

The Financial Sector

OUTCOME	STRATEGIES	ACTIVITIES	ACTUAL ACCOMPLISHMENTS 2004-2007	AGENCIES	PREVIOUS MEASURABLE OUTPUTS/TARGETS 2004-2010	REVISED MEASURABLE OUTPUTS/TARGETS 2008-2010
<p>1. Increase savings/GDP to 30 percent by 2010 through the development of the financial market to support an increase in investment ratio to 28% of GDP</p>	<p>A. Ensure a stable macroeconomic environment to reduce long-term risk by managing inflation</p>	<p>Manage inflation expectations by announcing inflation targets and intensifying information dissemination on the concept of inflation targeting and core inflation</p> <p>• Continued conduct of IT briefings and information campaign on specific issues which have a bearing on inflation</p>	<p>2005: 7.6% 2006: 6.2% 2007: 2.8% 2008: 9.3%</p> <p>BSP explained the deviation of actual inflation vis-à-vis targets in its Open Letters to the President on January 2006 and January 2007:</p> <p>(1) improvements in the operational guidelines in the conduct of monetary policy; (2) improvements in the tools used in the formulation of monetary policy; and (3) implementation of measures towards attaining greater transparency in the implementation of monetary policy</p>	<p><u>BSP</u>, NSO, NEDA</p> <p><u>BSP</u></p>	<p>Average annual inflation rate 2005: 4.0-5.0% 2006: 4.0-5.0% 2007-2010: 3.0-4.0%</p>	<p>2007: 4.0-5.0% 2008: 4.0% ±1% 2009: 3.5% ±1% 2010: 3.5% ±1% (shift from range inflation target to a point inflation target with a tolerance interval of plus or minus (±) one percentage point)</p> <p>The DBCC updated the inflation targets starting 2007 to reflect recent developments</p>

The Financial Sector

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		<p>Mitigate impact of cost push pressure (e.g., cost of energy, food, among others) on the economy through the umbrella of the National Price Coordinating Council (NPCC) chaired by DTI</p> <ul style="list-style-type: none"> • Shifting to least costly source of energy and reducing dependence on imported energy sources; promoting use of energy-saving devices; and time of use/demand management practices; • Improving agri-industry productivity and ensuring timely and adequate importation of basic food items and agricultural inputs; and • Improving logistics and transport systems 	<p>BSP conducted around 40 public information campaigns in selected cities nationwide</p> <p>NPCC held regular meetings to discuss supply and price developments of basic and prime commodities in the market</p>	<p><u>DTI</u></p> <p><u>DOE</u></p> <p><u>DA</u></p> <p><u>DPWH,</u> <u>DOTC</u></p>	<p><i>(please see Chapter 10: Energy Independence)</i></p> <p><i>(please see Chapter 2: Agribusiness)</i></p> <p><i>(please see Chapter 6: Transport Infrastructure)</i></p>	

The Financial Sector

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	<p>B. Promote a stronger, stable and deeper financial system—</p> <p>1. Accelerate reduction of nonperforming assets</p>	<p>Intensify implementation of the cleanup of banks' balance sheet through expedient and innovative disposition of nonperforming assets</p> <p>Consider the extension of the Special Purpose Vehicle (SPV) Law</p> <p>Prioritize the provision of alternatives for banks to dispose their nonperforming assets apart from availing of incentives through the SPV Law</p>	<p>2004: PhP430.4 billion or 11.4% 2005: PhP345.0 billion or 8.6% 2006: PhP276.5 billion or 6.2% 2007: PhP239.7 billion or 5.2% As of October '08 NPL 4.0%; NPA 4.8%</p> <p>The SPV Act of 2002 was extended until 2008</p> <p>The BSP issued Circular No. 518 on March 9, 2006 (Joint Venture Agreement of Banks With Real Estate Development Companies); approved joint venture agreements of three banks with a total book value of PhP5.5 billion</p>	<p><u>BSP</u></p> <p><u>AMLC, BSP</u></p> <p><u>BSP</u></p>	<p>Continuing reduction preferably by half in banks' nonperforming assets, by 2010</p> <p>Issuance of guidelines on alternative modes available for banks to dispose their nonperforming assets</p>	<p>Continuing reduction in banks' nonperforming assets, preferably by half by 2010 to bring the current asset quality indicators closer to the pre-crisis level of around 4%</p>

The Financial Sector

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	<p>2. Prevent and minimize systemic risks by strengthening supervision and regulatory framework in accordance with international standards</p>	<p>Enhance existing framework to fully implement the consolidated and risk-based approach to supervision</p>	<p>Implementation of RBCA framework in line with provisions of Basel II in July 2007 for the standardized approach</p> <p>The PSE adopted the RBCA rule for Securities Brokers and Dealers in 2004 and was fully implemented in 2006. PSE is currently overseeing implementation for member broker dealers</p> <p>80% of all licensed insurance companies has complied with risk based capital adequacy requirement</p> <p>Implementation of a time-bound prompt corrective action (PCA) framework</p> <p>BSP rationalized measures on rediscounting, overnight clearing line, emergency</p>	<p>BSP, PDIC, SEC, IC, PSE, CDA, IHAP, ICAP, Federation of Preneed Companies</p>	<p>Compliance with BIS standards</p> <p>Full implementation of RBCA regime for providers of financial services and products under SEC regulation/ supervision by 2005</p> <p>Full implementation of RCBA regime by the insurance industry by 2005</p>	<p>Full compliance of the banking system on Risk-based Capital Adequacy requirements (RBCA) in line with the Basel II provisions by 2007 for standardized approach and by 2010 for internal rating-based approach</p> <p>Full compliance by 2010</p> <p>Completion of prompt corrective action (PCA) within two years by 2011</p>

The Financial Sector

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		Implement the necessary infrastructure for the flow and exchange of information	<p>lending and lending to the PDIC to adequately cover the credit risks of BSP</p> <p>Implementation of Phase 1 of the Data Warehouse (DW) Project</p> <p>Established the Central Point of Contact (CPC) which:</p> <ul style="list-style-type: none"> (1) Serves as point of contact between the BSP and the banks; (2) Serves as the centerpiece for performing continuous prudential supervision on the banks supervised by the BSP; (3) Works closely with the onsite examination units to ensure that information presented to senior management remains true and accurate; and (4) Ensures that examination recommendations and deficiencies are addressed in a timely manner and is responsible for maintaining 	BSP, PDIC, SEC, IC, PSE, CDA		Reports of Examination (ROE) and Institutional Overviews (IO)

The Financial Sector

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		<p>Reinforce powers of regulatory agencies such as SEC, AMLC, BSP, CDA, and others with the following, when applicable:</p> <ul style="list-style-type: none"> • Legal protection; • Access to bank records in an investigation; • Ability to obtain freeze orders; and • Examination/Field investigation/ Visitorial powers over regulated companies and their auditors <p>Reinforce the implementation of the antimoney laundering guidelines through the issuance of operating guidelines in the formulation of control measures and procedures against money</p>	<p>the Institutional Overview, Supervisory Plan and offsite CAMELS ratings</p> <p>Rule of Procedure in Cases of Civil Forfeiture, Asset Preservation, and Freezing of Monetary Instrument, Property, or Proceeds Representing, Involving, or Relating to an Unlawful Activity or Money Laundering Offense under RA 9160, as amended was issued by the Supreme Court in December 2005</p> <p>Supplementary initiatives were undertaken by the IC with the issuance of circulars in 2006 and the self-rating form on their AMLA compliance</p>	<p><u>SEC, BSP, AMLC, DOJ, CDA</u></p> <p><u>IC, CDA, BSP, SEC, PDIC</u></p>	<p>Drafting of the proposed Civil Asset Forfeiture Sharing and Management Law in 2005</p>	

The Financial Sector

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		<p>laundering and financing terrorism</p> <p>Strengthen SEC enforcement actions through effective coordination (to include mutual assistance and information/intelligence sharing as may be appropriate) with the DOJ, Supreme Court, NBI, and Philippine Judicial Academy by means of enhancing its law enforcement partners' capability to investigate and prosecute securities fraud cases</p>	<p>SEC assisted PHILJA in the conduct of trainings</p>	<p>SEC, DOJ, SC, PHILJA, NBI, PNP, PCTC</p> <p>PHILJA should be lead, also CDA</p>	<p>Agreements reached and enforced in 2005 and subsequent years (demand-driven)</p> <p>Training on securities-related crimes for commercial court judges and prosecutors to commence in the first quarter of 2005</p> <p>100% commercial courts judges and prosecutors to commence in the first quarter of 2005</p> <p>Conduct SEC-NBI or SEC-PNP joint surveillance and enforcement activities from 2005 to 2010 aimed towards prosecuting violators of the SRC and other SEC-administered laws and regulations (demand-driven)</p>	

The Financial Sector

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		<p>Drafting and formulating the necessary prudential rules and regulations for the effective regulation, supervision, and examination of credit cooperatives</p> <p>Capacity-building for CDA and other stakeholders to implement an effective regulation and supervision of credit cooperatives</p> <p>Strengthen the consolidated supervision mechanisms via closer cooperation / coordination among the financial services regulatory agencies to:</p> <ul style="list-style-type: none"> • Rationalize the incentive structure for the financial sector to achieve competitive parity 	<p>Manual of Rules and Regulations was presented to the CDA Board of Administrators on Jan. 24, 2006. It was signed by the President on Oct. 16, 2007</p> <p>The meetings of the Financial Sector Forum (FSF) in 2005 focused on projects relating to consumer protection, information exchange and disclosure issues as well as enhancements to existing supervisory tools and alignment of regulations on issues that are of mutual concern to the member agencies</p> <p>- Creation of technical</p>	<p><u>DOF-NCC, CDA</u></p> <p><u>DOF-NCC, CDA, BSP</u> with possible assistance from donor agencies</p> <p><u>SEC, BSP, IC, PDIC, CDA</u></p>	<p>Strengthened capability of CDA to implement effective regulation of credit cooperatives by 2007</p> <p>Intensified coordination among the regulatory agencies through the Financial Sector Forum (FSF) through various measures for entities regulated by both the BSP and SEC effective 2005:</p> <ul style="list-style-type: none"> • Identification of guiding principles and supervisory 	<p>Intensified coordination among the regulatory agencies through the Financial Sector Forum (FSF) and implement the following measures between 2006 to 2008:</p> <ul style="list-style-type: none"> • Identification of guiding principles and supervisory boundaries to facilitate the resolution of problems or issues concerning

The Financial Sector

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		<p>across bank and nonbank sectors</p> <ul style="list-style-type: none"> • Ensure consistency of rules and regulations intended for promoting a level playing field • Ensure that overlaps/gaps in supervision are minimized • Rationalize accreditation requirements of market participants • Address concerns on unlawful and unethical business practices through financial literacy • Advance efforts to establish an overall framework for the exchange of information among financial regulators, both local (through the FSF) and foreign 	<p>working groups</p> <ul style="list-style-type: none"> - Proposal to create a banking commission - Provision of appropriate framework for consumer protection with increased public exposure to e-banking and use of ‘plastic currency’ or credit cards and the creation of a Consumer Affairs Group (CAG) within the Supervision and Examination Sector (SES) to handle various depositor complaints including the closure of their banks - The BSP and the PDIC have agreed on the parameters for the joint examination of banks - Revision of the General Information Sheet (GIS) of the SEC <p>BSP: Signed an MOU or Exchange of Letters (EOL) with the following counterpart central banks: (1) China Banking Regulatory Commission (China)</p>		<p>boundaries to facilitate the resolution of problems or issues concerning regulated entities-</p> <ul style="list-style-type: none"> • Implementation of risk-based capital adequacy standards • Conduct of joint audits of regulated entities • Harmonization of content, format and frequency of filing of reports by dually regulated entities • Measures undertaken to address supervision gaps or overlaps 	<p>regulated entities-</p> <ul style="list-style-type: none"> • Implementation of risk-based capital adequacy standards • Conduct of joint audits of regulated entities • Harmonization of content, format and frequency of filing of reports by dually regulated entities • Measures undertaken to address supervision gaps or overlap • Implement a rationalized accreditation requirements for all market participants • Implement a three-year consumer protection and education campaign plan to equip consumers with adequate, timely and relevant information about financial products

The Financial Sector

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		<p>(through a MOA with 10 counterpart central banks)</p> <p>Intensify coordination and consultation among government agencies, market participants and private sector groups through the:</p> <ul style="list-style-type: none"> • Implementation of a long-term development plan or blueprint for the Non-Bank Financial Sector 	<p>– MOU, Oct. 18, 2005; (2) Financial Services Authority (UK), EOL, Jan. 15, 2007; (3) Financial Supervisory Commission (Taiwan), MOU, Jan. 31, 2007; (4) Federal Financial Supervisory Authority (Germany), MOU, Feb. 9, 2007; and (5) Hong Kong Monetary Authority (Hong Kong, SAR), MOU, March 7, 2007</p> <p>Finalized and started the implementation of the “The Capital Market Development Plan: Blueprint for Growth and Expanded Contribution to the Philippine Economy (Blueprint) 2005-2010” which articulates the various strategic objectives that seek to stimulate the</p>	<p>SEC, CMDC, DOF, BSP, BIR, IHAP, and ICAP</p> <p>CDA</p>	<p>Development and approval of the concept and policy blueprint by 2004 (Capital Market Development Plan)</p>	<p>and services</p> <ul style="list-style-type: none"> • Establish an overall framework for the information exchange through the FSF and adopt the minimum set of ground rules for the sharing of information with eight remaining monetary authorities by 2008

The Financial Sector

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		<ul style="list-style-type: none"> • Creation of a Financial Governance Council composed of senior officials with legal distinction and standards of accountability <p>Prepare a coordinated disaster recovery plan to ensure uninterrupted operations or the timely reopening of financial sector institutions in the aftermath of a catastrophic event</p> <p>Implement one recovery plan for the whole financial sector</p>	<p>growth, efficiency, and competitiveness of the capital market over the next five years”</p> <p>Financial Sector Forum that partly addresses this concern in terms of financial governance dimension as identified in the CMDC blueprint</p> <p>The BSP has issued several guidelines requiring financial institutions under its supervision to submit their respective updated business continuity plans, taking into account eventualities which could prevail based on experience</p> <p>The IC required insurance companies (fire and allied peril business) to secure a minimum amount of catastrophe excess of loss reinsurance protection equivalent to 5% of their aggregate net retained insured values against</p>	<p>DOF</p> <p><u>SEC, BSP, PDIC, IC, CDA</u></p>	<p>Formation of an interagency task force by December 2004</p> <p>Design of disaster recovery plan by December 2005</p> <p>Dry run by 2006</p>	

The Financial Sector

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	3. Improve market liquidity	Establish a Fixed-Income Exchange	<p>earthquake, typhoon and flood.</p> <p>Insurance companies submit on a quarterly basis a duly accomplished form citing therewith the 12 month aggregate of their portfolios. The Commission monitors the accuracy of the reports.</p> <p>Fixed Income Exchange launched in 2005 - interdealer market (GS trading)</p> <p>Corporate debt trading started in November 2007 - enrollment of inter-professional market</p> <p>Liquidity in the capital markets was also improved when the Bureau of the Treasury (BTr) undertook its Debt Consolidation Program wherein it exchanged eligible bonds with relatively small outstanding volumes for new series. Benchmark</p>	<p>BSP, SEC, FINEX, DOF, HGC, IHAP, BAP, MART, Phil Dealing System</p>	<p>Launch of interbank trade of GS by end of 2004</p> <p>Public trading of GS in 2005 Corporate debt trading in 2006</p>	

The Financial Sector

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		<p>Creation of a forward market (for public trading of GS)</p> <p>Development of local derivatives market under BSP supervision</p> <p>Enhance PSE competitiveness through:</p> <ul style="list-style-type: none"> • Improvement in the liquidity for secondary market transactions through the following initiatives: 	<p>Bonds which are more liquid and are, therefore, intended to trade more efficiently in the secondary market. By creating such bonds, the National Government (NG) aims to improve markets for investors and lower its borrowing costs over time.</p> <p>2004 turnover Value: PhP206.6 billion</p> <p>2008 turnover Value: PhP763.9 billion</p>	<p><u>MART</u></p> <p><u>PSE</u>, SEC, BIR</p>	<p>Increased turnover to 100% by 2010</p>	<p>Creation of forward market (for public trading of GS)</p>

The Financial Sector

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		<p>1. Enforce compliance with public float requirements</p> <p>2. Issuance of the IRR for Securities Borrowings and Lending Facility</p>	<p>In 2006, the free-float based methodology for computing the index was adopted. Under this method, companies with higher free float levels are given more weight in the index. Likewise, companies must comply with a minimum free-float level requirement to be included in the index. The PSE subsequently proposed a rule requiring listed companies to disclose their public float for SEC's approval in 2006.</p> <p>The SEC approved PSE's Rules on Securities Borrowing and Lending for its trading participants in November 2006.</p> <p>BIR issued Revenue Regulation No. 10-2006 dated June 23, 2006 on the tax treatment of securities transactions involving PSE listed securities and Revenue Regulation No.</p>	<p><u>SEC, PSE</u></p>		

The Financial Sector

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		<p>3. Modification to short-selling restrictions;</p> <ul style="list-style-type: none"> • Develop new products and services • Strengthen the independence of PSE's market regulation and surveillance. 	<p>5-2007 dated March 6, 2007 for the tax treatment of securities transactions involving securities listed in the PDEX.</p> <p>The PSE approved the revised rules on short selling in October 2007 and was submitted to SEC for consideration. The SEC relayed its comments on the proposed revisions.</p> <p>The newly created Capital Markets Development Division (CMDD) under the reorganized PSE shall spearhead the development of new products. Securities products in the pipeline are the SBL, Derivatives, Depositary Receipts, Real Estate Investment Trusts (REIT), and Exchange Traded Funds (ETF).</p> <p>The CSG was restructured into the new Market Regulation Division (MRD), which actively monitors trading activities,</p>		<p>Issuance of IRR in December 2004 and implementation in 2005</p> <p>Modification to short selling rules by January 2005</p> <p>Beefing up of Business Development Department to enforce plans of newly created Task Force handling new products</p> <p>CSG restructuring to be completed by 2005</p>	

The Financial Sector

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		<ul style="list-style-type: none"> • Encouraging the new listings of securities in the PSE: <ol style="list-style-type: none"> 1. Listing of shares of top 1,000 corporations; 2. Listing of bonds issued to retail investors and OFWs <u>under 1 institution</u> 3. Listing of mandated BOI-registered companies/DOE attached agencies 	<p>detects manipulative attempts and protects investors from possible abuses. The MRD is overseen by an independent Market Integrity Board to strengthen institutional integrity.</p> <p>The PSE agreed with BOI officers to encourage BOI-registered companies to offer to the public and list their shares at PSE. As a result, two PEZA/BOI companies have listed.</p>	<p><u>SEC, PSE, BTr, BOI, DOE</u></p>	<p>Task Force to draft marketing strategies to target associations/ industry groupings in the last quarter of 2004</p> <p>Launching targeted at the first half of 2005</p> <p>At least two BOI-registered companies to list in 2005; BOI to closely monitor compliance of 85 identified firms from 2004 to 2010</p>	

The Financial Sector

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		<p>4. Listing of Small and Medium Enterprises</p> <p>Prepare the environment for the establishment of an alternative trading system (ATS)</p> <p>Develop mortgage-backed securities market by:</p> <ul style="list-style-type: none"> • Drafting IRR on Securitization including the establishment of a secondary mortgage institution; 	<p>One ATS application approved</p> <p>SEC formulated and submitted inputs on the proposed Implementing Rules and Regulations (IRR) of the Securitization Act of 2004 to the</p>	<p><u>SEC</u></p> <p><u>SEC</u>, <u>HUDCC</u>, <u>BSP</u>, <u>DOF</u>, <u>FINEX</u>, <u>IHAP</u>, <u>CMDC</u>, <u>NHMFC</u>, <u>PAG-IBIG</u>, <u>HGC</u>, <u>GSIS</u>, <u>SSS</u></p>	<p>Conduct regular roundtable discussion with CEOs of targeted companies from associations/industry groupings (e.g., Chinese Federation, Phil. Chamber of Commerce and Industry, PEZA, and SMEs) in 2005 and onwards.</p> <p>Application for ATS is demand-driven but the target is at least one ATS application approved by the first semester of 2005 and in operation within the same year.</p> <p>Market with a high level of liquidity that facilitates reliable and efficient price discovery</p> <p>Implementation of Rules, Guidelines, Circulars, or measures from 2005 to 2010 intended for enhancing</p>	

The Financial Sector

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	<p>Increase capitalization to promote liquidity, financial deepening, and intensify investor confidence</p>	<p>Issue a directive to all insurance companies brokers and MBAs on the need to increase their paid-up capital on a staggered basis starting from 2006 to 2010</p>	<p>Congressional Oversight Committee</p> <p>The Implementing Rules and Regulations (IRR) of the Securitization Act was issued on May 25, 2005. The IRR provides for, among others, the creation of a secondary mortgage institution (SMI) that shall be primarily responsible for providing a liquidity mechanism to primary mortgage lenders/holders as well as in developing a secondary market for mortgage and housing-related asset-backed securities (ABS).</p> <p>The IC issued insurance memo circulars relative to the increase in capital of all insurance companies, insurance brokers, and mutual benefit associations</p>	<p>IC</p>	<p>the development and stability of the domestic debt market (demand-driven)</p> <p>Capital build-up from PhP50 million in 2005 to PhP175 million in 2010</p>	<p>Staggered capital build-up from PhP50 million in 2005 to PhP175 million in 2010</p>

The Financial Sector

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		<p>of equity and debt securities:</p> <ul style="list-style-type: none"> • Migrate from checks to electronic payment system; • Expand Delivery vs Payment coverage to investor level and across all instrument types; • Develop custody activities for equity and debt securities; and • Dematerialization of all securities; 	<p>using the PhilPaSS</p> <p>RTGS (PhilPaSS) was launched as a mode of settlement by brokers of their Due Clearing obligations effective March 12, 2007. The settlement banks have likewise stopped issuing Manager's Checks for the Realignment process and instead, have been using RTGS since Jan. 8, 2007.</p> <p>As a matter of policy, the PSE requires that all offer shares subject of IPOs, follow-on offerings and stock rights offering, must be duly lodged with the PDTC prior to the scheduled listing date of the offer shares. The option in the Application Forms to have a stock certificate has been removed. A stockholder who intends to have physical certificates may request to uplift the shares after listing date.</p>			

The Financial Sector

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		<p>Sustain reforms in corporate governance by aligning corporate practices and financial reporting structures with international best practices:</p> <ul style="list-style-type: none"> • Strengthening role of independent directors for public companies; 	<p>The Code of Corporate Governance for publicly listed companies requires their directors to attend a corporate governance seminar prior to their assumption of duties as directors.</p> <p>IC to issue a code of corporate governance to be followed by all stakeholders as well as a self-rating form to monitor their compliance; require officers and directors of companies to attend a seminar on corporate governance</p>	<p>SEC, BSP, IC, PDIC, PSE, Institute of Corporate Directors</p>	<p>Independent directors requirement by 2006</p>	<p>IC: 100% compliance</p>

The Financial Sector

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		<ul style="list-style-type: none"> • Adopting the International Accounting Standards and International Standards for Auditing in SEC's rules and regulations; and • Implementing certification procedures for at least one officer or director of financing companies, investment houses, fund managers, distributors and mutual fund/ investment companies and preneed plan 	<p>The PSE and SEC implement the requirement under the SRC Sec. 38 for publicly listed companies to have at least two independent directors or 20 percent of the members of the board, whichever is lesser.</p> <p>PSE: The PSE and SEC require listed companies to submit financial statements compliant with the International Accounting Standards on a quarterly and annual basis.</p> <p>IC: 60% compliance</p> <p>In 2004 and 2005, the PSE conducted seminars for the training and certification of the compliance officers of member brokers.</p>		<p>Full adoption of IAS and ISA by 2005</p> <p>Conduct of seminars to prepare them for the written examinations (will commence in 2004 and sustained in subsequent years)</p>	

The Financial Sector

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	5. Tap savings through new financial products	<p>companies certified by examination as compliance officers</p> <p>Support the passage of the Lending Companies Regulation Act (LCRA)</p> <p>Tap new financial products (e.g., small dominated financial bonds for OFWs and shares in privatization of government assets)</p>	<p>The Lending Company Regulation Act of 2007 (RA 9474) was passed on May 22, 2007. SEC drafted the corresponding Implementing Rules and Regulations (IRR), shortly thereafter.</p>	<p>SEC, BSP, DOF, DTI, LEDAC, PSE, Congress</p> <p>DOF, GSIS, SSS, LEDAC, SEC, IC, AFP-RSBS, DND Congress, Phil. consulates/ embassies abroad (in countries with large concentration of OFWs) include CMDC</p>	<p>Submission of the draft bill for enactment by the 13th Congress</p>	

The Financial Sector

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	<p>7. Remove tax Distortions</p> <p>(Instead of Remove Tax Distortions)</p> <p>Harmonize tax treatments of different financial</p>	<p>citizens the benefits of investing and developing the Philippine capital market through savings and long-term investments in enterprises selling various market instruments such as commercial papers, bonds, shares of stocks, and government securities.</p> <p>Undertake relevant policy paper that will review the financial structure (i.e., withholding tax of long term investments, 5% premium on life insurance/ annuities, DST on insurance and annuities) and determine appropriate</p>	<p>in February 2007 in line with plans to develop a training module to be used in pre-departure briefings for OFWs on the basics of investing in the different SEC-registered investment instruments/products. Accordingly, a SEC-OWWA Memorandum of Agreement is being drafted for this purpose.</p> <p>14 regional sorties on financial literacy/public information campaign</p> <p>BSP to go to key countries with high OFW concentration</p> <p>Study was conducted by Dr. Medalla and Zambrano and Gruba Law Offices under the EMERGE project in cooperation with CMDC.</p>	<p>OWWA)</p> <p><u>DOF, BIR,</u> SEC, BSP, CMDC</p>	<p>2005</p> <p>Policy paper prepared within the first semester of 2005</p>	

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	<p>instruments and institutions</p> <p>C. Rationalize government pension and retirement schemes</p>	<p>measures to remove tax distortions (e.g., nonuniform tax treatment) among competitive financial products and/or financial services as well as their respective providers.</p> <p>Update actuarial study, which shall be the basis for determining the increase in members' contribution to ensure that the financial condition of pension funds is actuarially sound</p>	<p>Increased SSS members' contribution by 1 percentage point (ppt) in 2003 and another 1 ppt in January 2007.</p> <p>Since 2001, the SSS started to mark to market its various assets to reflect its current value, in compliance to Philippine Accounting Standards No. 39.</p> <p>GSIS is currently implementing mark-to-</p>	<p><u>CMDC, DOE, BSP, IC, SSS, GSIS, AFP-RSBS</u></p>	<p>Increased SSS members' contributions beginning 2005 by:</p> <ul style="list-style-type: none"> - 1 ppt (without benefit enhancement); or - 2 ppt (with benefit enhancement) <p>of which, the timetable of ppt increases to be determined by actuarial studies</p> <p>Adoption of mark-to-market pricing for SSS and GSIS</p>	

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	D. Advocate the necessity of fast tracking financial sector reforms to achieve financial sector targets	<p>Introduce a clear set of credentials or qualifications that will become the basis for the appointments to the boards of main pension providers namely the SSS and the GSIS. Board appointees should also pass “Fit and Proper” tests; and</p> <p>Designate an appropriate agency as Pension Fund regulator.</p> <p>Prioritize the passage of the following pending bills: 1) BSP Charter Amendment 2) Amendment to the Insurance Code</p>	<p>market pricing</p> <p>Included in the draft amendments of RA 8282 (SSS Law) which is being finalized for submission to Congress</p> <p>(DOF: -According to IFG, the plan to designate an appropriate pension fund regulator has been shelved temporarily)</p> <p>Bill was refiled at the 14th Congress</p> <p>Bill was submitted to 13th Congress and yet to be refiled at the 14th Congress</p>	<p><u>DOF, SEC</u> <u>*IC,*SEC,</u> <u>*BSP</u></p> <p><u>BSP,</u></p> <p><u>IC,</u></p>	<p>Formulation of guidelines for appointments to boards of SSS, GSIS</p> <p>Draft legislation that will designate the Pension Fund Regulator by 2005</p> <p>Submission of draft bill to the 13th Congress</p>	<p>Creation an IAC for 2008 to study/draft legislation</p> <p>Agencies to champion the passage of eight priority bills in Congress by 2010.</p>

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		3) Pre-Need Code	Bill was refiled at the 14 th Congress	<u>SEC, IC</u>		
		4) Securities and Regulation Code Amendments	Bill was submitted to 13 th Congress and yet to be refiled at the 14 th Congress	<u>SEC</u>		
		5) Personal Equity and Retirement Account Act	Passed and signed into law as RA 9505.	<u>BSP</u>		
		6) Credit Information Systems Act	Passed and signed into law as RA 9510.	<u>BSP</u>		
		7) Amendment to Coop Code and CDA charter	Coop Code was passed by both Houses and enrolled by Senate. CDA Charter bill was refiled at the 14 th Congress.	<u>CDA</u>		
		8) Collective Investment Schemes Law (formerly Revised Investment Company Act)	Bill was refiled at the 14 th Congress.	<u>SEC, PSE</u>		

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2. Increase lending to 3 million entrepreneurs and triple lending to SMEs	A. Increase SME access to financing	<p>Support the passage of other important bills:</p> <p>1) Corporate Recovery Act</p> <p>2) Amendments to the Bank Deposits Secrecy Law</p> <p>3) AMLA amendments</p> <p>4) Amendment to the Savings and Credit Cooperative Bill</p> <p>5) Amendment to Corporation Code</p> <p>6) Amendment to the SSS Law</p> <p><i>(Please see Chapter 1: Trade and Investment)</i></p>	<p>Bill was refiled at the 14th Congress.</p> <p>Bill was refiled at the 14th Congress.</p> <p>Bill was refiled at the 14th Congress.</p> <p>Bill was refiled at the 14th Congress.</p> <p>Bill was refiled at the 14th Congress.</p> <p>Bill was refiled at the 14th Congress</p>	<p><u>SEC, BSP, LEDAC</u></p> <p><u>SEC, BSP, AMLC, DOJ, Congress, CDA</u></p> <p><u>AMLC</u></p> <p><u>CDA, DOF-NCC</u></p> <p><u>SEC, BSP, LEDAC</u></p> <p><u>SSS</u></p>	<p>Submission of draft bill to the 13th Congress</p> <p>Submission of draft bills to Congress by 1st semester of 2005. Consideration of amendment to AMLA by 2007.</p> <p>Submission of draft bill by the first semester of 2005</p>	<p>Agencies to support the passage of the bills by the 14th Congress</p> <p>Target submission: 2008</p>

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	Introduction of Micro Insurance in the Phils. aimed at making insurance accessible to the needy	Promotion of micro insurance program nationwide through road shows, meeting cooperative leaders to promote its importance	Proclamation 1212 of January 2007 and every January thereafter as National Micro Insurance month	IC		40% of the population insured by year-end 2010 with the additional coverage from sales of micro insurance