ALLOWABLE INVESTMENTS OF UNIT INVESTMENT TRUST FUNDS

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The Monetary Board, in its Resolution No. 1790 dated 10 December 2009, approved the following amendments to the (a) guidelines on allowable investments of unit investment trust funds under Subsection X410.9 and 4410Q.9 of the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI), respectively, and (b) the Financial Reporting Package for Trust Institutions (FRPTI) issued under Circular No. 609 dated 26 May 2008, as amended.

Section 1. Allowable UITF Investments. Subsections X410.9 and 4410Q.9 of the MORB and MORNBFI, respectively, are hereby amended to read, as follows:

> "Subsection X410.9/4410Q.9 Allowable investments and valuation. UIT Fund investments shall be limited to bank deposits and the following financial instruments:
>
> " xxx
>
> " (f) Loans arising from repo agreements which are transacted through an exchange recognized by the SEC, subject to the condition that the repo contracts may be pre-terminated lawfully by the TI administering the UITF and acting as lender, with due notice to its counterparty and the market operator, and
>
> " (g) Such other tradable investments outlets/categories as the BSP may allow: Provided, That a financial instrument is regarded as tradable if quoted two-way prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
>
> "xxx"

Section 2. Reportorial Template of the Financial Reporting Package for Trust Institutions (FRPTI). The FRPTI issued under Circular No. 609 dated 26 May 2008, as amended, is revised, as follows:

1. Unblocking of cells pertaining to the "Loans and Receivables Arising from Repurchase Agreements and Securities Lending and Borrowing Transactions" account, its related "Allowance for Credit Losses" account and its resultant net carrying amount "Loans and Receivables Arising from Repurchase Agreements and Securities Lending and Borrowing Transactions - Net of Specific Allowance for Credit Losses" for the Trust-Wealth/Asset/Fund Management Accounts - UITF column in the Balance Sheet and Schedules A-1 to A-2, and

2. Insertion of rows applicable to the asset account "Loans and Receivables Arising from Repurchase Agreements and Securities Lending and Borrowing Transactions", its related "Allowance for Credit Losses" account and its resultant net carrying amount "Loans and Receivables Arising from Repurchase Agreements and Securities Lending and Borrowing Transactions - Net of Specific Allowance for Credit Losses" in Schedules D, D-1, D-2, E-1, E1-A and E1-B.

Annex A[*] provides the detailed amendments to the FRPTI reporting template which shall be implemented effective the reporting period ending 31 December 2009. Trust institutions may access the revised template of the FRPTI at the BSP website under http://www.bsp.gov.ph/frp/templates.

This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

Adopted: 22 Dec. 2009

FOR THE MONETARY BOARD:

(SGD.) AMANDO M. TETANGCO, JR.
Governor

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[*] Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City

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