

TRUST RULES

BSP MEMORANDUM, October 06, 2000

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Pursuant to Monetary Board Resolution No. 1716 dated 4 October 2000 increasing 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. Reserves Against Peso-Denominated Common Trust Funds. —

The liquidity reserves 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 increased as follows:

From

To

a) For universal banks and commercial banks

4%

6%

b) For thrift banks

4%

6%

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

4%

6%

The liquidity reserve may be held in the form of short-term market-yielding government securities purchased directly from the Bangko Sentral ng Pilipinas (BSP) — Treasury Department.

In addition to the liquidity reserves, the regular 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 universal banks and commercial banks

6%

b) For thrift banks

5%

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

6%

d) For rural banks

4%

SECTION 2. Reserves Against Trust and Other Fiduciary Accounts (TOFA)-Others. — In addition to the basic security deposit required under Subsection X405. 1 of the Manual of Regulations for Banks and Subsection _405.1 of Book IV of the Manual of Regulations for Banks and Other Financial Intermediaries, all financial intermediaries authorized to engage in trust and other fiduciary business shall maintain regular reserves 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 regular reserves against TOFA-Others shall be maintained as follows:

a) For universal banks and commercial banks

6%

b) For thrift banks

5%

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

6%

d) For rural banks

4%

The liquidity reserve, which is in addition to the regular reserve, shall be increased from four percent (4%) to six percent (6%). 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.

SECTION 3. Form and Composition of Reserves. —

Deposits maintained by financial intermediaries authorized to engage in trust and other fiduciary business with the BSP up to forty percent (40%) of the regular reserves against peso-denominated common trust funds as well as the regular reserves for TOFA-Others shall continue to be paid interest at 4.0% per annum based on the average daily balance of said deposits, to be credited quarterly.

Deposits maintained by rural banks authorized to engage in trust and other fiduciary business with the BSP up to forty percent (40%) of the regular reserves against peso-denominated common trust funds as well as the regular reserves for TOFA-Others shall continue to be retained at 4.0% per annum based on the average daily balance of said deposits to be credited quarterly.

This Memorandum shall take effect on 13 October 2000. The basis for the computation shall be the relevant

levels of investment and trust accounts subject to liquidity reserves, reported starting 6 October 2000.

FOR THE MONETARY BOARD:

Adopted: 6 Oct 2000

(SGD.) ARMANDO L. SURATOS
Officer-in-Charge

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