

[BSP MEMORANDUM, May 28, 1998]

REQUIRED RESERVES AGAINST TRUST FUNDS

Pursuant to Monetary Board Resolution No. 749 dated 20 May 1998, amending the ratio of required reserves 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. The first paragraph of Subsection _405.5, Item 1.1 is amended to read as follows:

"1.1 Reserves Against Peso-Denominated Common Trust Funds

The required 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 reduced from ***seven percent (7%) to five percent (5%)***.

In addition to the regular reserve requirement, 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 maintained at eight percent (8%). The liquidity reserve may be held in the form of short-term market yielding government securities purchased directly from the BSP-Treasury Department".

SECTION 2. Item 1.2 of Subsection _405.5 is amended to read as follows:

"1.2. Reserves Against Trust and Other Fiduciary Accounts (TOFA) — Others

In addition to the basic security deposit required under Subsection _405.1, all financial intermediaries authorized to engage in trust and other fiduciary business shall maintain required reserve 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 required reserves against TOFA-Others shall be reduced from ***seven percent (7%) to five percent (5%)***, while the liquidity reserve, which is in addition to the required reserve, shall be maintained at eight