



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 756
Series of 2012

Subject: Alignment of the Requirements for the Grant of a Full Trust License and an Investment Management Authority

Pursuant to Monetary Board Resolution No. 543 dated 29 March 2012, the provisions of the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) are hereby amended as follows:

Section 1. Subsections X414.1 and X414.2 of the MORB are hereby amended to read as follows:

"Subsection X414.1 Required Capital.

"Banks applying for authority to perform investment management activities must have minimum capital accounts of not less than P300 million or such amount as may be required by the Monetary Board or other regulatory agency.

"Subsection X414.2 Prerequisites for engaging in investment management activities. A bank before it may engage in investment management activities shall comply with the following requirements:

"xxx

"d. The applicant shall also meet the additional requirements under Subsection X404.3d to m.

"Compliance with the foregoing as well as with other requirements under existing regulations shall be maintained up to the time the investment management authority is granted. A bank that fails in this respect shall be required to show compliance for another test period of the same duration."

Existing Subsections X414.1 and X414.2 shall be renumbered as Subsections X414.2 and X414.3, respectively.

Section 2. Subsection 4404Q.3 of the MORNBFI is hereby amended to read as follows:

"Subsection 4404Q.3 Prerequisites for engaging in trust and other fiduciary business. An institution, before it may engage in trust and other fiduciary business, shall comply with the following requirements:

"a. The applicant has combined capital accounts of not less than P300 million or such amount as may be required by the Monetary Board or other

regulatory agency. For this purpose, combined capital accounts shall have the same meaning as in Sec. 4111Q;

"xxx

"e. Where the applicant is authorized to engage in quasi-banking functions, the applicant shall also meet the following additional requirements:

"xxx

"(2) It has continuously complied with the capital-to-risk assets ratio and ceilings on DOSRI loans for the last six (6) months immediately preceding the date of application;

"xxx

"On the other hand, where the applicant is not authorized to engage in quasi-banking functions:

"xxx

"(ii) the substitution of the reserve requirements with the cash ratio, as follows:

"xxx"

Section 3. Subsection 4414Q.1 of the MORNBF is hereby amended to read as follows:

"Subsection 4414Q.1 Prerequisites for engaging in investment management activities. An entity before it may engage in investment management activities shall comply with the same pre-requisites for engaging in trust and other fiduciary business set forth in Subsection 4404Q.3 however, the following terminologies shall then be used:

- a. *Authority to engage in investment management activities* in lieu of acting as trustee or administering any trust or holding property in trust or on deposit for the use, or in behalf of others;
- b. *Investment management activities* in lieu of trust and other fiduciary business;
- c. *Investment Management Committee* in lieu of Trust Committee;
- d. *Investment Management Officer* in lieu of Trust Officer; and
- e. *Investment Management Department* in lieu of Trust Department

"Compliance with the foregoing, as well as with other requirements under existing regulations, shall be maintained up to the time the investment management authority is granted. An applicant that fails in this respect shall be required to show compliance for another test period of the same duration."

This Circular shall take effect fifteen (15) days following its publication in the Official Gazette or in any newspaper of general circulation.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Governor

24 April 2012