

LIMITS ON INVESTMENT IN THE EQUITIES OF FINANCIAL ALLIED UNDERTAKINGS

BSP CIRCULAR NO. 323-02, MARCH 13, 2002, March 13, 2002

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The Monetary Board, in its Resolution No. 306 dated February 28, 2002, approved the following amendments to Section X378 of the Manual of Regulations for Banks pursuant to Sections 25, 28 and 31 of Republic Act No. 8791.

"SECTION X378. Limits on Investment in the Equities of Financial Allied Undertakings. — The equity investment of a bank in a single financial allied undertaking shall be within the following ratios in relation to its total subscribed capital stock and to the total voting stock of the allied undertaking:

ACTIVITIES

INVESTOR

UB

KB

TB

RB

COOP

Publicly

Not

Publicly

Not

-listed

Listed

-listed

Listed

Allied enterprises

Financial Allied Undertakings

Universal Banks

100%

49%

100%

49%

49%

49%

49%

Commercial Banks

100%

49%

100%

49%

49%

49%

49%

Thrift Banks

100%

100%

49%

49%

49%

Rural Banks

100%

100%

49%

49%

49%

Coo Banks

NA

NA

NA

NA

30%

Insurance companies

100%

NA

NA

NA

49%

VCCs

60%

60%

60%

49%

49%

Others

100%

49%

40%

40%

40%

To promote competitive conditions, the Monetary Board may further limit the equity investments in quasi-banks of universal and commercial banks to forty percent (40%).

A publicly listed UB or KB may own up to one hundred percent (100%) of the voting stock of only one other UB or KB. Otherwise, it shall be limited to a minority holding.

The existing investment of a bank in another bank under R.A. No. 7721 shall be governed by Sec. X121 insofar as it is consistent with Republic Act No. 8791.

All Circulars previously issued which are inconsistent herewith are hereby superseded.

This Circular shall take effect immediately.

Adopted: 13 March 2002:

(SGD.) RAFAEL B. BUENAVENTURA
Governor

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