

**[ CIRCULAR NO. 316, January 29, 2002, January 29, 2002 ]**

**FINANCIAL ALLIED UNDERTAKINGS**

The Monetary Board, in its Resolution No. 1937 dated December 6, 2001, approved the following amendments to Section X377 of the Manual of Regulations for Banks pursuant to Section 25, of Republic Act No. 8791.

"SECTION X377 Financial Allied Undertakings. — With prior BSP approval, banks may invest in equities of the following financial allied undertakings, subject to the limits prescribed under Sec. X378:

- a. Leasing companies including leasing of stalls and spaces in a commercial establishment; provided, That bank investment in/acquisition of shares of such leasing company shall be limited/applicable only in cases of conversion of outstanding loan obligations into equity;
- b. Banks;
- c. Investment houses;
- d. Financing companies;
- e. Credit card companies;
- f. Financial institutions catering to small and medium scale industries including venture capital corporation (VCC), subject to the provisions under Sec. X379;
- g. Companies engaged in stock brokerage/securities dealership; and
- h. Companies engaged in foreign exchange dealership/brokerage.

In addition, EKBs may invest in the following as financial allied undertakings:

- a. Insurance companies; and
- b. Holding company, provided that the investments of such holding company are confined to the equities of allied undertakings and/or non-allied undertakings of UBs allowed under BSP regulations.

The Monetary Board may declare such other activities as financial allied undertakings of banks.

The determination of whether the corporation is engaged in a financial allied