

[BSP CIRCULAR NO. 497, November 02, 2005]

**AMENDMENTS TO SECTION 4126S - LIMITATIONS ON
DECLARATION OF DIVIDENDS OF THE S REGULATIONS (NSSLAs)
OF THE MOR FOR NBFIs**

Pursuant to Monetary Board Resolution No. 1315 dated 06 October 2005, the provisions of Section 4126S of the S Regulations of the Manual of Regulations for Non-Bank Financial Institutions, is hereby amended as follows:

SECTION 1. Section 4126S is hereby amended as follows:

Section 4126S - LIMITATIONS ON DECLARATION OF DIVIDENDS

- a. Basis for participation in profits - Member-depositors of an NSSLA on the basis of their capital contributions on the date dividends are declared.
- b. Level of withdrawable share reserve - No NSSLA shall pay any dividends or distribute any profits to its members if the withdrawable share reserve required under Section 4117S is less than, or if by such payment or distribution would be reduced below, the amount specified in said section. The reserve shall be adjusted first before the NSSLA shall declare and pay out dividends at any time of the year.
- c. Capital-to-risk assets ratio - NSSLAs shall not pay any dividends or distribute any profits to their members if their capital-to-risk assets ratio is below the level required under Section 4116S.
- d. Discrepancies between general ledger and subsidiary ledger accounts. - The surplus reserve set up as required under Section 4118S shall not be reverted for distribution as dividends unless and until the discrepancy between the general ledger accounts and their respective subsidiary ledgers for which the surplus reserve has been set up ceases to exist.
- e. Other unbooked capital adjustments required by BSP, whether or not allowed to be set up on a staggered basis. The unbooked valuation reserves and other unbooked capital adjustments required by BSP, whether or not allowed to be set up on a staggered basis, shall be deducted from the amount available for cash dividends.
- f. Interest and other income earned but not yet collected/received, net of reserve for uncollected interest on loans. Accrued interest and other income yet received but already recorded by an NSSLA, net of uncollected interest on loans, shall be deducted from the amount available for cash dividends.

SECTION 2. Subsections 4126.1S and 4126.2S are hereby added to read as follows: