

## [ BSP MEMORANDUM, April 25, 1996 ]

### AMENDMENT ON TRUST RULES

Pursuant to the provisions of Monetary Board Resolution No. 266 dated 13 March 1996, Subsection \_\_404.1 of the Rules and Regulations on Trust, Other Fiduciary Business and Investment Management Activities (Trust Rules) is hereby amended to read as follows:

"Subsec. 404.1. Pre-requisites for - Engaging in Trust and Other Fiduciary Business. A bank or investment house, before it may engage in trust and other fiduciary business, shall comply with the following requirements:

1. The applicant has combined capital accounts as follows:

Expanded  
commercial banks (EKBs) - P2.5 billion

Commercial  
banks (KBs) - P1.25 billion

Branches of  
foreign banks - Permanently assigned capital plus "Net Due to Head Office" account which shall not exceed four (4) times the amount of such permanently assigned capital as required under Sections 5 and 7 of BSP Cir. No. 51

Thrift banks  
and  
investment  
houses - P250 million

"For domestic financial institution 'Combined Capital Accounts' for purposes of this subsection shall mean the total of the unimpaired paid-in capital, earned surplus and undivided profits, net of deferred income tax, and such unbooked valuation reserves and other capital adjustments as may be required by the Bangko Sentral; and excluding any appraisal surplus or appreciation credit as a result of appreciation or an increase in book value of assets.

"For branches of foreign banks, 'Combined Capital Accounts' shall mean the total of the permanently assigned capital plus 'Net Due to Head Office' account which shall not exceed four (4) times the amount of such permanently assigned capital. This shall, however, be net of deferred income tax and such valuation reserves and other capital adjustments as may be required by the Bangko Sentral.