officers) of the MORB/MORNBFIs to officers who are affected even in the absence of Bangko Sentral-approved purposes or even if not within the scope of the existing Bangko Sentral-approved purposes, for the grant of loans, advances, or any other forms of credit accommodations to officers, subject to subsequent submission of request for approval of the purpose for the grant of loans, advances, or any other forms of credit accommodations to officers, within thirty (30) calendar days from the approval thereof of the BSFI's Board of Directors, to the appropriate supervising department of the Bangko Sentral for regularization.
2. Upon grant by BSFIs of a temporary grace period for payment or upon approval of the restructuring, but subject to reporting to Bangko Sentral, exclusion from the computation of past due ratio of the loans of borrowers in affected areas which should have been reclassified as past due under Sec. 304/303-Q of the MORB/MORNBFIs, from 8 March 2020, the date of declaration of the President of the state of public health emergency under Presidential Proclamation No. 922, including those loans becoming past due six (6)

months thereafter: Provided, That the exclusion shall be for a period of one (1) year from 8 March 2020, the date of declaration of the President of the state of public health emergency under Presidential Proclamation No. 922. For this purpose, Bangko Sentral documentary requirements for restructuring of loans may be waived: Provided, That the BSFI will adopt appropriate and prudent operational control measures.

3. Non-imposition of monetary penalties for delays incurred in the submission of all supervisory reports due to be submitted from 8 March 2020, the date of declaration of the President of the state of public health emergency under Presidential Proclamation No. 922, up to six (6) months thereafter.
4. Subject to prior approval of the Bangko Sentral, staggered booking of allowance for credit losses computed under Sec. 143/143-Q (Credit Classification and Provisioning) of the MORB/MORNBF, over a maximum period of five (5) years for all types of credits extended to individuals and businesses directly affected by COVID-19 as of 8 March 2020, the date of declaration of the President of the state of public health emergency under Presidential Proclamation No. 922.
5. Moratorium, without penalty, on monthly payments due to the Bangko Sentral, for a period of six (6) months from 8 March 2020, the date of declaration of the President of the state of public health emergency under Presidential Proclamation No. 922, for BSFIs with ongoing rehabilitation upon filing of application for extension/rescheduling with the Department of Loans and Credit.
6. Subject to prior approval of the Bangko Sentral, non-imposition of penalties on legal reserve deficiencies computed under Sec. 255/215-Q of the MORB/MORNBF, starting from reserve week following 8 March 2020, the date of declaration of the President of the state of public health emergency under Presidential Proclamation No. 922, up to six (6) months thereafter.

For All Rediscounting Banks¹

1. Upon application, grant of a 60-day grace period to settle the outstanding rediscounting obligations with the Bangko Sentral as of 8 March 2020, the date of declaration of the President of the state of public health emergency under Presidential Proclamation No. 922, of all rediscounting banks except those with serious violations or findings as may be determined by the Bangko Sentral: Provided, That interest shall be charged, but no penalty shall be imposed for the 60-day grace period.
2. In addition to the above, allowing the rediscounting banks to restructure with the Bangko Sentral, on a case-to-case basis, the outstanding rediscounted loans as of 8 March 2020, the date of declaration of the President of the state of public health emergency under Presidential Proclamation No. 922, of their end-user borrowers affected by the COVID-19, subject to the terms and conditions stated in the implementing guidelines (Appendix 133 of the MORB).
3. Allowing the relaxation of eligibility requirements by excluding the criteria on reserve requirement for the renewal of rediscounting line and for the availment of rediscounting loans from 8 March 2020, the date of declaration of the President of the state of public health emergency under Presidential Proclamation No. 922, up to six (6) months thereafter.

¹As governed by Section 282 of the MORB