



Client Bulletin No. 35 (Updates on COVID-19 related PH Issuances):  
**GCQ over Metro Manila Extended until October 31, 2020**

This is a briefing on the issuances as of October 1, 2020 on the following matters in relation to the COVID-19 pandemic:

- A. [General Community Quarantine \(GCQ\) over Metro Manila Extended until October 31, 2020](#)
  - B. [Bangko Sentral ng Pilipinas \(BSP\) issues Rules on the Implementation of the One-Time 60-Day Grace Period on Loans under Section 4\(uu\) of the Bayanihan to Recover as One Act \(Bayanihan 2 Act\)](#)
  - C. [The Monetary Board \(MB\) of the BSP Imposes a 24% Per Annum Ceiling on Interest or Finance Charges on Credit Card Receivables](#)
- 

**A. General Community Quarantine (GCQ) over Metro Manila Extended until October 31, 2020**

1. The period of General Community Quarantine (GCQ) in Metro Manila, which was effective until September 30, 2020,<sup>1</sup> has been extended until October 31, 2020.<sup>2</sup> The President, through his spokesperson, announced on September 28, 2020 the extension of the GCQ period.<sup>3</sup>

Batangas, Tacloban City, Bacolod City, and Iligan City are also under GCQ for the same period. The City of Iloilo, which was originally set by the Inter-Agency Task Force on Emerging Infectious Diseases (IATF) to be under Modified Enhanced Community Quarantine (MECQ) from September 25, 2020 until October 9, 2020,<sup>4</sup> will likewise be under GCQ beginning October 1, 2020.

---

<sup>1</sup> See our Client Bulletin No. 34 dated September 2, 2020 at <https://syCIPLAWresources.com/2020/09/02/syCIPLAW-bulletin-34-gcq-over-metro-manila-extended-until-september-30-2020/>.

<sup>2</sup> IATF Resolution No. 75-A dated September 28, 2020; <https://www.officialgazette.gov.ph/downloads/2020/09sep/20200928-IATF-RESO-75-A-RRD.pdf>; last visited October 1, 2020 at 8:43 AM.

<sup>3</sup> NCR remains under GCQ for 31 more days dated September 28, 2020; <https://mb.com.ph/2020/09/28/ncr-remains-under-gcq-for-31-more-days/>; last visited October 1, 2020 at 5:45 PM.

<sup>4</sup> IATF Resolution No. 74 dated September 24, 2020; <https://www.officialgazette.gov.ph/downloads/2020/09sep/20200924-IATF-RESO-74-RRD.pdf>; last visited October 1, 2020 at 9:05 AM.

The table below sets out the types of community quarantine imposed on various areas of the country pursuant to the September 28, 2020 announcement of the President.<sup>5</sup>

Type of Community Quarantine Imposed	Period	Areas Covered
MECQ	October 1 – 31, 2020	Lanao del Sur
GCQ	October 1 – 31, 2020	Metro Manila, Batangas, Iloilo City, Tacloban City, Bacolod City and Iligan City
Modified General Community Quarantine (MGCQ)	October 1 – 31, 2020	All other areas in the Philippines not mentioned above

2. For the MECQ, GCQ, and MGCQ guidelines, as well as the list of establishments allowed to operate and their corresponding operational capacities, please refer to the relevant issuances of the IATF and of the Department of Trade and Industry.<sup>6</sup>

**B. *Bangko Sentral ng Pilipinas (BSP) issues Rules on the Implementation of the One-Time 60-Day Grace Period on Loans under Section 4(uu) of the Bayanihan to Recover as One Act (Bayanihan 2 Act)***

1. The BSP has issued Memorandum No. M-2020-074<sup>7</sup> (*Implementing Rules and Regulations and Frequently Asked Questions on Section 4(uu) of the R.A. No. 1194 or the “Bayanihan to Recover as One Act”*) dated September 28, 2020, on the IRR and FAQ of Section 4(uu) of Republic Act No. 11494, otherwise known as the Bayanihan 2 Act.
2. The IRR provides the following
  - a. “[A]ll covered institutions shall implement a non-extendible, mandatory one-time sixty (60)-day period for all existing, current, and outstanding loans with principal and/or interest, including amortizations, falling due on or before December 31, 2020 without incurring interest on interests, penalties, fees, or other charges.” Covered institutions refer to all BSP-registered financial institutions with lending operations. The mandatory one-time 60-day grace period shall apply only to loans that are existing, current, and outstanding beginning September 15, 2020, which is the effectivity date of the Bayanihan 2 Act. This is without prejudice to any agreement made by the parties to extend the grace period longer than 60 days.
  - b. Foregone interest on interests, penalties, fees, and other charges during the mandatory one-time 60-day period cannot be charged to future payments / amortizations of the borrowers. However, the “interest chargeable per installment period, which is based on the outstanding balance, shall continue to accrue during the mandatory one-time 60-day grace period and shall be payable on the new date after the application of the grace period.”

<sup>5</sup> *NCR remains under GCQ for 31 more days* dated September 28, 2020; <https://mb.com.ph/2020/09/28/ncr-remains-under-gcq-for-31-more-days/>; last visited October 1, 2020 at 5:45 PM.

<sup>6</sup> See our Client Bulletin No. 26 dated July 21, 2020 at <https://syciplawresources.com/2020/07/21/syciplaw-bulletin-25-gcq-over-metro-manila-is-further-extended-until-july-31-2020/>.

<sup>7</sup> See <http://www.bsp.gov.ph/downloads/regulations/attachments/2020/m074.pdf>.

- c. Covered institutions are prohibited from requiring debtors to waive the application of the mandatory one-time 60-day grace period. Any agreement previously executed to the contrary covering payments falling due on or before December 31, 2020 shall not be valid. However, debtors can still opt to pay their obligations as they fall due instead of availing of the grace period.

**C. The Monetary Board (MB) of the BSP Imposes a 24% Per Annum Ceiling on Interest or Finance Charges on Credit Card Receivables**

1. The BSP has issued Circular No. 1098<sup>8</sup> (*Ceiling on Interest or Finance Charges for Credit Card Receivables*) dated September 24, 2020, pursuant to Resolution No. 1185 of the MB dated September 17, 2020, approving amendments to the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBF1) on the ceiling on interest or finance charges for credit card receivables. This circular will be effective on November 3, 2020.
2. The circular amends Section 312 of the MORB on credit card operations by stating that banks shall “impose an interest or finance charge on all credit card transactions not to exceed an annual interest rate of [24%], except credit card installment loans which shall be subject to monthly add-on rate not exceeding [1%].” However, banks shall “only charge interest or finance charges arising from non-payment in full or on time of the outstanding balance based on the unpaid amount of the outstanding balance as of statement cut-off date.”

For credit card cash advances, aside from the applicable maximum interest rate caps, “no other charge or fee shall be imposed or collected apart from the processing fee in the maximum amount of Php200.00 per transaction.”

3. Banks are also required under the circular to notify the cardholder “at least ninety (90) calendar days prior to any change in the manner of computation of the outstanding balance and the amount of fees to be imposed on the cardholder.” However, pursuant to MB Resolution No. 1185, the notice requirement is waived on “the change in interest or finance charges and the change in processing fees brought about by the imposition of the cap on interest or finance charges on all credit card transactions and the imposition of the maximum amount of processing fee on credit card cash advances which will take effect on [November 3, 2020].”
4. Section 107-CC of the MORNBF1 on the Imposition of Interest or Finance Charges has been amended to include that credit card issuers shall now impose the same interest or finance charge on all credit card transactions imposed by banks as per Section 312 of the MORB.
5. Section 115-CC of the MORNBF1 on Information to be Disclosed has also been amended to include the disclosure requirements of credit card issuers to each of their existing and potential credit cardholders.

---

<sup>8</sup> See <http://www.bsp.gov.ph/downloads/regulations/attachments/2020/c1098.pdf>.

6. The ceiling does not apply to other receivables. The circular amends Section 305 of the MORB on Interest and Other Charges to provide that the rate of interest on any loan, or forbearance of money, goods or credits regardless of maturity and whether secured or unsecured, shall not be subject to any regulatory ceiling, except for the interest or finance charges imposed on credit card receivables. This same amendment is reflected in Section 304-Q of the MORNBF1 on Interest and Other Charges.

For more information regarding the issuances discussed above, please contact ---

Vicente D. Gerochi IV  
Partner, Head of Banking, Finance and Securities Department  
[vdgerochi@syciplaw.com](mailto:vdgerochi@syciplaw.com)

The other SyCipLaw lawyers who have assisted in the preparation of this briefing are the following:

Hiyasmin H. Lapitan, Partner  
[hhlapitan@syciplaw.com](mailto:hhlapitan@syciplaw.com)

Roman George P. Castillo, Associate  
Lloyd Marc Vincent M. Flores, Associate  
Samantha Marie C. Sundiam, Associate

---

### **Other COVID-19 related bulletins**

The links to our earlier bulletins can be found at the SyCipLaw information hub, <https://syciplawresources.com/>.

Please note that there are other COVID-19 related government issuances that are not covered by our bulletins. For more information about other regulations, please contact your account partner or [sshg@syciplaw.com](mailto:sshg@syciplaw.com) or [info@syciplaw.com](mailto:info@syciplaw.com).

---

This bulletin contains a summary of the legal issuances discussed above. It was prepared by SyCip Salazar Hernandez & Gatmaitan (SyCipLaw) to update its clients about recent legal developments.

This bulletin is only a guide material and is circulated for information purposes only. SyCipLaw assumes no responsibility for the accuracy, completeness or timeliness of any information provided in this bulletin. It does not constitute legal advice of SyCipLaw or establish any attorney-client relationship between SyCipLaw and the reader. It is not a substitute for legal counsel. Online readers should not act upon the information in this bulletin without seeking professional counsel. For more specific, comprehensive and up-to-date information, or for help regarding particular factual situations, please seek the opinion of legal counsel licensed in your jurisdiction.

SyCipLaw may periodically add, change, improve or update the information in this bulletin without notice.

Please check the official version of the issuances discussed in this bulletin. There may be other relevant legal issuances not mentioned in this bulletin, or there may be amendments or supplements to the legal issuances discussed here which are published after the circulation of this bulletin.

No portion of this bulletin may be emailed, forwarded, reposted, copied in different electronic devices, copied or posted online in any platform, copied or reproduced in books, pamphlets, outlines or notes, whether printed, mimeographed or typewritten, or copied in any other form, without the prior written consent of SyCipLaw.

**SyCip Salazar Hernandez & Gatmaitan**

SyCipLaw Center, 105 Paseo de Roxas

Makati City 1226, The Philippines

t: +632 8982 3500; +632 8982 3600; +632 8982 3700

f: +632 8817 3145; +632 8817 3896

e: [sshg@syciplaw.com](mailto:sshg@syciplaw.com)

[www.syciplaw.com](http://www.syciplaw.com)