

[BSP MEMORANDUM, July 31, 1997]

TRUST RULES

Pursuant to Monetary Board Resolution No. 962 dated 30 July 1997, 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 fifteen percent (15%). Of the fifteen percent (15%) required reserves, five percentage points may be held in the form of short-term market-yielding government securities purchased directly from the BSP-Treasury Department."

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 ten percent (10%) reserve requirement 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), plus five percent (5%) reserves which may be in the form of short-term market-yielding government securities purchased directly from the BSP-Treasury Department."

SECTION 2. The third paragraph of Subsection _405.6 on the form and composition of reserves is amended to read as follows:

"Of the **fifteen percent (15%)** reserve requirement, **five percentage points** may be in the form of government securities which shall be purchased directly from the Bangko Sentral ng Pilipinas at one-half percent ($\frac{1}{2}\%$) below the prevailing market rate for an equivalent term and volume and subject to BSP's firm commitment to