

TRUST RULES

BSP MEMORANDUM, October 01, 1997

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Pursuant to Monetary Board Resolution No. 1180 dated 17 September 1997, reducing 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, a six (6) percentage point liquidity reserve effective 15 October 1997, and subsequently five (5) percentage point reserve effective 15 November 1997 shall be imposed which 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 ten percent (10%) 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).

On top of the regular reserve requirement, a six (6) percentage point liquidity reserve effective 15 October 1997, and subsequently five (5) percentage point reserve effective 15 November 1997 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."

Adopted: 1 Oct. 1997

(SGD.) GABRIEL C. SINGSON

Governor

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