

(TYPE IN YOUR LETTERHEAD, EXECUTE/ACCOMPLISH IN TRIPLICATE COPIES)

OATH OF UNDERTAKING

THAT, _____, an institution duly organized and existing under and by virtue of Philippine laws, with principal office at _____, herein represented by _____, in his capacity as the _____, hereby agree and undertake to abide and be bound by all the provisions of the herein Conventions for the Over-the-Counter Sale of Government Securities/Fixed Term Deposits to Government Owned and/or Controlled Corporations (GOCCs)/Local Government Units (LGUs) or Tax-Exempt Institutions (TEIs).

**CONVENTIONS FOR OVER-THE-COUNTER SALE OF
GOVERNMENT SECURITIES/FIXED TERM DEPOSITS TO
GOVERNMENT OWNED AND/OR CONTROLLED CORPORATIONS
LOCAL GOVERNMENT UNITS AND TAX-EXEMPT INSTITUTIONS**

1. PRIMARY PURCHASE

Primary purchase by of Government-Owned and/or Controlled Corporations/Local Government Units or Tax-Exempt Institutions of Treasury Cash Management Bills, Treasury Bills Treasury Bonds and Fixed Term Deposits shall be Over-the-Counter (OTC) of the Securities Origination Division (SOD), Bureau of Treasury (BTr) located at Room 203 2nd Floor, Palacio del Gobernador Building, General Luna Street, Intramuros, Manila.

2. PLACEMENT

Placement shall be made not later than 11:30 a.m., from Monday to Friday, for value and settlement on the same day of placement unless otherwise advised by the BTr.

3. AMOUNT OF PLACEMENT

Minimum amount of placement for GOCCs/LGUs shall be P100,000.00 and any excess thereof, shall be in even multiples of P100,000.00. For TEIs it shall be P1.0 million and any excess thereof, shall be in even multiples of P100,000.00.

4. **APPLICABLE YIELD RATES**

a. Treasury Cash Management Bills

The applicable yield rates shall be prescribed by the Secretary of Finance and shall be available by 2:30 p.m. Monday for T/Bills and Tuesday for T/Bonds. For TEIs it shall be the yield rates prescribed by the Secretary of Finance.

b. Treasury Bills

Treasury Bills issued to GOCCs, TEIs, or LGUs shall be priced in accordance with the rates prescribed by the Bureau of the Treasury (BTr) based on the rate corresponding to the auctioned government securities or current market yield rates/price whichever is applicable.

c. Treasury Bonds

The price shall be prescribed by the Bureau of the Treasury (BTr) based on the current market yield rates/price and the coupon rate shall be the coupon rate applicable for the immediately preceding auctioned T-Bonds or at rates prescribed by the Secretary of Finance.

d. Fixed Term Deposits

The applicable yield rates shall be prescribed by the Bureau of the Treasury and shall be available by 9:30 a.m. Tuesday.

5. **CALCULATION OF PURCHASE PRICE**

Calculation of the purchase price shall be carried to five decimal places on the basis of price per hundred.

6. **SETTLEMENT**

On settlement date, pursuant to the investing GOCC/TEI/LGU Autodebit/Autocredit Authorization, Landbank of the Philippines (LBP)/ Development Bank of the Philippines (DBP)/Bangko Sentral ng Pilipinas (BSP) shall debit investing GOCC/TEI/LGU account in their Bank and credit Treasurer of the Philippines Account in the same Bank. On maturity, the redemption value shall be credited to the GOCC/TEI/LGU account at the same bank. Likewise, the value of the coupon shall be credited to the same account unless specified otherwise.

7. **EVIDENCE OF OWNERSHIP**

BTr acknowledgement of the placement shall be the evidence of ownership. Transfer or sale of Government Securities/Fixed Term Deposits in the Book-Entry System of the BTr shall be effected by debiting the securities account of the seller and credit the securities account of the buyer. The pledge of security shall be effected by earmarking the security on behalf of the pledgee.

The GOCC/TEI/LGU hereby undertake to verify the acknowledgement of the placement upon its receipt from BTr to avoid the need for further confirmation and reconciliation later.

GOCCs/LGUs can sell its government securities prior to maturity to any GOCCs/LGUs maintaining securities accounts in the book-entry system of the Bureau of the Treasury or in RoSS or to any other accredited Government Securities Eligible Dealers (GSEDs). TEIs may sell their government securities prior to maturity only to other TEIs. Likewise, the GOCC/TEI/LGU may preterminate its fixed term deposit placements however, the following reduction in rates shall apply:

<u>% reduction</u>	<u>Period</u>
2%	less than ½ of the term of placement
1%	½ and above of the term of placement

Further, the GOCC/TEI/LGU shall give a written notice to BTr two (2) business days prior to its pretermination.

IN WITNESS WHEREOF, the undersigned institution have hereunto caused this presents to be signed by its duly authorized representative on this _____, day of _____, 20____ in the City of _____, Philippines.

(Name of Institution)

BY:

(Signature over printed name)

(Official Title)