

[BSP CIRCULAR NO. 852, October 21, 2014]

AMENDMENTS TO UNIT INVESTMENT TRUST FUND (UITF) REGULATIONS

Adopted: 21 October 2014

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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

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(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.

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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