

AMENDMENTS TO UNIT INVESTMENT TRUST FUND (UITF) REGULATIONS

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The Monetary Board in its Resolution No. 1525 dated 25 September 2014 approved the following amendments to Sections X410 and 4410Q of the Manual of Regulations for Banks (MORB) and Manual of Regulations for Non-Bank Financial Institutions (MORNBFI), respectively, to enhance the disclosure requirements of UITFs and clarify certain features of the target fund of a fund-of-funds/feeder fund UITF.

Section 1. Subsection X410.7/4410Q.7 are hereby amended to read as follows:

“Subsection X410.7/4410Q.7 Minimum disclosure requirements.

a. KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT. THIS DOCUMENT SHALL CONTAIN THE KEY FEATURES AND THE prospective and outstanding investments OF A UIT FUND. IT SHALL USE PLAIN LANGUAGE PRESENTED IN A CONCISE MANNER, AND SHALL COMPLY SUBSTANTIALLY WITH THE FORMAT PRESCRIBED IN APPENDIX 62/Q-34. THIS DOCUMENT SHALL BE UPDATED AND MADE AVAILABLE TO PARTICIPANTS AT LEAST EVERY CALENDAR QUARTER THEREOF.

For investments of feeder funds/fund-of-funds, the trustee shall likewise make available to all UIT Fund clients all relevant information on the target fund/s.

b. Distribution of investment units. The trustee may issue such conditions or rules, as may affect the distribution of investment units subject to the minimum conditions enumerated hereunder.

(1) Marketing materials. All marketing materials related to the sale of a UIT Fund shall clearly state:

(a) The designated name and classification of the fund, the fund’s trustee, AND THE CLASSES OF A UIT FUND, IF ANY.

(b) Minimum information regarding:

(i) The general investment policy and applicable risk profile. There shall be a clear description / explanation of the general risks attendant with investing in a UIT Fund, including risk specific to a type of fund. Technical terms should likewise be defined in laymen’s terms.

(ii) Particulars INCLUDING administrative and marketing details, SUCH AS BUT NOT LIMITED TO, pricing, cut-off time FOR PARTICIPATION AND REDEMPTION, EARLY REDEMPTION PENALTY/IES, AND ANY SPECIAL FEATURES OF THE UIT FUND, AS APPLICABLE.

(iii) All charges made/to be made against the fund OR CLASS OF A UIT FUND, including trust fees AND other related charges.

(iv) The availability of the Plan Rules governing the Fund, upon the client’s request AND THE CONTACT DETAILS OF THE TRUSTEE.

(v) Client and Product Suitability Standards. x x x

xxx

(2) Evidence of participation. Every UIT Fund participant shall be given -

(a) A participating trust agreement xxx

In addition to the agreement, every UIT Fund participant shall be provided with –

(1) xxx

(2) Risk disclosure statement, which in reference to Subsec. X410.6c, shall describe the attendant general and specific risks that may arise from investing in the UIT Fund. THIS STATEMENT SHALL BE ACCOMPLISHED BY THE CLIENT EVERY TIME HE PARTICIPATES IN A DIFFERENT FUND and shall be substantially IN the form AS SHOWN in Annex A of Appendix 62a/Q-34a.

Both documents shall be signed by the client/participant and the UIT marketing personnel who assessed and explained to the concerned client his/her ability to bear the risks and potential losses.

xxx

c. Regular computation and AVAILABILITY OF NAVPU AND OTHER INFORMATION. THE TRUSTEE managing a UIT fund shall:

(1) COMPUTE THE NAVPU DAILY;

(2) PUBLISH AT LEAST WEEKLY the NAVPu in one (1) or more newspapers of national circulation: Provided, That a pooled weekly publication of such NAVPu shall be considered as substantial compliance with this requirement. The said publication, at the minimum, shall clearly state the name of fund, its general classification, the fund's NAVPu and the moving return on investment (ROI) of the fund on a year-to-date (YTD) and year-on- year (YOY) basis; AND

(3) MAKE AVAILABLE THE HISTORICAL NET ASSET VALUE PER UNIT, DECLARATION OF TRUST OR ITS EQUIVALENT DOCUMENT, DISCLOSURE DOCUMENTS, AND OTHER PERTINENT INFORMATION ABOUT A UIT FUND VIA ITS WEBSITE OR THE TRUST OFFICERS ASSOCIATION OF THE PHILIPPINES (TOAP)-ADMINISTERED WEBSITE.

d. Marketing personnel. THE TRUSTEE SHALL ENSURE THAT THERE ARE BOARD-APPROVED POLICIES AND PROCEDURES COVERING THE FOLLOWING:

(1) DUTIES AND RESPONSIBILITIES OF ALL UIT MARKETING PERSONNEL;

(2) CONDUCT OF DUE DILIGENCE CHECK ON THE FITNESS AND PROPRIETY OF ALL UIT MARKETING PERSONNEL WHICH INCLUDES MONITORING AND REVIEWING ON AN ONGOING BASIS THEIR PERFORMANCE; AND

(3) CONDUCT OF CONTINUING TRAINING AND EDUCATION ESPECIALLY ON UPDATES RELATIVE TO THE FUND PRODUCTS.

FOR PURPOSES OF THIS SUBSECTION, A UIT FUND MAY BE SOLD BY A BANK EMPLOYEE BELONGING TO THE SAME FINANCIAL CONGLOMERATE AS THE TRUSTEE, SUBJECT TO THE PROVISIONS OF THE CROSS-SELLING FRAMEWORK.

To ensure the competence and integrity of all duly designated UIT marketing personnel, all personnel involved in the sales of these funds shall be required to undergo standardized training program in accordance with the guidelines of this Subsection. This training program may be conducted by their respective trust entities in accordance with the minimum training program guidelines provided by the TOAP. Such training program shall however be regularly validated by TOAP.

Section 2. Subsection X410.9/4410Q.9 are hereby amended to read as follows:

“Subsection X410.9/4410Q.9 Allowable investments and valuation. x x x

“(a) Securities issued by or guaranteed by the Philippine government, or the Bangko Sentral;

x x x

(g) Units/shares in collective investment schemes (CIS), i.e. target fund, SHALL INCLUDE EXCHANGE TRADED FUND (ETF) AND OTHER CIS subject to the following:

x x x

4. The target fund is supervised by a regulatory authority, as follows:

x x x

b. A target fund constituted in another jurisdiction shall be registered/authorized / approved, as the case may be, AND IS RECOGNIZED AS A COLLECTIVE INVESTMENT SCHEME in its home jurisdiction by a regulatory authority that is a member of the International Organization of Securities Commissions (IOSCO); OR ANY REGULATORY AUTHORITY ACCEPTABLE TO THE BSP TO SUPERVISE THE CIS.

Section 3. Effectivity. This Circular shall take effect fifteen (15) days following its publication in the Official Gazette or in any newspaper of general circulation in the Philippines except for the amendments in Appendix 62/Q-34 of the MORB/MORNBFI which shall take effect starting the reporting period ending 31 December 2014.

FOR THE MONETARY BOARD:

(SGD) AMANDO M. TETANGCO, JR.
Governor

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