Republic of the Philippines
Securities and Exchange Commission
SEC Bldg. EDSA, Greenhills, Mandaluyong City

SEC MEMORANDUM CIRCULAR NO. 12
Series of 2013

TO : MUTUAL FUND COMPANIES

SUBJECT : Amendments to ICA Rule 35-1

The Commission *en banc*, in its meeting on 16 May 2013, approved the following amendments of 1.) ICA Rule 35-1(d)(3); 2.) ICA Rule 35-1(d)(4); and 3.) ICA Rule 35-1(d)(6):

1.) ICA Rule 35-1(d)(3):

"The maximum investment of an investment company in any single enterprise shall not exceed an amount equivalent to fifteen per cent (15%) of the investment company's net asset value except obligations of the Philippine Government and its instrumentalities, nor shall the total investment of the fund exceed ten percent (10%) of the outstanding securities of the investee company."

2.) ICA Rule 35-1(d)(4)

"For liquidity purposes, unless otherwise prescribed by the Commission, at least five percent (5%) of an open-end company fund shall be invested in liquid/semi-liquid assets such as: (A) Treasury notes or bills, Certificates of Indebtedness issued by the Bangko Sentral ng Pilipinas which are short term, and other government securities or bonds and such other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines; (B) Savings or time deposits with government owned banks or commercial banks, provided that in no case shall any such savings or time deposit accounts be accepted or allowed under a "bearer", "numbered" account or other similar arrangement. Provided that, the open-end company fund shall submit a liquidity contingency plan to the Commission before it implements a decreased investment of less than ten percent (10%) in liquid/semi-liquid assets."

3.) ICA Rule 35-1(d)(6)

"As provided in Section 15 of the Act, the total operational expenses of an investment company shall not exceed ten percent (10%) of its average investment fund or net worth as shown in its previous Audited Financial Statements.

The formula shall be as follows:

$$\text{Expense Ratio (\%)} = \frac{\text{Total Operating Expenses}}{\text{Average Net Asset Value''}} * 100$$

The average daily net asset value shall be indicated in the investment company's Quarterly and Annual Reports."

These amendments shall take effect fifteen (15) days after publication in two (2) national newspapers of general circulation in the Philippines.

Signed this 9 day of July 2013, Mandaluyong City, Philippines.

By Authority of the Commission En Banc:

COMMISSIONER MA. JUANITA . CUETO
Officer-In-Charge