Republic of the Philippines
Department of Finance
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
Mandaluyong City Metro Manila
Philippines

February 8, 2006
SEC Opinion No. 06-10
Unit Trust Fund as Securities

Ms. Dorenda M. Dasmariñas
B14-L1 Neptune Street
Palmera Springs V, Bagumbong
Caloocan City (North)

Dear Ms. Dasmariñas,

This has reference to your letter dated January 27, 2006 requesting for opinion on the queries posed therein.

Your queries are the following:

> 1. Does the unit investment trust fund (UITF), like the Security Bank Secure Peso Fund (hereto attached) fall under the definition of "securities" under the Securities Regulation Code?
>
> 2. If the said UITF is a kind of securities, must it be registered with the SEC? Further, must the issuer comply with reportorial and anti-fraud provisions of Securities Regulation Code?

Relative thereto, Section 3.1 of the SRC defines "securities" as follows:

> "SEC. 3 ***Definition of terms.*** - 3.1. "Securities" are shares, participation or interests in a corporation or in a commercial enterprise or profit-making venture and evidenced by a certificate, contract, instrument, whether written or electronic in character. It includes:
>
> (a) Shares of stock, bonds, debentures, notes, evidences of indebtedness, asset-backed securities;

(b) Investment contracts, certificates of interest or participation in a profit sharing agreement, certificates of deposit for a future subscription;

(c) Fractional undivided interests in oil, gas or other mineral rights;

(d) Derivatives like option and warrants;

(e) Certificates of assignments, certificates of participation, trust certificates, voting trust certificates or similar instruments;

(f) Proprietary or nonproprietary membership certificates in corporations; and

(g) Other instruments as may in the future be determined by the Commission."

From the foregoing definitions, the unit investment trust fund agreement attached in your letter, falls within the scope of definition of "securities". However, said investment trust fund constitutes an exempt security under Section 9 (9.1) (e), of the SRC, which provides thus:

> "SEC. 9. *Exempt Securities.* - 9.1. The requirement of registration under Subsection 8.1 shall not as a general rule apply to any of the following classes of securities:
>
> xxx xxx xxx
>
> (e) *Any security issued by a bank except its own shares of stock."* (Emphasis Supplied)

Accordingly, registration of said securities with the SEC pursuant to the SRC is not necessary. At any rate, it does not preclude the issuer from complying with pertinent anti-fraud provisions under existing Philippine laws.

Very truly yours,

VERNETTE G. UMALI-PACO
General Counsel