

FREQUENTLY ASKED QUESTIONS ON THE INTRADAY SETTLEMENT FACILITY (ISF)

1. What is the ISF of the Bangko Sentral ng Pilipinas (BSP)?

The ISF is an automated liquidity facility wherein eligible participants in the Peso Real-Time Gross Settlement (RTGS) Payment System may obtain funds from the BSP through a sale and repurchase mechanism. Proceeds from ISF availments may be used by Peso RTGS Payment System participants to fund their queued or expected outgoing payments in the Peso RTGS system (*PhilPaSS^{plus}*).

The ISF aims to prevent gridlock in the RTGS system due to timing mismatch in the settlement of large-value payments.

2. Is the ISF available to all Participants in the Peso RTGS Payment System?

Yes. All direct participants in the Peso RTGS payment system may avail of the ISF provided that they meet all the following criteria for eligibility and register to participate in the ISF:

- a. The applicant must fall under the category “Participants with Settlement Accounts (SAs)”;
- b. The applicant must own eligible securities registered in their name in the Bureau of the Treasury’s (BTr) Enhanced National Registry of Scripless Securities (NRoSS); and
- c. The applicant must be in good standing in the Peso RTGS Payment System and not otherwise disqualified to avail of the ISF.

3. How can a Peso RTGS participant register to gain access to the ISF?

In order to register in the ISF, a participant must submit a duly accomplished ISF Registration Form, together with the signed and notarized ISF Terms and Conditions, to the Payments and Settlements Department (PSD) for the creation of an ISF account.

The ISF Registration Form and further instructions were deployed through an email advisory to the Peso RTGS participants on 08 February 2024. Said form may also be downloaded from the BSP website through the following link:

https://www.bsp.gov.ph/PaymentAndSettlement/ISF_Registration_Form.pdf

The duly accomplished ISF Registration Form may be submitted either in hardcopy format or electronically with the Summary Statement Form to rtgs@bsp.gov.ph by any authorized email sender of the participant.¹

4. Is further paperwork required after registration to avail of the ISF?

No. The ISF is a fully automated facility. All ISF transactions will be performed online. There is no further paperwork required for submission to the BSP and/or the BTr after registration.

5. Are registration and use of the ISF required for all Peso RTGS participants?

No. Registration and use of the ISF are not required. Only those participants who are interested in availing of the ISF need to register.

6. Is there a deadline for ISF registration?

None. The ISF registration is an ongoing process. Eligible participants may register at any time.

7. How can a Peso RTGS participant avail of the ISF?

A participant intending to avail of the ISF during the business day must transfer eligible securities to the BSP-ISF direct account in the NRoSS. The transfer of securities may be done directly by a participant using the NRoSS Workstation Module, if it has an NRoSS direct account, or through its sponsor, if it has no NRoSS direct account.

The transferred securities will be valued by the ISF system and such value will be reflected in the participant's ISF account in the RTGS system.

A participant may avail of the ISF by transferring the desired amount from its ISF account to its SA in the RTGS system.

8. Can a participant without a direct account with the NRoSS participate in the ISF?

Yes. An ISF participant without a direct account with the NRoSS may be sponsored by its broker/dealer that has a direct NRoSS account. The sponsored ISF participant should request its sponsoring broker/dealer to transfer its securities on its behalf.

¹ as registered using the [Email Address Registration Form](#) available on the Payments and Settlements page on the BSP website

9. Can a Peso RTGS participant have more than one (1) sponsor for ISF transactions?

Yes. The ISF Registration Form permits sponsored clients to list multiple sponsoring financial institutions (FIs) and their corresponding NRoSS account numbers.

10. Which SA will be credited in case of ISF availment through NRoSS sponsorship?

In case a Peso RTGS participant is sponsored in the NRoSS, the value of its transferred securities shall be credited to its own (and not the sponsor's) ISF account in the RTGS system.

11. What securities are eligible for use in the ISF?

Peso-denominated scripless National Government securities that are free and unencumbered and with remaining maturity of 11 days to 10 years are eligible for ISF transactions. Said securities must be owned by the participant and registered under its name in the NRoSS.

12. Can BSP Securities be used to avail of the ISF?

No. BSP securities cannot be used to avail of the ISF.

13. At what point will the securities be valued?

The ISF system shall perform the valuation of securities once they are transferred to the BSP-ISF direct account in the NRoSS.

14. How are eligible securities valued for use in the ISF?

Eligible securities are valued using the appropriate previous day market/benchmark rates, as prescribed by the Securities and Exchange Commission (SEC)-licensed benchmark administrator, subject to a haircut.

15. Can a participant transfer multiple securities on a given business day?

Yes. A participant can transfer any number or amount of eligible securities multiple times on a given business day.

The transfer period is from 9:00 AM to 5:15 PM during normal operation, and 1:00 PM to 5:15 PM on an extended end-of-day scenario.

16. How does the ISF work if multiple securities are placed in the ISF?

Multiple eligible securities with varying maturities may be placed in the ISF on the same day. The corresponding values of the securities are pooled in the ISF.

17. Do securities need to be transferred on a daily basis?

Yes. A participant who intends to avail of the ISF on a particular business day must transfer securities on the same day before availing of the facility.

Transferred securities that are unsold to the BSP or repurchased by the participant are returned to their original NRoSS account at the end of the business day.

18. How soon can a participant avail of the ISF from the time it transfers securities in the NRoSS?

Since the NRoSS is interlinked with the ISF system and the RTGS system, there is a gap of only a few minutes between the time the securities are transferred in the NRoSS to the time that the value of said securities appears in the participant's ISF account in the RTGS system.

A participant may avail of the ISF by transferring the desired amount from its ISF account to its SA in the RTGS system. This transfer may be done in real-time.

19. Can a participant avail of the ISF multiple times on a given business day?

Yes. A participant may avail of the ISF multiple times during a business day, provided that its total availments does not exceed the total value of its transferred securities.

The availment period is from 9:15 AM to 5:29 PM during normal operation, and 1:15 PM to 5:29 PM on an extended end-of-day scenario.

20. Do participants have to maximize their ISF availment?

No. Participants have control over the amount they choose to avail from the ISF and the number of availments they choose to make.

Any transferred security that is unsold to the BSP by the end of the business day is returned to its original NRoSS account.

21. What are the transaction costs involved in ISF?

The ISF itself has no cost. Likewise, any transfer of amounts from a participant's ISF account to its SA has no charge.

However, regular *PhilPaSS^{plus}* fees apply to inter-account transfers from the participant's SA. Moreover, should the participant avail of the Extended ISF, it shall pay a fee at a penal rate equivalent to the Overnight Lending Facility (OLF) rate plus 600 basis points.

22. How can a participant monitor its ISF account balance?

ISF availments and money settlements may be monitored through the available channels of the RTGS system, whichever is applicable to the participant.

23. How can a participant repurchase its securities?

At 5:30 PM on a given business day, the ISF system shall automatically process the repurchase of securities sold by the participant to the BSP under the ISF.

If the funds in the SA of the participant are sufficient to fully repurchase the securities, the repurchase shall be executed. However, should the participant's SA balance be insufficient, the ISF shall be automatically converted to Extended ISF and the participant shall be given until 11:00 AM the next business day to repurchase the securities covered by the Extended ISF.

Between 9:00 AM and 11:00 AM on the next business day, the ISF system shall automatically process the repurchase of securities under Extended ISF.

If the funds in the SA of the participant are sufficient to fully repurchase the securities, the repurchase shall be executed and the corresponding fee shall be settled in the RTGS system.

24. In case of multiple ILF availments, can the participant choose not to repurchase all securities sold to the BSP?

No. All availments made during the business day are added up and considered as one (1) availment. The participant must repurchase all the securities covered by said availment on an all-or-nothing basis.

25. What will happen when the ISF is converted to Extended ISF?

Availing of Extended ISF has the following consequences:

- a. A participant shall not be allowed to transfer securities or avail of ISF while it has an existing Extended ISF; and
- b. Extended ISF is subject to a fee at a penal rate equivalent to the OLF rate plus 600 basis points.

26. What will happen if the participant's SA balance is insufficient to repurchase the securities it sold to the BSP?

Should the funds in the SA of the participant at 5:35 PM be insufficient to fully repurchase the securities sold to the BSP earlier in the business day, the participant's ISF shall be automatically converted to Extended ISF. The participant shall be given until the next business day to repurchase the securities covered by the Extended ISF.

Should the SA balance of the participant between 9:00 AM and 11:00 AM of the next business day be insufficient to cover the participant's Extended ISF availment, the participant shall no longer be allowed to repurchase the securities covered by said Extended ISF.

27. How are ISF transactions recorded?

ISF transactions are booked as sale and repurchase transactions, while Extended ISF is booked as an overnight sale and repurchase transaction.

28. Can a participant use securities placed under both its direct NRoSS account and through a sponsor?

Yes. This is a business decision left to the discretion of the participant making ISF availments.

29. Can freed-up securities from the Overdraft Credit Line (OCL) be transferred to the ISF?

Yes. Eligible securities freed up from the OCL may be used for the ISF.