

TRUST RULES

BSP MEMORANDUM, April 15, 1999

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Pursuant to Monetary Board Resolution No. 411 dated 7 April 1999, reducing the liquidity reserve requirement for all financial intermediaries, the Rules and Regulations on Trust, Other Fiduciary Business and Investment Management Activities (Trust Rules) are amended as follows:

SECTION 1. The first paragraph of Subsection _405.5, Item 1.1 is amended to read as follows:

"1.1. Reserves Against Peso-Denominated Common Trust Funds

The required reserves against peso-denominated common trust funds and such other managed peso funds which partake the nature of collective investment of peso-denominated common trust funds of all financial intermediaries authorized to engage in trust and other fiduciary business shall be maintained as follows:

- a) For expanded commercial banks and commercial banks 7%
- b) For thrift banks 6%
- c) For non-bank financial intermediaries with or without quasi-banking functions 7%
- d) For rural banks 5%

In addition to the regular reserve requirement, the liquidity reserves maintained against peso-denominated common trust funds and such other peso funds which partake the nature of collective investment of peso-denominated common trust funds shall be reduced from six percent (6%) to five percent (5%) effective 16 April 1999. The liquidity reserve may be held in the form of short-term market-yielding government securities purchased directly from the BSP-Treasury Department".

SECTION 2. Item 1.2 of Subsection _405.5 is amended to read as follows:

"1.2. Reserves Against Trust and Other Fiduciary Accounts (TOFA) — Others

In addition to the basic security deposit required under Subsection _405.1, all financial intermediaries authorized to engage in trust and other fiduciary business shall maintain required reserve against Trust and Other Fiduciary Accounts (TOFA) — Others, except (a) accounts held under administration; (b) bond issues under deed of trust or mortgage; (c) custodianship and safekeeping; d) depository/reorganization; (e) employees' benefit plans under trust; (f) escrow; (g) personal trust (testamentary or living trust); (h) executorship; (i) guardianship; (j) life insurance trust; and (k) pre-need plans (institutional/individual).

The required reserves against TOFA-Others shall be maintained as follows:

- a) For expanded commercial banks and commercial banks 7%

b) For thrift banks 6%

c) For non-bank financial intermediaries with or without quasi-banking functions 7%

d) For rural banks 5%

The liquidity reserve, which is maintained in addition to the required reserve, shall be reduced from six percent (6%) to five percent (5%) effective 16 April 1999. The liquidity reserve may be held in the form of short-term market-yielding government securities purchased directly from the BSP-Treasury Department.

Provided, that the reserves on trust and other fiduciary accounts (TOFA) — Others shall be provided out of such funds."

Adopted: 15 April 1999|

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