



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

MEMORANDUM NO. M-2016-016

To : ALL TRUST ENTITIES WHICH ARE COUNTERPARTIES TO THE BANGKO SENTRAL NG PILIPINAS (BSP) DEPOSIT FACILITIES

Subject : Discontinuance of Access of Trust Entities to the BSP Deposit Facilities

The Monetary Board, in its Resolution No. 1945 dated 27 October 2016 approved the discontinuance of access of trust entities to the BSP deposit facilities. The BSP Deposit Facilities serve as a monetary policy instrument for managing domestic liquidity in the financial system. It is not intended to become an investment outlet of banks and trust entities. In keeping with the nature of this facility, beginning 1 July 2017, access by trust entities to the BSP Deposit Facilities, particularly the Overnight Deposit Facility (ODF) and Term Deposit Facility (TDF), shall be discontinued. To ensure smooth implementation thereof, all trust entities which are counterparties of the BSP are required to comply with the following guidelines:

1. Trust entities shall no longer have outstanding placements in the ODF and TDF by 30 June 2017.
2. Trust entities shall submit to the BSP's Treasury Department, a notarized Letter of Undertaking (LOU) (Annex "A") by 29 November 2016 committing to the terms of this Memorandum to continue to be qualified as counterparty to the BSP-ODF/TDF until 30 June 2017.
3. For orderly transition, all ODF and TDF placements of trustee accounts and UITFs as of 30 September 2016 shall be reduced to 50 percent and 30 percent by 31 December 2016 and 31 March 2017, respectively, on a per account basis for trustee accounts and a per fund basis for UITFs. Any remaining ODF and TDF placements shall be terminated by 30 June 2017. It is the responsibility of the trust entities to ensure that any ODF and TDF placements shall mature and/or be terminated by 30 June 2017. Further, it is understood that during this transition period, no new/additional funds shall be infused for the ODF and TDF placements of trust entities.
4. In order to monitor compliance with its LOU, the trust entity shall submit on or before 29 November 2016 to the Trust Specialist Group, Supervision and Examination Sector, a report on its existing ODF and TDF placements as of 30 September 2016. Thereafter, a monthly report on the status of its ODF and TDF placements shall be submitted on or before the 5th banking day of the following month until July 2017.

5. It is the responsibility of the trust entities to have in place appropriate internal policies and monitoring mechanisms to ensure compliance with this Memorandum and commitments under the LOU.
6. Any trust entity unwilling or unable to comply with this Memorandum shall be subject to applicable sanctions provided under existing agreement with, and/or rules and regulations of, the BSP.

This Memorandum shall take effect immediately upon publication in any newspaper of general circulation.

FOR THE MONETARY BOARD:


VICENTE S. AQUINO
Officer-in-Charge

18 November 2016

(Institution's Letterhead)

Date

The Treasury Department
Bangko Sentral ng Pilipinas
A. Mabini Street, Malate
Manila 1004

LETTER OF UNDERTAKING

Pursuant to Memorandum No. M-2016-____ dated _____ 2016 which provides for discontinuance of access of trust entities to the Bangko Sentral ng Pilipinas (BSP) - Deposit Facilities, [insert name of trust entity] hereby undertakes that by 30 June 2017, all our trust accounts including Unit Investment Trust Funds (UITFs) shall no longer have outstanding placements in the BSP Overnight Deposit Facility (ODF) and Term Deposit Facility (TDF).

The [insert name of trust entity] further undertakes that all ODF and TDF placements as of 30 September 2016 shall be reduced to 50 percent and 30 percent by 31 December 2016 and 31 March 2017, respectively, on a per account basis for trust accounts and a per fund basis for UITFs. Any remaining ODF and TDF placement shall be terminated by 30 June 2017. We undertake that any ODF and TDF placements shall mature and/or be terminated by 30 June 2017. Further, during this transition period, we undertake that no new/additional funds shall be infused for ODF and TDF placements of trust entities.

The [insert name of trust entity] shall put in place appropriate internal policies and monitoring mechanisms to ensure strict compliance with the Memorandum and this LOU. Further, it shall provide and make available pertinent information and documents requested by the BSP to verify compliance with the terms and conditions on its access to the BSP Deposit Facilities. It also undertakes to authorize the BSP to be reimbursed and/or to forfeit interest earnings on ODF and TDF placements determined to have been made in contravention of Memorandum No. M-2016-_____.

(Trust Officer)
Signature Over Printed Name

(President or Equivalent Position)
Signature Over Printed Name

SUBSCRIBED AND SWORN TO BEFORE ME this ____ day of 2016, affiants exhibiting to me their _____, to wit:

NOTARY PUBLIC

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Page No.
Book No.
Series of 2016.