



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. _____ Series of 2025

Subject: Guidelines on the Adoption of a Digital Marketplace Model

The Monetary Board, in its Resolution No. ____ dated _____, approved the guidelines governing the activities of banks and electronic money issuers (EMIs) in a digital marketplace model. This will allow banks and EMIs to augment and swiftly scale their traditional and core financial products and services with third-party product/service offerings and make all these products/service available through its own digital marketplace platform to meet evolving customer demands. By presenting third-party products/services in their digital platforms, banks and EMIs remain focused on their core business, while at the same time, provide broader suite of related products and services for a more tailored and holistic customer experience, and build greater consumer trust.

The Bangko Sentral, therefore, provides an enabling environment that supports digital marketplace activities and at the same time sets forth expectations on governance and risk management capabilities of banks and EMIs in managing the attendant risks, particularly in the areas of operational, reputational, Information Technology (IT) and money laundering (ML), terrorist financing (TF), and proliferation financing (PF) risks, as well as upholding the standards on consumer protection, market conduct, and data privacy and sharing.

Section 1. Section 116 is hereby added to the Manual of Regulations for Banks (MORB)/ Section ____ of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFIs) and Section ____ of the Manual of Regulations for Payment Systems (MORPS), to read as follows:

Section 116/____/____ Guidelines on the Adoption of a Digital Marketplace Model

Policy statement. The Bangko Sentral recognizes the emergence of new business models and arrangements that will further drive innovation and financial inclusion, as well as promote customer centricity. To remain competitive, it is important for BSP-supervised financial institutions (BSFIs) to forge strategic and meaningful ecosystem partnerships with product/service providers which leverage digital distribution platforms or channels. Through this ecosystem partnerships, customers are provided with a broad selection of financial and non-financial products and services through the banks/EMIs' digital marketplace which will create a more tailored and holistic customer experience that cater to their needs and expectations.

In this light, the Bangko Sentral supports the adoption of digital marketplace model by banks and electronic money issuers (EMIs). Underpinning the adoption of a digital marketplace model is sound governance, risk management and consumer protection systems, including an effective, consent-driven information sharing arrangement to ensure that attendant risks are adequately managed, and consumer interests are protected.

Scope and Applicability. The guidelines in this Section shall apply to a bank or EMI that will operate a digital marketplace platform or a BSFI that will offer or distribute products or services in a digital marketplace or distribution platform.

The guidelines have three (3) sub-parts covering:

- a. *Bank or EMI as marketplace operator.* A bank or EMI may be allowed to operate a digital marketplace for the presentation of its own or third-party products or services.

A bank or EMI, as a digital marketplace operator, may allow the presentation of products and services of third-party providers that are not supervised by the Bangko Sentral. *Provided,* That the bank or EMI shall establish adequate guidelines governing the arrangements with said providers consistent with the provisions outlined in this Section.

- b. *BSFI as product or service provider in a digital marketplace or other digital distribution platform.* A BSFI may offer or distribute products or services in a digital marketplace or distribution platform operated or owned by another bank, EMI or other entities not supervised by the Bangko Sentral.

The guidelines shall also cover BSFIs that offer or distribute products or services in a digital marketplace or distribution platform in their capacity as broker, dealer, agent or distributor, as may be allowed under existing laws, rules and regulations.

- c. *General provisions governing digital marketplace* that shall apply to both "a" and "b".

Definition of terms. The following definitions shall apply for the purpose of this Section:

- a. *Digital marketplace model* refers to a distribution model involving digital platform or electronic channel which is enabled by ecosystem partnerships between a marketplace operator and providers of products or services for the sale, presentation or distribution of products or services in the digital marketplace;
- b. *Digital marketplace* or "marketplace" as used in this Section refers to a digital platform and/or electronic channel operated by a bank or EMI that presents to consumers a range of products or services and/or directs customers to third-party provider/s or distributor/s of products or services. A bank or EMI may own the digital platform or may contract third-party provider/s to develop or maintain the digital platform which it will operate, subject to the outsourcing framework as provided under Sec. 112;

- c. *Digital distribution platform*, as used in this Section, broadly refers to any third-party digital platform, which is not operated by a bank or EMI nor an entity supervised by the Bangko Sentral, that connects users with a variety of products and services across different sectors, such as retail, finance, loans, investments. This includes e-commerce, wealth and investment management and loan marketplaces, social media platforms, and other similar platforms.
- d. *Marketplace operator* refers to a bank or EMI which has the primary responsibility for the operation, maintenance, and management of the digital marketplace;
- e. *Marketplace participants* collectively refer to the marketplace operator and accredited provider/s of products or services; and
- f. *Product or service provider (PSP)* refers to an entity that offers either financial or non-financial products or services through the marketplace. This includes BSFIs, insurance companies, investment companies, agents, brokers, or other businesses that create, sell, or distribute products or services to customers within the marketplace, subject to the provisions in this Section.

A. Bank or EMI as marketplace operator

Activities in a digital marketplace operated by a bank or EMI. The activities in a digital marketplace operated by a bank or EMI shall be limited to the offering of its own products and services and/or presentation or display of the products and services of PSPs. The marketplace may facilitate the customer's comparison and selection from a range of products and services from different PSPs that best meet customer needs, as well as the application for and/or approval of selected products or services.

The marketplace operator may perform ancillary functions necessary to enhance user experience, operational efficiency and assessment of risks, such as preliminary screening or underwriting, pre-assessment of borrowers' creditworthiness, customer identification or verification, or client suitability assessment, among others. The marketplace operator may also act as an intermediary that facilitates the secure, efficient, and compliant payment and settlement of transactions for activities that originated from the marketplace. Moreover, the marketplace operator may integrate or connect third-party systems to the marketplace, which would enable purchase, subscription, order taking, request processing, payments, among others, through the marketplace.

Application for the grant of authority for a bank or EMI to engage as marketplace operator. A bank or EMI may engage in digital marketplace activities as a marketplace operator subject to the approval of the Bangko Sentral. In addition to the

prudential criteria provided under Sec. 111 (*Licensing*)/111-Q (*Licensing*)/101-N (*Grant of Licenses and Authorities*), a bank or EMI seeking authority to operate a digital marketplace shall submit the following documents to the appropriate supervising department of the Bangko Sentral:

- a. Application letter signed by the president or officer of equivalent rank, which shall indicate the intention of the applicant to become a marketplace operator. The application shall be supported by a justification that the application is aligned with the applicant's business model and strategies and that the applicant has capacity to address the associated risks from financial and/or non-financial products or services that will be presented in the digital marketplace.
- b. Corporate Secretary's certificate on the approval by the board of directors or its equivalent, to engage in digital marketplace operations;
- c. Certification signed by the president, or officer of equivalent rank and the chief compliance officer certifying that the applicant is compliant with the prudential criteria prescribed under Sec. 111/111-Q/101-N, and the requirements for digital marketplace operator under this Section; and
- d. Other documents as may be deemed relevant by the BSP on the evaluation of the application.

Processing and licensing fees. A bank or EMI applying for authority to become a marketplace operator shall pay processing and licensing fees as shown below:

Type of Fee	Classification				
	UBs/KBs	DBs	TBs	RBs and Coop Banks	EMIs
Processing	50,000	35,000	20,000	15,000	10,000
Licensing	200,000	150,000	100,000	50,000	50,000

*Licensing fee shall be net of the processing fee

The assessment and collection of fees shall be in accordance with the guidelines on fees provided in Appendix 124/Q-77/N-14.

Qualifications for a bank or EMI to engage as marketplace operator. A bank or EMI seeking authority to engage as a marketplace operator shall adhere to the following requirements:

- a. Compliance with the prudential criteria prescribed under Sec. 111/111-Q/101-N (*Prudential Criteria*). Applicants shall undertake a self-assessment of the said prudential criteria prior to submission of the application documents to the Bangko Sentral;
- b. Net worth or combined capital of at least P1.0 billion, computed in accordance with Sec. 121/121-Q;

- c. Adequate and reliable information technology (IT) infrastructure and solutions commensurate to its digital marketplace operations;
- d. Adequate risk management system to identify, measure, monitor and control the risks arising from digital marketplace operations, including sound governance and risk management standards, particularly on IT, cybersecurity, anti-money laundering/countering terrorism and proliferation financing (AML/CTPF), data privacy, consumer protection and market conduct, commensurate to its digital marketplace operations.
- e. No major supervisory concerns or recurring issues on governance, risk management systems, internal controls and compliance system, particularly in the areas of IT, AML/CTPF, and consumer protection;
- f. Approval or license from the relevant regulatory authority/ies (e.g., secondary license, broker/dealer license or registration and/or salesman license in case of the offering of, dealing in and solicitation of securities), as applicable, including the authority to offer or distribute products or services of PSPs in the digital marketplace;
- g. Advanced Electronic Payments and Financial Services (EPFS) license, subject to the requirements provided under Sec. 701/701-Q *Requirements for the grant of authority to offer EPFS*) and Appendix 136/Appendix Q-89; and
- h. Compliance with other requirements for a marketplace operator under this Section.

A bank or EMI granted with authority to engage as marketplace operator shall continuously comply with the qualification requirements even after the authority has been granted. Any deviation or non-compliance may be a basis for the imposition of appropriate enforcement actions, including revocation of authority to engage as marketplace operator.

Eligible products and services. The following products or services may be offered in the digital marketplace:

- a. Financial products or services created or distributed by the marketplace operator or an accredited PSP: *Provided*, That such financial products or services have been duly authorized or approved by the relevant regulatory authority, as applicable. These financial products or services may include:
 - a. Retail deposit products;
 - b. Retail loan products;
 - c. Business loan products;
 - d. Plain vanilla debt and equity securities;
 - e. Electronic money, payment cards such as cash cards or debit cards,;

- f. Retail insurance, health maintenance organization (HMO), and pre-need products;
 - g. Collective investment schemes (CIS) or pooled investment funds: *Provided*, That the marketplace operator shall ensure that there is at least one (1) sales/marketing personnel certified or licensed by the appropriate regulatory authority who will be responsible in the sale or presentation of these investment funds; and
 - h. Other financial products or services.
- b. Non-financial products or services created or distributed by an accredited PSP which complement the marketplace operator's business model or strategies: *Provided*, That such non-financial products or services have been duly authorized by the relevant regulatory authority, as applicable, or are part of the powers/authorities of the marketplace operator or PSP to distribute/sell.

Prohibited products and services. Products and services that are associated with gambling activities (e.g., online casinos, online betting, electronic gaming, or other forms of gambling/gaming), or any activities that could undermine the reputation of the marketplace participants and the financial system, are prohibited to be offered or presented in the marketplace.

Governance and management of the digital marketplace. The board of directors of the marketplace operator shall be primarily responsible for the oversight of the digital marketplace platform, operations and activities. They shall also ensure that an effective risk management system is in place to identify, measure, monitor and control the risks associated with marketplace operations.

In relation to this, the marketplace operator shall have in place a sound, comprehensive, and clearly defined policies, procedures, processes and controls on the operation of digital marketplace, which shall cover the following at the minimum:

- a. Formulation, review and approval of a digital marketplace strategy which shall be consistent with the business model and overall strategy of the marketplace operator. The said strategy shall consider the scope of digital marketplace operations, target customer segments, products and services to be offered in the marketplace, and extent of integration or collaboration with the PSPs, among others;
- b. Governance arrangements and the roles and responsibilities of the board of directors, senior management, internal audit and other relevant units, in relation to digital marketplace operations, including the level and frequency of management reporting;
- c. Operations and internal controls on digital marketplace (e.g., cybersecurity controls, compliance with data

privacy, records retention, business continuity and contingency plans, systems development and maintenance, and risk management system);

d. Selection, accreditation, monitoring and periodic review of PSPs. The marketplace operator shall exercise due care and diligence in partnering with PSPs and shall consider the following in the selection, accreditation, and review of PSPs:

- (1) Reputation, ownership and governance structure, technical expertise, and operational capability, including robust after-sales service and customer relationship management;
- (2) Alignment of PSP's products and services with the marketplace operator's business model and overall strategy;
- (3) Financial performance and condition (e.g., ongoing viability, outstanding commitments, capital/funding strength, liquidity and operating results including performance of the products or services being offered) as supported by audited financial statements for the last three (3) years. PSPs with less than three (3) years of operations in the Philippines may provide the available annual financial statements or annual reports duly filed with the SEC or other relevant regulatory authority;
- (4) Registration/authority of the PSPs from its respective regulator including the authority to offer or distribute products or services in the marketplace, as applicable; and
- (5) Compliance with applicable laws, rules and regulations including the requirements on PSPs under this Section, as applicable, as well as compliance with the governing agreement.

The marketplace operator shall ensure periodic monitoring and review of the PSPs and maintain proper documentation to support that marketplace arrangements have undergone the necessary due diligence and review. Such documentation shall be made available upon request by the Bangko Sentral.

In case of a cease-and-desist order issuance, insolvency or placement under receivership, revocation of license/authority of a particular PSP, or existence of valid ground/s for suspension or termination based on the agreement, among others, the marketplace operator shall take appropriate measures (e.g., delisting of the PSP's products or services from the marketplace platform) in a timely manner.

- e. Digital marketplace contract to govern the relationship between the marketplace operator and PSP, which shall cover the roles and responsibilities of each party, suspension and termination clauses, fee structure, among others. The marketplace operator shall maintain a central record of all digital marketplace contracts; and
- f. Material outsourcing arrangements, as applicable, in relation to the digital marketplace operations of the marketplace operator which shall be consistent with the outsourcing guidelines under Sec. 112/111-Q/102-N.

B. BSFI as product or service provider (PSP) in a digital marketplace or other digital distribution platform

Presentation/display/sale/distribution of products or services in a digital marketplace or other distribution platform by a BSFI. A BSFI may present, display, sell, or distribute products or services in a digital marketplace or distribution platform which is operated by another bank, EMI or an entity not supervised by the Bangko Sentral, subject to the requirements under this Section.

BSFIs with a Supervisory Assessment Framework (SAFr) rating of at least "3" shall be allowed to present or distribute products or services in a digital marketplace or other digital distribution platform without prior Bangko Sentral approval and notification. Meanwhile, BSFIs with SAFr rating of below "3" or those that will engage a marketplace operator not supervised by the Bangko Sentral, shall comply with the notification requirements under this Section.

Responsibilities of a BSFI as PSP. The board of directors of a BSFI shall be primarily responsible for the oversight of the presentation, display, sale or distribution of products or services in a digital marketplace or other digital distribution platform. They shall also ensure that an effective risk management system is in place to identify, measure, monitor and control the risks associated with marketplace or distribution platform activities.

In relation to this, a BSFI shall have in place a sound, comprehensive, and clearly defined policies, procedures, processes and controls on the presentation, display, sale and/or distribution of products or services in a digital marketplace/digital distribution platform, which shall cover the following at the minimum:

- a. Roles and responsibilities of the board of directors, senior management and other relevant unit/s;
- b. Formulation, review and approval of a distribution or marketing strategy which shall be consistent with the business model and overall strategy of the BSFI;

- c. Due diligence review of the digital marketplace or digital distribution platform;
- d. Arrangement with a digital marketplace/distribution platform operator supported by a written contract or service level agreement which shall, at a minimum, contain the following:
 - (1) Complete description of the scope of work to be performed or services to be provided;
 - (2) Fee structure;
 - (3) Amendment to and/or termination of contract;
 - (4) Delineation of responsibilities of the BSFI and the digital marketplace/digital distribution platform operator consistent with this Section, as applicable, including fines, penalties and accountability for errors, omissions and frauds;
 - (5) Data governance covering all data and information shared with both parties, segregation of the data of the BSFI from that of the digital marketplace/distribution platform operator and its other clients, actions that the BSFI may take against the digital marketplace/distribution platform operator for breach of confidentiality or any form of disclosure of confidential information;
 - (6) Disaster recovery plan and business continuity and contingency plan;
 - (7) Access of internal and/or external auditors to information in relation to the activities contracted;
 - (8) Bangko Sentral access to the digital marketplace/distribution platform in order to review its operations, when necessary, in relation to the activities/services rendered to the BSFI;
 - (9) Governing arrangement covering situations where the digital marketplace/ distribution platform operator further outsources or subcontracts any of the activities it has been engaged to perform;
 - (10) Remedies to the BSFI in the event of change of ownership, assignment, attachment of assets, insolvency, or receivership of the digital marketplace/digital distribution platform operator; and
 - (11) Provision allowing the BSFI to cancel the contract by contractual notice of dismissal or extraordinary notice of cancellation if so required by the Bangko Sentral.

Notwithstanding any contractual agreement between a BSFI and a digital marketplace/ distribution platform operator on the sharing of responsibility, the BSFI shall be responsible to its customers, without prejudice to further recourse, if any, by the BSFI to the digital marketplace/distribution platform operator.

Due diligence and continuing performance review. Prior to entering into an arrangement with a digital marketplace/distribution platform, a BSFI shall conduct appropriate due diligence review to assess the capability of the digital marketplace/distribution platform in performing the service to be contracted. The due diligence should take into consideration both qualitative and quantitative factors that may affect the performance of the contracted service, such as reputation, financial condition and results of operation for the last three (3) years, risk management practices, technical expertise and compliance with applicable laws, rules and regulations.

A BSFI shall undertake an annual operational review of the digital marketplace/distribution platform that it engages. The results of the review shall be documented and reported to the appropriate board or management level.

A BSFI shall also maintain a complete and up-to-date database or record of all its marketplace or distribution platform arrangements, which shall be made available to the Bangko Sentral upon request.

C. General Provisions

Client underwriting and suitability assessment. The marketplace participants shall ensure that appropriate products or services are offered and/or recommended in the marketplace considering the needs, goals, and financial capabilities of consumers. In this respect, the marketplace operator and BSFI-PSP shall observe the guidelines on credit underwriting under Sec. 143/143-Q/122-N (*Credit Risk Management*), and client suitability assessment under Sec. 414/414-Q/612/612-Q, and Appendix 86/Q-49, as applicable.

The marketplace operator shall ensure that other PSPs which are not supervised by the Bangko Sentral observe client underwriting and suitability assessment consistent with the rules and regulations as may be prescribed by their respective regulatory authority.

The conduct of preliminary screening, underwriting, or suitability assessment shall look into the customer's creditworthiness, condition, understanding of, tolerance for and capacity to manage various risks, especially in the case of investment products. The marketplace operator may conduct the preliminary screening, underwriting or suitability assessment in accordance with its policies and procedures, and arrangement with the PSP. Notwithstanding the preliminary assessment done by the marketplace operator, the PSP shall be ultimately responsible in undertaking underwriting and suitability assessment and the final approval or rejection of customers who will avail of the products or services presented in the marketplace.

Consumer protection. Marketplace participants shall adhere to applicable laws, rules and regulations on consumer protection in relation to digital marketplace activities. Marketplace operator and PSP that are BSFIs shall comply with the provisions of Republic Act (R.A.) No. 11765 or the "Financial Products and Services Consumer Protection Act" as implemented under Part Ten.

In addition, marketplace operator and/or PSP shall be responsible for the following:

- a. *Disclosure and Transparency.* Marketplace participants shall ensure that consumers are provided with adequate, accurate and accessible information to enable them to make informed decisions on products and services offered in the marketplace. As such, information on the products and services including the purpose, features, terms and conditions, pricing or any cost associated, risks and benefits, among others, are presented in a clear, simple, and understandable manner in the marketplace platform or delivery channels and contracts.

Marketplace participants shall also comply with the disclosure requirements by the Bangko Sentral (e.g., Truth in Lending Act disclosure requirements, minimum disclosure requirements for UITF). Moreover, the marketplace operator shall have a mechanism to ensure that other PSPs which are not supervised by the Bangko Sentral comply with the applicable disclosure requirements as may be prescribed by their respective regulatory authority/ies.

There should be appropriate measures to clearly distinguish the marketplace operator from the PSP in engaging with clients. As such, the roles of the marketplace operator and PSP shall be clearly communicated to the customers. Moreover, the terms and conditions on the use of the platform shall include, among others, the disclosure and prominent display of the identity of the PSP, including information that the PSP has the ultimate responsibility over the products or services offered in the marketplace. In case the PSP is a distributor or agent, the responsibility of said PSP shall be in relation to the conduct of suitability assessments.

Moreover, the terms and conditions on the use of the platform may also include provisions on the deactivation or suspension of user account in case of fraudulent transactions or unlawful activities, submission of information and documents found to be fictitious, order of a government agency/court, or other instances requiring said action as may be provided under the marketplace operator's policy.

- b. *Fair treatment.* Marketplace operator shall also ensure that PSPs observe fair and equitable treatment in areas including, among others, the setting of terms and conditions, customer service, marketing and advertising, determination of customer eligibility, underwriting, and servicing and collection. There shall be no discriminatory treatment between different categories of consumers on the basis of race or ethnic origin,

religion, or such other attributes or profiles when used as the sole basis to deny access to products or services.

To ensure the effective and inclusive adoption of digital marketplace, consumers must be provided with the knowledge, skills, and confidence to use and evaluate the information presented in a digital marketplace platform. In this regard, marketplace participants may implement financial and digital literacy programs that educate consumers on the benefits and risks of using a digital marketplace platform.

- c. *Effective recourse.* Marketplace participants shall establish an effective complaint handling and redress mechanism to ensure that any complaints that may arise from digital marketplace activities are resolved in a fair, timely and efficient manner.

Customer complaints, inquiries or requests that relate to the platform and/or activities conducted within the marketplace shall be addressed or resolved by the marketplace operator while those arising from products or services offered at the marketplace shall be addressed or resolved by the PSPs.

In the event that a customer complaint remains unresolved within the turn-around time as may be agreed by the marketplace operator and PSPs, the marketplace operator shall have the right to intervene and take appropriate actions, as may be necessary, to protect the interest of the customers. In cases when customers are prejudiced due to errors, omissions, and fraud by the PSP, the marketplace operator shall be liable in providing the appropriate remedies or remuneration as may be allowed under existing laws or regulations, without prejudice to its right of recourse to the PSP.

- d. *Product bundling.* The marketplace participants shall likewise recognize the rights of customers to choose from a range of products and services that are well-suited to their needs, requirements and preferences. The customer shall be free to choose products or services and shall be under no obligation to avail of products or services offered by particular PSPs that are tied or bundled to the marketplace operator's own product or service, or vice-versa. That is, access to one product or service must not be conditional on purchasing another product or service from particular PSPs.

Moreover, the marketplace participants shall establish a mechanism to ensure that customers are provided with adequate information on market-based prices of products or services included in the bundle to enable them to compare and make informed decision.

- e. *Cooling-off policy.* The marketplace participants shall establish a cooling-off policy on specific products and services to allow customers to consider the costs and risks of a financial product or service and to permit customers to

terminate, withdraw or return the product/service contract within the cooling-off period, consistent with the requirements under R.A. No. 11765, as implemented under Part Ten.

The marketplace operator shall ensure that PSPs not supervised by the Bangko Sentral comply with the applicable consumer protection standards under R.A. No. 11765, R.A. No. 11967 or the "Internet Transactions Act of 2023", R.A. No. 8792 or the "Electronic Commerce Act of 2000", and R.A. No. 7394 or the "Consumer Act of the Philippines" and their respective implementing rules and regulations.

Data governance and consent management. Data plays a critical role in a digital marketplace as it facilitates better understanding of customer needs and preferences. In this regard, marketplace participants, as users and/or providers of data in the marketplace, shall adopt robust safeguards in ensuring the privacy/confidentiality, integrity, security and availability of customer data. Marketplace participants shall ensure that a data governance policy is in place to manage the handling, storage, security and sharing of customer data, including consent management. The responsibilities of the marketplace operator and PSP on data governance shall be embedded in their formal agreements and contracts.

The policy must be clearly communicated to the customer, describing how data will be collected, processed, stored, used, shared and protected/secured. The data governance policy shall, at the minimum, cover the following:

- a. *Data privacy and protection.* Compliance with the data privacy and data protection laws, including but not limited to R.A. No. 11765 (Financial Products and Services Consumer Protection Act), R.A. No. 10173 (The Data Privacy Act of 2012), and their implementing rules and regulations.

The marketplace participants shall ensure that customers are given the opportunity to exercise their rights as data subjects, which include the right to be informed about data-sharing, including the parties with whom their personal information will be disclosed to or shared with, and the right to refuse the sharing of their information to a third-party, among others. As such, the marketplace participants shall ensure that there is an effective mechanism on consent management. Moreover, the marketplace participants shall ensure that when customer data is shared to the marketplace operator or across authorized PSPs, the data is transferred securely and used in a manner consistent with the relevant laws, rules and regulations;

- b. *Data access and control.* Marketplace participants' access to shared data shall be restricted to the extent necessary for their obligations and shall not infringe upon the other party's data, unless expressly authorized in their agreement;

- c. *Data security.* Establishment of a strong and reliable IT system to protect the confidentiality, security, accuracy, and integrity of customer's personal information, especially throughout the data collection, storage and sharing process;
- d. *Data confidentiality.* Obtaining customer consent before sharing customer's personal information with third parties (i.e., partner providers, affiliates, mother company, or similar relationships) and providing customers the ability to manage their data preferences, including an opt-out mechanism on data sharing arrangements. Any modifications or changes to the data sharing arrangements must also be documented in writing and confirmed by both parties; and
- e. *Data retention and deletion.* Shared data shall only be retained by marketplace participants solely for the duration necessary to fulfill the purpose for which it was shared. Upon completion of the purpose, marketplace participants agree to securely delete or return the data in accordance with the disclosing party's instructions.

Customer due diligence (CDD) and compliance with AML/CTPF laws, rules and regulations. The marketplace participants shall adhere to the relevant provisions of Part Nine of the MORB (*Anti-Money Laundering and Combating the Financing of Terrorism Regulations*) or the Anti-Money Laundering Act (AMLA), as amended, and its related laws, rules, and regulations. The marketplace operator shall ensure that other PSPs that are not supervised by the Bangko Sentral but are covered persons under the AMLA, as amended, comply with the AML/CTPF laws, as well as rules and regulations issued by the relevant regulatory authority.

The marketplace operator may conduct the initial CDD based on its existing policies or agreement with the PSPs, subject to compliance with the applicable AML/CTPF laws, rules and regulations. Notwithstanding the initial CDD conducted by the marketplace operator, the ultimate responsibility for conducting the CDD lies with the covered person relying on the third party. Moreover, in cases where the customer is preliminarily assessed as high risk by the marketplace operator, the PSPs that are covered persons shall conduct its separate enhanced due diligence.

Notification requirements. The appropriate supervising department of the Bangko Sentral shall be notified, as follows:

- a. The marketplace operator to submit, within ten (10) banking days from approval by the board of directors or equivalent body, a notification in case of any material change/s in the digital marketplace strategy or scope, or presentation of new financial and/or non-financial products or services in the marketplace; and
- b. BSFIs with a SAFr rating of below "3", or those that will engage a digital marketplace/distribution platform operator

not supervised by the Bangko Sentral, to submit notification on the BSFI's decision to engage a digital marketplace or distribution channel for the presentation or distribution of products or services within ten (10) banking days from approval by the BSFI's board of directors or equivalent, together with the following:

- (1) Notification letter signed by the president or officer of equivalent rank, indicating that the BSFI will engage in digital marketplace or distribution arrangement, including the details of the said arrangement/s (e.g., products/services that will be offered, profile of the digital marketplace/distribution platform operator, among others);
- (2) Corporate secretary's certificate on the approval by the BSFI's board of directors or its equivalent to engage in digital marketplace/distribution activities as provider of products/services; and
- (3) Certification signed by the president or officer of equivalent rank and the CCO, certifying that the BSFI has (i) complied with the prudential criteria under Sec. 111/111-Q/101-N and the requirements for a PSP under this Section; and (ii) conducted a due diligence review supporting that the selected digital marketplace/distribution platform operator meets the minimum requirements under this Section. The said certification shall be supported by adequate justification on its ability to manage the associated risks with digital marketplace/distribution activities.

Record retention. Documents evidencing compliance with this Section shall be retained by the marketplace participants for a period of not less than five (5) years unless otherwise required by law or other rules and regulations, or as directed by the Bangko Sentral or other regulatory agency/body to be retained for a longer period. Moreover, records which are the subject of, or are pertinent to, the conduct of audit, examination, investigation or legal proceedings shall be retained and preserved beyond the five-year retention period until such time that the audit, examination, investigation or case has been fully resolved, decided or terminated with finality by the Bangko Sentral or other relevant regulatory agency/body, or a court.

Supervisory enforcement actions. Consistent with Sec. 002, the Bangko Sentral may, without prejudice to the imposition of sanctions by other relevant regulatory authority, deploy enforcement actions to the marketplace operator or PSPs that are supervised by the Bangko Sentral to promote adherence with the requirements set forth in this Section and bring about timely corrective actions. The Bangko Sentral may, among others, issue directives to improve the management of digital marketplace risks or impose sanctions to limit the level of or suspend any business activity that has adverse effects on the safety or

soundness of the marketplace operator or PSP that is supervised by the Bangko Sentral, among others. Monetary and non-monetary sanctions, as provided under existing laws, Bangko Sentral rules and regulations, may likewise be imposed on the marketplace operator or PSP that is supervised by the Bangko Sentral and/or its directors, officers and/or employees concerned.

Section 2. Section 101 of the MORB, as amended by Circular No. 1134 dated 28 December 2021, is hereby further amended to read, as follows:

"101 CLASSIFICATIONS, POWERS AND SCOPE OF AUTHORITIES OF BANKS

x x x

b. *Powers and scope of authorities.* The following are the powers and scope of authorities of banks.

x x x

(7) Digital banks. x x x

(a) x x x

x x x

(j) present, market, sell and service microinsurance products subject to the guidelines provided under Sec. ~~113-B~~ 113-D."

x x x

Section 3. The authority to engage in digital marketplace operations shall be classified as Type A license. Section 111 of the MORB, as amended by Circular No. 1134, shall be amended to read as follows:

111. LICENSING

xxx

Enforcement actions. Xxx

Type of License of Permissible Activities. The type of license attached to permissible activities of Bangko Sentral supervised financial institutions (BSFIs) shall be as follows:

Type of License	Permissible Activity	Related Sections of the MORB
A	x x x	x x x
	FCDU operation of Rural Bank (RB)/coop Bank	x x x
	Operation of a digital marketplace	Sec. 116
B	x x x	x x x

Section 4. Section 113-D is hereby added to the MORB, to read as follows:

113-D MARKETING, SALE AND SERVICING OF MICROINSURANCE PRODUCTS BY DIGITAL BANKS

The marketing, sale and servicing of microinsurance products by digital banks shall be allowed without the need for prior Bangko Sentral approval, subject to compliance with the applicable requirements in Sec. 113-B.

Digital banks shall observe compliance with the prudential criteria prescribed under Sec. 111 (Prudential Criteria) and secure the pertinent license from the Insurance Commission prior to engaging in the said activity.

Section 5. Section 414/414-Q of the MORB/MORNBFI, as amended by Circular No. 1152, dated 5 September 2022, is further amended to read, as follows:

414/414-Q Unit Investment Trust Funds

x x x

UITF Marketing personnel¹. The trustee shall ensure that there are board-approved policies and procedures covering the following:

x x x

For purposes of this Section, a UITF may be sold within the bank premises by a bank employee belonging to the same financial conglomerate as the trustee, subject to the provision of the cross-selling framework. UITFs presented/displayed/distributed/sold through digital channels shall be subject to the provisions of Sec. 116.

x x x

Section 6. Section 110-T of the MORNBFI, as amended by Circular No. 1097, dated 21 September 2020, is further amended to read, as follows:

110-T Distribution of Trust Products

x x x

Third-party Distributors of UITFs. x x x

e. x x x

f. x x x

The distribution of UITFs ~~through a~~ inside bank premises shall be governed by the provisions on cross-selling under Sec. 113 of the MORB.

The use of a service provider, ~~such as an electronic platform,~~ to offer UITFs shall not be considered as a distribution arrangement. It shall be subject to the outsourcing framework provided under Sec. 112-T. A TC may offer UITFs in a digital marketplace/distribution platform subject to the requirements under Sec. 116.

¹ During the transitory period, UITF Marketing Personnel authorized to sell UITFs under the existing requirements, who shall undergo and fail to pass the UCP, will forfeit their existing qualification and will not be allowed to sell UITF until such time that they obtain the required certification. The Certification requirement shall be fully implemented beginning year 2023.

X X X

Section 7. Transitory Provision. Marketplace participants of existing digital marketplace must comply with the requirements provided herein within one (1) year from the effectivity of this Circular. The transitory period includes the submission of application by existing digital marketplace operators to the appropriate supervising department for the grant of authority to engage as marketplace operator.

This transitory provision shall be incorporated as a footnote to Section 116 of the MORB/ Section ____ of the MORNBF/ Section ____ of the MORPS on the *Guidelines on the Adoption of a Digital Marketplace Model*.

Section 8. Effectivity. This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:

ELI M. REMOLONA, JR.
Governor

_____ 2025