

TRUST RULES

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Pursuant to Monetary Board Resolution No. 1021 dated 13 August 1997, amending the ratio of liquidity reserves 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 ten percent (10%).

On top of the regular reserve requirement, an additional six percentage-point required reserve shall be imposed which may be held in the form of short-term market-yielding government securities purchased directly from the BSP-Treasury Department."

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 ten percent (10%) reserve requirement 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).

On top of the regular reserve requirement, an additional six percentage-point required reserve shall be imposed which 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."

SECTION 2. The third paragraph of Subsection _405.6 on the form and composition of reserves is amended to read as follows:

"Required reserves which may be in the form of market-yielding government securities shall be purchased directly from the Bangko Sentral ng Pilipinas at one-half percent (½%) below the prevailing market rate for an equivalent term and volume and subject to BSP's firm commitment to buy back at any time at prevailing market rates. Such reserves in the form of government securities shall be in addition to other forms of eligible reserves such as cash in vault or on deposit with the Bangko Sentral ng Pilipinas."

This memorandum shall take effect 15 August 1997.

Adopted: 14 Aug. 1997

(SGD.) GABRIEL C. SINGSON
Governor

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