



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

Circular No. 641
Series of 2009

Subject: Amendments to the Financial Reporting Package for Trust Institutions

The Monetary Board, in its Resolution No. 39 dated 8 January 2009, approved the amendments to the Financial Reporting Package for Trust Institutions (FRPTI) issued under Circular No. 609 dated 26 May 2008 attached as Annex A; the salient features of which are as follows:

- (a) Refinement of the manual of accounts and line item instructions;
- (b) Revision of the additional information sections; and
- (c) Blocking and unblocking of the cells in the reporting template.

Accordingly, the live implementation of the FRPTI shall take effect starting with the quarter-end March 2009 report. The parallel run, on the other hand, shall be extended up to quarter-end December 2008 report. During the parallel run period, the FRPTI shall be submitted within the following prescribed deadlines:

Reporting Period	Submission Deadline
30 September 2008	7 February 2009
31 December 2008	6 March 2009

Unless otherwise advised, trust institutions shall continue to submit the existing Report on Trust and Other Fiduciary Business and Investment Management Activities or the Report on Investment Management Activities, as the case may be, and their supporting schedules in accordance with the existing manner and frequency of submission. Existing penalties for late and/or erroneous submission of said report shall continue to apply.

Trust institutions that shall opt for an early live adoption of the FRPTI shall be allowed starting with the quarter-end December 2008 report: *Provided*, That they shall submit the said report to the BSP within 20 banking days after the end of the reference quarter: *Provided, further*, That penalties for late and/or erroneous submission of the FRPTI shall already apply starting with said reference quarter. Trust institutions that shall opt for an early adoption of the FRPTI shall no longer be required to submit the Report on Trust and Other Fiduciary Business and Investment Management Activities or the Report on Investment Management Activities and their supporting schedules starting with the quarter-end December 2008 report.

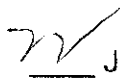
PANANALAPING MATATAG, BANSANG PANATAG

Trust institutions may access the FRPTI revised reporting template at the BSP website (<http://www.bsp.gov.ph/frp/templates>).

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

FOR THE MONETARY BOARD:


ARMANDO L. SURATOS
Officer In-Charge


January 2009

AMENDMENTS TO THE FINANCIAL REPORTING PACKAGE FOR TRUST INSTITUTIONS (FRPTI)

The following are the amended sections of the FRPTI:

GENERAL INSTRUCTIONS

X X X

X X X

X X X

CONTRACTUAL RELATIONSHIPS OF TRUST INSTITUTIONS

- I. **Trust** - This refers to a fiduciary relationship wherein legal title to funds and/or properties of the trustor is transferred to the trustee (trust institution), subject to an equitable obligation of the trustee to administer, hold and manage such funds and/or properties for the use, benefit or advantage of the trustor or other designated beneficiaries.

X X X

X X X

X X X

- (3) **Individual Trust Accounts** – This refers to trust agreements where the trustor is an individual or a natural person. This shall be comprised of the following:

X X X

X X X

X X X

- (c) **Personal Retirement Fund** – This refers to trust agreements where the trustor puts up his own fund, which the trustee shall hold and manage exclusively for the future needs of the trustor, specifically at retirement. This shall include individual accounts that are "pre-need" in nature.

MANUAL OF ACCOUNTS

BALANCE SHEET ACCOUNTS

Asset Accounts

X X X

X X X

X X X

5. **Available-for-Sale (AFS) Financial Assets** - This refers to securities that are designated as available-for-sale, which shall be measured upon initial recognition at their fair value plus transaction costs that are directly attributable to the acquisition of securities. After initial recognition, a bank shall measure AFS at their fair values, without any deduction for transaction costs it may incur on sale or other disposal. A gain or loss arising from a change in the fair value of an AFS security shall be recognized directly in other accountabilities under the account "Net Unrealized Gains/(Losses) on AFS Financial Assets", except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in accountabilities shall be recognized in profit or loss. However, interest calculated using the effective interest method is recognized in profit or loss. Dividends on an AFS equity security are recognized in profit or loss when the client's financial institutions right to receive payment is established.

X X X

X X X

X X X

16. Other Assets

X X X

X X X

X X X

(f) Others - X X X

X X X

X X X

- (v) **Deposits with Closed Financial Institutions/Financial Institutions in Liquidation** - This refers to demand, savings, and/or time deposits maintained with a bank and/or private securities/commercial papers purchased from financial institutions (banks and non-banks), which have been closed or placed under liquidation.

Accountabilities

X X X

X X X

X X X

LINE ITEM INSTRUCTIONS

Main Report and Schedules A1 and A2

X X X

X X X

X X X

Additional Information

- (1) **Number of Accounts** – Report the total number of accounts managed/administered/held by the trust institutions under the appropriate column in respect of its contractual relationship with the client (i.e. trust/other fiduciary/agency/ advisory/consultancy services/special purpose trust). Accounts of trust institutions shall be counted on a per agreement basis. Investments in both RBU and FCDU that are covered by one agreement shall be counted as one and reported under the peso schedule.

X X X

X X X

X X X

- (6) **Tax Exempt Trust and Agency Accounts** – This refers to tax-exempt trust and agency accounts of the trust institution.

- (a) **Institutional/Individual Trust and Agency Accounts** – This refers to tax-exempt institutional/individual trust and agency accounts.

- (i) **Number of Accounts** – Report the total number of tax-exempt institutional/individual trust and agency accounts under the appropriate columns.

- (ii) **Total Assets**– Report the total carrying amount of assets of institutional/individual trust and agency accounts under the appropriate columns.

X X X

X X X

X X X

- (9) **Reserves Against Peso Denominated Funds** – Report the requested amounts under the appropriate columns. This shall apply to institutional/individual - others accounts, peso-denominated common trust funds and other fiduciary services-others accounts.

(10) **Breakdown of Trust and Agency Assets for the Quarter** - Report the total carrying amount of trust and agency assets for the quarter.

(a) **First Month of the Reporting Period** - Report the total carrying amount of trust and agency assets outstanding as of the first month of the reporting period (e.g., Total trust and agency assets outstanding as of end January shall be reported in this line item for reports as of the quarter- ending March).

(b) **Second Month of the Reporting Period** - Report the total carrying amount of trust and agency assets outstanding as of the second month of the reporting period (e.g., Total trust and agency assets outstanding as of end February shall be reported in this line item for reports as of the quarter- ending March).

(c) **Third Month of the Reporting Period** - Report the total carrying amount of trust and agency assets outstanding as of the third month of the reporting period (e.g., Total trust and agency assets outstanding as of end March shall be reported in this line item for reports as of the quarter- ending March).

Schedules B, B1 and B2

Details of Investments in Debt and Equity Securities

Report the total carrying amount (net of allowance for credit losses, where applicable) of securities classified as to their respective issuers under the appropriate columns provided. The carrying amount of the securities shall refer to the following:

X X X

X X X

X X X

Additional Information

(1) Securities Sold Under Securities Lending and Borrowing Transactions

X X X

X X X

X X X

(c) **Total Fair Value of Securities** - Report the total fair value of securities lent under securities lending and borrowing transactions under the appropriate columns.

(2) **Investment in Structured Products** –Report the total carrying amount of investments in structured products indicated in the line items under the appropriate columns. Said structured products are defined as follows:

(a) **Credit-Linked Notes (CLNs) (Circular No. 594 dated 8 January 2008)** –

This refers to a pre-funded credit derivative instrument under which the note holder effectively accepts the transfer of credit risk pertaining to a reference asset or basket of assets issued by a reference entity/ies. The repayment of the principal to the note holder is contingent upon the occurrence of a defined credit event. In consideration thereof, the note holder receives an economic return reflecting the underlying credit risk of the reference assets.

(3) **Investment in Pooled Funds** –Report the total carrying amount of investments in pooled funds indicated in the line items under the appropriate columns.

(a) **Debt** – Report to total carrying amount of investments in pooled funds, where the underlying investments are debt securities. ~~This shall be sub-classified as to the following:~~

- ~~(i) With remaining tenor of 1-year or less; and~~
- ~~(ii) With remaining tenor of more than 1-year~~

x x x

x x x

x x x

INCOME STATEMENT

(Bank Proper)

Report the fiduciary and related services income and expenses of the trust department specified in the line item.

The total fiduciary and related services income (gross) shall be the amount reported in the Fees and Commissions Income – Income from Fiduciary Activities account of the Financial Reporting Package (FRP) for banks. The expenses incurred by the trust department, on the other hand, shall

be reported/added to the corresponding expense accounts of the FRP for banks.

The income and expense accounts in the FRPTI are defined as follows:

Fiduciary and Related Services Income

x x x

x x x

x x x

MAIN REPORT AND SCHEDULES TEMPLATES

(1) Main report

- Included the following line items in the Additional Information section:
 - (10) Breakdown of Trust and Agency Assets for the Quarter
 - (a) First Month of the Reporting Period
 - (b) Second Month of the Reporting Period
 - (c) Third Month of the Reporting Period
 - Total Trust and Agency Assets for the Quarter
 - Average Trust and Agency Assets for the Quarter

(2) Main report and Schedules A1 and A2

- Unblocked cells of other assets (Item no. 16 asset accounts of the balance sheet) and principal (Item no. 1 of accountabilities of the balance sheet) for the Advisory/Consultancy column.
- Unblocked cells of tax-exempt institutional/individual trust/agency accounts (Item no. 6A of Additional Information) for employee benefit trust and agency accounts.
- Blocked the following accounts under the UITF column:

Assets

- (10) Loans and Receivables Arising from Repurchase Agreements and Securities Lending and Borrowing Transactions
- (11) Derivatives with Positive Fair Value Held for Hedging

- (12) Sales Contract Receivable
- (14) Investment Properties
- (15) Real and Other Properties Acquired

Accountabilities

- (3) Net Unrealized Gains and Losses on AFS Financial Assets (including its sub-accounts)
- (5) Derivatives with Negative Fair Value Held for Hedging
- Blocked cells on reserves against peso-denominated funds for the following accounts:
 - (a) UITF
 - (b) Institutional Trust Accounts
 - i. Employee Benefit
 - ii. Pre-Need
 - (c) Individual Trust Accounts
 - i. Personal Trust
 - ii. Personal Pension Fund
 - iii. Personal Retirement Fund
 - (d) Institutional Agency Accounts
 - i. Employee Benefit
 - ii. Pre-Need
 - iii. Others
 - (e) Individual Agency Accounts
 - i. Personal Pension Fund
 - ii. Personal Retirement Fund
 - iii. Others
 - (f) Advisory/Consultancy Account
- (3) Main report and Schedules A1, A2, B, B1, B2, C, C1 and C2 :
 - Blocked all cells pertaining to Advisory/Consultancy services except for number of accounts in the balance sheet (main report)
- (4) Schedules B, B1 and B2

- Deleted line items in the additional information section rows pertaining to breakdown of investment in pooled funds - debt securities according to residual maturity

(5) Schedules D, D1, D2, E1, E1a and E1b

Included the following asset accounts:

- (1) Cash on Hand, Checks & Cash Items
- (2) Due From BSP
- (6) Accrued Interest Income from Financial Assets
 - Less: Allowance for Credit Losses
 - Accrued Interest Income from Financial Assets - Net
- (7) Other Assets
 - Less: Allowance for Losses
 - Other Assets - Net
 - A. Accounts Receivable
 - Less: Allowance for Losses
 - Accounts Receivable - Net
 - B. Dividends Receivable
 - Less: Allowance for Losses
 - Dividends Receivable - Net
 - C. Deposit in Closed Banks
 - Less: Allowance for Losses
 - Deposit in Closed Banks - Net