



Republic of the Philippines
KAGAWARAN NG PANANALAPI
KAWANIHAN NG INGATANG-YAMAN
(BUREAU OF THE TREASURY)
Intramuros, Manila



TREASURY CIRCULAR NO. **1-2025**
13 March 2025

**IMPLEMENTING GUIDELINES FOR THE PRIMARY DEALER SYSTEM
FOR GOVERNMENT SECURITIES**

1.0 PURPOSE

This Treasury Circular provides the Implementing Guidelines for the Primary Dealer System of Philippine Government Securities ("PD Guidelines").

2.0 LEGAL BASIS

- 2.1 The implementation of the Primary Dealer System is in accordance with the mandate of the Department of Finance ("DOF"), acting through the Bureau of the Treasury ("BTr"), to assist in the formulation of and execute policies on financial management, public borrowings and capital market development as stipulated under Chapter IV Section 29 of Executive Order (EO) No. 292 or the Administrative Code of 1987.
- 2.2 Section 4 of Republic Act No. 245, as amended, authorizes the Secretary of Finance to issue rules, regulations, and instructions pertaining to the issuance, placement, sale, service and redemption of Treasury Bills and Bonds. Under Chapter VII Section 129 of R.A. No. 7653, otherwise known as the "New Central Bank Act", the DOF, through the BTr, assumed specific fiscal agency functions from the Bangko Sentral ng Pilipinas.
- 2.3 Executive Order No. 449, s. 1997 mandates the Bureau to "issue, service, redeem government securities for the account of the NG as may be authorized by the President pursuant to law".
- 2.4 Section 36 of Department Order 141-95, as amended, directs the DOF, through the BTr, to prescribe the guidelines in which eligible financial institutions can participate in the primary sale of government securities and maintain this access, and provide implementing guidelines therefore.

3.0 OBJECTIVES

- 3.1 In accordance with the National Government's thrust to deepen government securities market liquidity, further develop the domestic debt capital markets, and address current market gaps, this PD Guidelines

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aims to:

- a. further develop the government securities market by establishing a pool of Primary Dealers with a set of obligations and privileges aimed at deepening the primary and secondary market;
- b. align obligations and privileges with international standards to ensure market competitiveness; and
- c. foster a transparent and dynamic system for both the recognition, derecognition and reinstatement of Primary Dealers to ensure all Primary Dealers actively contribute to the Government's capital and debt market development programs and initiatives.

4.0 DEFINITION OF TERMS

- 4.1 **"Government Securities"** or **"GS"** are debt instruments issued by the Republic of the Philippines ("ROP"), acting through the Bureau of the Treasury, for purposes authorized by law. These securities can be in the form of Treasury Bills, Treasury Bonds or in any other evidence of indebtedness authorized under the law.
- 4.2 **"Government Securities Eligible Dealers (GSEDs)"** refers to 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 in securities as a primary or secondary function.
- 4.3 **"Primary Dealer"** or **"PD"** refers to GSEDs recognized by the BTr and bound by obligations and privileges provided in this Circular.

5.0 ROLES AND RESPONSIBILITIES OF THE BTr

- 5.1 For the proper functioning of the Primary Dealer System and as aligned with its thrust to promote a vibrant government securities market, the BTr shall:
 - a. promote predictability of GS issuances by timely publishing its issuance program for a particular quarter;
 - b. promote market-making activity by identifying, on a quarterly basis, the list of GS for which two-way quotes will be provided by PDs;
 - c. publish the opening of the Tap Facility;
 - d. hold quarterly consultation meetings with PDs and, if it deems necessary, with GSEDs;
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- e. monitor performance of PDs and GSEDs in the primary and secondary market; and
- f. enter into a repo transaction with PDs on a last resort basis in aid of the latter's market-making obligation.

6.0 PRIMARY DEALER SYSTEM

6.1 RECOGNITION OF A PRIMARY DEALER

- a. A GSED certified to be in good standing by the relevant government regulator is eligible to become a Primary Dealer.
- b. The BTr will monitor GSEDs' performance following an internal scorecard model using a year's worth of data. The scorecard model will include both quantitative and qualitative elements and is broken down into:

Category	Obligation	Weight
Primary Market	Volume Awarded (Treasury Bills and Bonds) ¹	60%
	Regular Auction Participation ²	
Secondary Market	Share to Total Market Volume ³	20%
	Two-way Quoting ⁴	
Support to the ROP/BTr ⁵		20%

- c. The BTr will announce the list of recognized Primary Dealers in November 2025 and every year thereafter. The BTr reserves the right to set and revisit the number of Primary Dealers as it deems fit.

6.2 OBLIGATIONS OF PRIMARY DEALERS

Primary Dealers shall:

¹ Total volume awarded to the PD is compared against the total awarded volume by the BTr.

² Frequency of auction participation of PDs auctions

³ Percentage market share of a PD to total secondary market trading volume based on data provided by the Philippine Dealing & Exchange Corp. "PDEX")

⁴ Posting of two-way quotes shall be done on a daily basis and will be rated on a competitive benchmarking basis with quotes other PDs and actual trading data.

⁵ Sale and promotion of GS in both the domestic and international debt capital markets and capital market development initiatives/programs of the ROP/BTr

- a. regularly participate in auctions held by the BTr;
- b. achieve an awarded volume of at least 2% of the total amount successfully auctioned off for both T-bills and T-bonds on aggregate within a given quarter.
- c. support the development of a liquid secondary market of government securities by contributing to at least 2% share of total secondary market trading volume of GS for a given quarter.
- d. promote the development of a transparent secondary market by providing two-way quotes⁶ to clients which should be aligned with prevailing market conditions.
- e. support the sale and promotion of GS in both the domestic and international debt capital markets and capital market development initiatives/programs of the ROP/BTr.

6.3 PRIVILEGES OF PRIMARY DEALERS

By performing the foregoing obligations, Primary Dealers are entitled to:

- a. carry the exclusive status as a Primary Dealer for a period of one year unless sooner revoked for cause by the BTr.
- b. participate exclusively in GS auctions, through submission of competitive and non-competitive bids, subject to the auction rules prescribed by the BTr.
- c. exclusively access the BTr's Tap Facility under such terms and conditions set by the BTr.
- d. receive due consideration in terms of participation in special issues and liability management transactions of the BTr;
- e. participate in market consultations with the BTr.
- f. enter a repo transaction with the BTr to potentially source GS on a last resort basis under the terms and conditions as may be agreed between the parties.

6.4 MONITORING

Monitoring of primary and secondary market performance of PDs shall be conducted as follows:

- a. Daily Monitoring

⁶ Two-way quotes shall be posted daily and not later than 9:30 a.m. of each fixed income trading day in a relevant electronic page or financial market service platform accessible to the BTr and its clients.

Two-way Quotes are monitored daily through the PD's electronic page or financial market service platform.

b. Weekly Monitoring

- i. Auction performance is monitored on a weekly basis or as frequent as auctions are set.
- ii. Auction data will be gathered from the NroSS auction facility.

c. Monthly Monitoring

- i. Secondary market performance is monitored monthly based on data from PDEX.
- ii. Monthly performance reports of both primary and secondary market performance will be provided to PDs.

d. Quarterly Monitoring

- i. Quarterly reports on both primary and secondary market performance shall likewise be given out to PDs.
- ii. PDs will be notified of non-compliance to the obligations set by the BTr on a quarterly basis.

e. Annual Monitoring

The full year performance shall be the basis of the recognition of PDs.

6.5 RECOGNITION OF TOP PERFORMING PRIMARY DEALERS

The BTr shall recognize, on an annual basis, the top performing PDs. Information on the top performing PDs will be made publicly available on the BTr's website.

6.6 DERECOGNITION OF A PRIMARY DEALER

- a. Within ten (10) days after the end of each quarter, the BTr will notify a Primary Dealer if the obligations set hereunder are not met.
- b. Should the PD fail to comply with its obligations for two (2) consecutive quarters, the PD shall show cause why the BTr should not derecognize it as a PD. It shall likewise provide a catch-up plan to the BTr. In the event of continued non-performance for the ensuing quarter, the BTr reserves the right to remove the PD from the list.
- c. Once a PD is derecognized, BTr may recognize an eligible GSED to be a PD.



6.7 REINSTATEMENT

- a. A derecognized PD with the intention of being reinstated as a Primary Dealer must submit a letter to the Treasurer of the Philippines signifying such. It shall likewise submit a business and investment plan and show substantial improvement in its market performance.
- b. The BTr reserves the right to revisit the number of Primary Dealers as it deems economically necessary.

7.0 REPEALING CLAUSE

This Circular repeals Treasury Circular 01-2018 dated 19 February 2018 titled "Implementing Guidelines For The Enhanced Government Securities Eligible Dealers ("GSEDs") Program of the Bureau of the Treasury ("BTr").

All other issuances that are inconsistent with this Treasury Circular are hereby repealed or amended accordingly.

8.0 SEPARABILITY CLAUSE

If, for any reason, any part of the provision of this Treasury Circular is declared invalid or unconstitutional, any part or provision not affected thereby shall remain in full force and effect.

9.0 EFFECTIVITY

This Circular shall take effect immediately, and all other circulars, order or memorandum inconsistent herewith are hereby deemed revoked and/or modified accordingly.

ORIGINAL SIGNED
SHARON P. ALMANZA
Treasurer of the Philippines