

HANDBILL ON ELIGIBILITY TO BID FOR GOVERNMENT SECURITIES IN THE PRIMARY MARKET

I. Criteria for eligibility to participate in the auction

1. Only financial institutions licensed by Bangko Sentral ng Pilipinas (BSP), the Insurance Commission (IC) or the Securities and Exchange Commission (SEC) whose Articles of Incorporation includes dealing (buy and sell) in securities as a primary or secondary function, shall be eligible to participate in the primary sale of Government Securities by the Department of Finance through the Auction Committee.
2. - P100 Million unimpaired capital and surplus account;
- Compliance with statutory ratio as certified by licensing government agency
3. Deposit Account with Bangko Sentral ng Pilipinas (BSP) or Land Bank of the Philippines (LBP) for the settlement of the securities purchased / awarded.

II. Documentation Requirements

1. Signed Autodebit/Autocredit Authorization for the Bureau of the Treasury (BTr) to debit/credit applicant's settlement account with BSP or LBP for the settlement of the securities purchased/awarded, secondary trades and payment of monthly fees.
2. Duly signed and notarized Convention for Electronic Auction of Government Securities and Oath of Undertaking for the Registry of Scripless Securities

3. Certified list of authorized signatories with specimen signatures, for the the Autodebit/Autocredit Authorization, Convention, Tenders with Board Resolution.
4. Securities and Exchange Commission (SEC) registration / license as dealer in government securities.

III. Infrastructure Requirements

1. Registration with the Registry of Scripless Securities (RoSS) operated and maintained by the BTr.
2. Installation of Reuters Telerate terminal for bid submissions to BTr and receipt of awards.

IV. Procedures

1. Request the concerned licensing government agency for the certification required and address it to the Director, Liability Management Service (LMS), Bureau of the Treasury, 2nd Floor, Palacio del Gobernador Bldg., Intramuros, Manila.
2. Request Reuters Telerate to install bidding terminal at applicant's trading premises.
3. Submit to BTr the duly accomplished Conventions for Electronic Auction of Government Securities, Convention for the Registry of Scripless Securities, Autodebit/Autocredit Authorization, List of Authorized Signatories facsimile signatures, Board Resolution on Authorized Signatories, Application for registration with RoSS.
4. BTr's acknowledgement of all documents received constitutes the notification of eligibility to bid in the auctions of Government Securities conducted by the Auction Committee.

V. Obligations of Eligible Dealers

1. Regular participation in the electronic auction of Government Securities at reasonable and current market bid rates.
2. Position-taking and market-making in Government Securities.

VI. Definition of Terms

UNIMPAIRED CAPITAL AND SURPLUS means the combined capital accounts of a financial institution.

CAPITAL means the paid-in capital and surplus account.

SURPLUS means the excess of the assets over the liabilities and paid-in capital of the financial institutions but excluding the reserves set aside for valuation purposes and reserves for liabilities and deferred income tax and other capital adjustments.

VII. Other Information

The public offering of Government Securities is made through Reuters Telerate screens at the minimum three business days before auction day.

The electronic auction is held on Mondays for Treasury Bills and Tuesdays for Treasury Bonds.

Cut-off time for bids to be accepted is 1:00 P.M. in the BTr Auction Room, 2nd Floor, Palacio del Gobernador Bldg., Intramuros, Manila.

Auction awards are keyed-back from the Auction Room to dealers terminal immediately after the auction.

Auction awards are also electronically downloaded to RoSS immediately after the auction for secondary trading .

Settlement is on Wednesday for Treasury Bills and Thursday for Treasury Bonds.

Bureau of Treasury

Date : January, 2007