



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

**Memorandum to All Banks and Other Financial Intermediaries
Performing Trust, Other Fiduciary Business and
Investment Management Activities**

Pursuant to Monetary Board Resolution No. 1760 dated 12 October 2000 **increasing the liquidity reserve requirement** for all financial intermediaries, the Rules and Regulations on Trust, Other Fiduciary Business and Investment Management Activities (Trust Rules) are amended as follows:

Section 1. Reserves Against Peso-Denominated Common Trust Funds

The **liquidity reserves** against peso-denominated common trust funds and such other peso funds which partake the nature of collective investment of peso-denominated common trust funds **shall be increased as follows:**

	<u>From</u>	<u>To</u>
a) For universal banks and commercial banks	6%	8%
b) For thrift banks	6%	7%
c) For non-bank financial intermediaries with or without quasi-banking functions	6%	8%

The liquidity reserve may be held in the form of short-term market-yielding government securities purchased directly from the Bangko Sentral ng Pilipinas (BSP) -Treasury Department.

In addition to the liquidity reserves, the **regular reserves** against peso-denominated common trust funds and such other managed peso funds which partake the nature of collective investment of peso-denominated common trust funds of all financial intermediaries authorized to engage in trust and other fiduciary business **shall be maintained** as follows:



a) For universal banks and commercial banks	6%
b) For thrift banks	5%
c) For non-bank financial intermediaries with or without quasi-banking functions	6%
c) For rural banks	4%

Section 2. Reserves Against Trust and Other Fiduciary Accounts (TOFA) - Others

In addition to the basic security deposit required under Subsection X405.1 of the Manual of Regulations for Banks and Subsection 4405Q.1 of the Manual of Regulations for Non-Bank Financial Institutions, all financial intermediaries authorized to engage in trust and other fiduciary business shall maintain regular reserves against Trust and Other Fiduciary Accounts (TOFA) - Others, except (a) accounts held under administration; (b) bond issues under deed of trust or mortgage; (c) custodianship and safekeeping; (d) depository/reorganization; (e) employees' benefit plans under trust; (f) escrow; (g) personal trust (testamentary or living trust); (h) executorship; (i) guardianship; (j) life insurance trust; and (k) pre-need plans (institutional/individual).

The **regular reserves** against TOFA-Others **shall be maintained** as follows:

a) For universal banks and commercial banks	6%
b) For thrift banks	5%
c) For non-bank financial intermediaries with or without quasi-banking functions	6%
d) For rural banks	4%

The **liquidity reserve**, which is in addition to the regular reserve, **shall be increased as follows:**

	<u>From</u>	<u>To</u>
a) For universal banks and commercial banks	6%	8%
b) For thrift banks	6%	7%
c) For non-bank financial intermediaries with or without quasi-banking functions	6%	8%

The liquidity reserve may be held in the form of short-term market-yielding government securities purchased directly from the BSP-Treasury Department.

Provided, that the reserves on trust and other fiduciary accounts (TOFA) - Others shall be provided out of such funds.

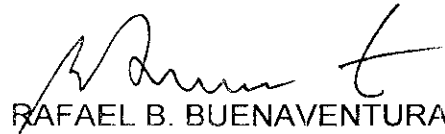
Section 3. Form and Composition of Reserves

Deposits maintained by financial intermediaries authorized to engage in trust and other fiduciary business with the BSP up to forty percent (40%) of the regular reserves against peso-denominated common trust funds as well as the regular reserves for TOFA-Others shall be paid interest at 4.0% per annum based on the average daily balance of said deposits, to be credited quarterly.

Deposits maintained by rural banks authorized to engage in trust and other fiduciary business with the BSP up to forty percent (40%) of the regular reserves against peso-denominated common trust funds as well as the regular reserves for TOFA-Others shall be retained at 4.0% per annum based on the average daily balance of said deposits to be credited quarterly.

This Memorandum shall take effect on 20 October 2000.

FOR THE MONETARY BOARD:


RAFAEL B. BUENAVENTURA
Governor

18 October 2000