



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 316 Series of 2002

The Monetary Board, in its Resolution No. 1937 dated December 6, 2001, approved the following amendments to Section X377 of the Manual of Regulations for Banks pursuant to Section 25 of Republic Act No. 8791.

"SEC. X377 Financial Allied Undertakings. With prior BSP approval, banks may invest in equities of the following financial allied undertakings, **subject to the limits prescribed under Sec. X378:**

- a. Leasing companies including leasing of stalls and spaces in a commercial establishment; provided, That bank investment in/acquisition of shares of such leasing company shall be limited/applicable only in cases of conversion of outstanding loan obligations into equity;
- b. Banks;
- c. Investment houses;
- d. Financing companies;
- e. Credit card companies;
- f. **Financial institutions catering to small and medium scale industries including venture capital corporation (VCC), subject to the provisions under Sec. X379;**
- g. Companies engaged in stock brokerage/securities dealership; and
- h. Companies engaged in foreign exchange dealership/brokerage.

In addition, EKBs may invest in the following as financial allied undertakings:

- a. **Insurance companies; and**
- b. Holding company, provided that the investments of such holding company are confined to the equities of allied undertakings and/or non-allied undertakings of UBs allowed under BSP regulations.

The Monetary Board may declare such other activities as financial allied undertakings of banks.



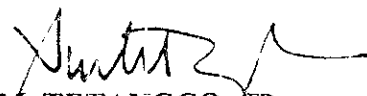
MAG-IMPOK SA BANGKO

The determination of whether the corporation is engaged in a financial allied undertaking shall be based on its primary purpose as stated in its articles of incorporation and the volume of its principal business."

All Circulars previously issued which are inconsistent with the abovecited provisions are hereby superseded.

This Circular shall take effect immediately.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Officer-In-Charge

January 29, 2002