



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 920 Series of 2016

Subject: Personal Management Trust

The Monetary Board, in its Resolution No. 1350 dated 28 July 2016 approved the amendments to Subsections X409.9/4409Q.9 of the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI), respectively, and the Financial Reporting Package for Trust Institutions to provide for the creation of the Personal Management Trust:

Section 1. Existing provisions under Subsections X409.9/4409Q.9 of the MORB/MORNBFI are hereby deleted and shall now read as follows:

"Subsection X409.9/4409Q.9. Personal Management Trust. The guidelines on Personal Management Trust accounts are as follows:

- a. *Definition.* Personal Management Trust (PMT) is a living trust¹ created by an agreement whereby the trustor conveys property or a sum of money to be managed by the trustee, as the agreement dictates, generally for the preservation of the assets or property for future use of the beneficiaries and/or to answer for their current needs. The trustor may or may not nominate third-party beneficiary/ies. The trust agreement must specify the name/s of the beneficiary/ies.

Upon effectivity of this Circular, no new Living Trust Account shall be established; consequently and for purposes of reporting, all valid and existing Living Trust Account shall now be considered as Personal Management Trust. If the Living Trust Account (LTA) does not conform with LTA guidelines, it shall be considered as Other Fiduciary Account.

- b. *Minimum criteria*². A PMT account shall meet the following criteria:

1. Minimum entry amount and maintaining balance shall be equivalent to at least P100,000; *Provided*, That PMT with balances of up to P500,000 shall only be invested in deposits and government securities;
2. The agreement shall clearly state the specific purpose(s) for which the account was established which shall be consistent with the general objectives of the PMT

¹ Being a living trust, PMT becomes operational during the lifetime of the trustor as soon as the agreement is accomplished.

² This applies to the newly created PMT account upon the effectivity of the Circular.

which is the preservation of the assets or property for the future use of the beneficiaries and/or to answer for their current needs;

The distribution clause shall clearly and specifically define the manner and conditions under which the assets (including income thereof) will be distributed. Any distribution/withdrawal of assets (including income thereof) shall be consistent with the purpose of the PMT, strictly in accordance with the distribution clause, and made only to the designated beneficiary/ies. Consequently, the trustee is expected to obtain adequate documentation to ensure the propriety of distribution/withdrawal of assets (including income thereof).

Pre-printed PMT agreements may be allowed for expediency. *Provided*, That the section for the trust purpose and the distribution clause shall not be pre-printed and shall be filled up only upon signing thereof by the trustor;

3. The length of PMT's existence should be consistent with the purpose of the trustor. Any termination for causes that are inconsistent with the purpose/distribution clause shall render the trustor ineligible from opening a new PMT within a period of one (1) year from termination date; and
4. Management of the trust assets shall be aligned with the investment objective/s and risk parameters set forth by the trustor.

PMT accounts that do not meet any of the above criteria shall be considered as other fiduciary accounts subject to applicable reserves.

- c. *Marketing.* Officers and personnel of the Bank proper, including Branch Managers, shall not be allowed to market personal management trust products and sign pre-printed PMT agreements. However, Branch Managers/Officers may refer clients to the Trust Department and give a short introduction on the PMT product to prospective clients.
- d. *Reserve Requirement.* The PMT shall be subject to zero-percent reserve requirement.

Section 2. The following are the amended sections of the Financial Reporting Package for Trust Institutions (FRPTI):

- a. Manual of Accounts

"CONTRACTUAL RELATIONSHIPS OF TRUST INSTITUTIONS

I. Trust - xxx

X X X

(3) Individual Trust Accounts – xxx

(a) Personal Trust – xxx

- (i) **Personal Management Trust** – This refers to a living trust¹ created by an agreement whereby the trustor conveys property or a sum of money to be managed by the trustee, as the agreement dictates, generally for the preservation of the assets or property for future use of the beneficiaries and/or to answer for their current needs. The trustor may or may not nominate third-party beneficiary/ies. The trust agreement must specify the name/s of the beneficiary/ies.

(ii) **Testamentary Trust** – xxx

Xxx”

a. Reporting Template

The following reporting templates of the FRPTI shall be revised to replace “Living Trust” with “Personal Management Trust”, particularly Item “(7)(a)” under “Additional Information” (line item no. B106) (Annex A):

- 1) Schedule BS – Balance Sheet – Consolidated (Peso and FCDU)
- 2) Schedule A1 – Balance Sheet – Peso Accounts
- 3) Schedule A2 – Balance Sheet – FCDU/EFCDU Accounts

Transitory provision. Pending the release of the revised reporting template described above, the existing reporting template for Living Trust Account may be used for PMT accounts.

Section 3. This Circular shall take effect fifteen (15) days following its publication in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


VICENTE S. AQUINO
Officer-in-Charge

18 August 2016

¹ Being a living trust, PMT becomes operational during the lifetime of the trustor as soon as the agreement is accomplished.

	A	B	C	D	E	G	H
1	Report on Trust and Other Fiduciary Services						
2	Balance Sheet						
3	Consolidated (Peso and FCDU)						
4							
5							
6							
7							
8	Account Description				Account Code		UITF
9							
88	Additional Information						
89	(1) Number of Accounts				300000000500610000		
90	(2) Total Number of Discretionary Accounts				3000000001000610000		
91	Total Assets of Discretionary Accounts				3000000001000620000		
92	(3) Total Number of Non-Discretionary Accounts				3000000001500610000		
93	Total Assets of Non-Discretionary Accounts				3000000001500620000		
94	(4) Funds of Government/Government Entities				3000000002500600000		
95	(5) Specialized Institutional Accounts						
96	(a) Number of Accounts				3000000003000610000		
97	(b) Total Assets				3000000003000620000		
98	(6) Tax Exempt Trust and Agency Accounts						
99	(a) Individual/Institutional Trust and Agency Accounts						
100	(i) Number of Accounts				3000000003505610000		
101	(ii) Total Assets				3000000003505620000		
102	(b) Long-Term Common Trust Fund						
103	(i) Number of Accounts				3000000003510610000		
104	(ii) Total Assets				3000000003510620000		
105	(7) Personal Trust				3000000004500600000		
106	(a) Personal Management Trust				3000000004505600000		
107	(b) Testamentary Trust				3000000004510600000		
108	(8) Basic Security Deposit						
109	(a) 1% of average month-end balances of the total volume of the Trust & Agency Assets (excluding Securities Custodianship with SBL Agency Agreement) of the preceding calendar quarter				3000000005505600000		
110	(b) 1/25 of 1% of total face value of securities under Securities Custodianship without SBL as Agency Agreement				3000000005510600000		
111	Securities for Faithful Performance Deposited at BSP				3000000005515600000		
112	Excess/(Deficiency)				3000000005520600000		
113	(9) Reserves Against Peso Denominated Funds						
114	Required Reserves				3000000006005600000		
115	Less (a) Deposits with BSP				3000000006010600000		
116	(b) Government Securities and Cash in Vault				3000000006015600000		
117	Excess/(Deficiency)				3000000006020600000		
118	(10) Breakdown of Trust & Agency Assets for the Quarter						
119	(a) First Month of the Reporting Period				300000010005600000		
120	(b) Second Month of the Reporting Period				300000010010600000		
121	(c) Third Month of the Reporting Period				300000010015600000		
122	Total Trust & Agency Assets for the Quarter				300000010020600000		
123	Average Trust & Agency Assets for the Quarter				300000010025600000		
124							

	A	B	C	D	E	G	H
1	Report on Trust and Other Fiduciary Services						
2	Schedule A1						
3	Balance Sheet						
4	Peso Accounts						
5							
6	Account Description					Account Code	
7							
8							UITF
9							
88	Additional Information						
89	(1) Number of Accounts					300000000500610000	
90	(2) Total Number of Discretionary Accounts					3000000001000610000	
91	Total Assets of Discretionary Accounts					3000000001000620000	
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123							
124							

	A	B	C	D	E	G	AB	AC
1	Report on Trust and Other Fiduciary Services							
2	Schedule A2							
3	Balance Sheet							
4	FCDU / EFCDU Accounts							
5								
6								
7								
8								
9								
88	Additional Information							
89	(1) Number of Accounts						300000000500610000	
90	(2) Total Number of Discretionary Accounts						300000001000610000	
91	Total Assets of Discretionary Accounts						300000001000620000	
92	(3) Total Number of Non-Discretionary Accounts						300000001500610000	
93	Total Assets of Non-Discretionary Accounts						300000001500620000	
94	(4) Funds of Government/Government Entities						300000002500600000	
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