

[BSP CIRCULAR NO. 860, November 28, 2014]

**GUIDELINES ON THE QUALIFICATION/ACCREDITATION
REQUIREMENTS OF PERSONAL EQUITY AND RETIREMENT
ACCOUNT (PERA) MARKET PARTICIPANTS AND PERA
INVESTMENT PRODUCTS**

Adopted: 28 November 2014

Date Filed: 05 December 2014

The Monetary Board in its Resolution No. 1835 dated 13 November 2014, approved the following guidelines on the qualification/accreditation of PERA Market Participants and PERA investment Products which are being issued pursuant to Republic Act (RA) No. 9505 also known as the PERA Act of 2008 (PERA Act) and its Implementing Rules and Regulations (the PERA Rules).

Section 1. Applicability

These guidelines apply to banks, trust entities^[1] and other entities determined by the Bangko Sentral ng Pilipinas (BSP) as eligible that seek to be qualified/ accredited and are qualified/accredited as PERA Market Participants, and to PERA Investment Products that are considered eligible by the BSP for PERA purposes.

Section 2. Eligibility Criteria

A. PERA Investment Products

The following PERA investment products are considered to be BSP-eligible PERA investment Products, provided that with respect to items 1 and 2 below they are issued by BSP-supervised entities with CAMELS rating of not lower than "3" or its equivalent, to wit:

1. Unit investment trust fund (UITF); Debt-instruments such as but not limited to long term negotiable certificate of deposits and unsecured subordinated debt;
2. Deposits; and
3. Government-issued securities.

In the case of UITF, the existing approval process shall be observed. The BSP may allow other category of investment products or outlets for PERA purposes, provided that the product is non-speculative, readily marketable, and with a track record of regular income payments to investors.

B. PERA Market Participants

PERA Market	Participants Eligible Entities
Administrator	Banks, trust entities and other entities as may be determined by

	the BSP as eligible to act as PERA Administrator
Investment Manager	Trust entities and other entities as may be determined by the BSP as having the qualifications to be accredited as PERA Investment Manager
Cash Custodian	Banks
Securities Custodian	Banks and trust entities
Investment Product Provider	Any BSP-supervised entity that wishes to offer PERA Investment Product to Contributors

Section 3. Qualification/Accreditation Requirements

A. As an Administrator

The BSP shall issue a Qualification Certificate as Administrator to an entity upon compliance with the following requirements:

1. The applicant maintains a net worth of at least One Hundred Million Pesos (Php100,000,000.00) at all times.

Net worth shall refer to the combined capital accounts of the Administrator which shall mean the total of the unimpaired paid-in capital, surplus and undivided profits, less:

- (a) The one percent (1%) of the book value of the total volume of PERA assets administered and other capital adjustments as may be required by the BSP;
- (b) Total outstanding unsecured credit accommodations, both direct and indirect, extended by the Administrator to directors, officers, all stockholders and their related interests (DOSRI); and
- (c) Appraisal surplus or appreciation credit as a result of appreciation or an increase in the book value of the assets of the Administrator.

DOSRI cited in Item 1(b) above shall refer to that provided in Subsection X326.1 of the Manual of Regulations for Banks (MORB), provided that for purposes of this provision, references to a bank as an entity shall be understood to include references to any other type of entity acting as Administrator.

2. It has adopted a Manual of Corporate Governance approved by the BSP, and is in full compliance therewith.
3. It has a clear and sufficient organization plan or structure of its personnel who will perform the PERA administration functions, stating the definition of the duties and responsibilities as well as the line and staff functional relationships.

4. It possesses adequate systems and technological capabilities, and the necessary technical expertise and personnel to administer all types of PERA Investment Products, ensure the proper recording and tracking of a Contributor's PERA, and perform the other required functions of an Administrator.

5. It has sufficient personnel who have undergone the requisite training prescribed by the BSP to educate the Contributor on:

- (a) The nature of a PERA;
- (b) Privileges, conditions and requirements of a PERA;
- (c) The risks and benefits of each type of PERA Investment Products; and
- (d) Respective roles of the Administrator, Investment Manager and Custodian.

6. It has adopted the following forms that the Administrator shall use in dealing with the Contributor and his PERA:

- (a) Pre-Acceptance Disclosure Policy described in PERA Rule 6.A.2.a;
- (b) Client Suitability Assessment Questionnaire referred to in PERA Rule 6.A.2.b(i);
- (c) Risk Disclosure Statement, which shall include the standard minimum information referred to in PERA Rule 6.A.2.d below; and
- (d) Contract between the Contributor and the Administrator referred to in PERA Rule 6.A.2.c.

7. It has a Board-approved policy on fees and charges to be imposed for its services as Administrator which shall be subject to BSP approval.

Failure to satisfy any of the above requirements shall be a ground for the denial of the application, without prejudice to the re-filing of an application.

An Administrator who has been issued with a "Qualification Certificate" shall then file an application for accreditation with the PERA Processing Office of the Bureau of Internal Revenue (BIR) to complete its application process to become a PERA Administrator.

B. As an Investment Manager

The BSP shall accredit an entity as an Investment Manager upon submission of a written application certified by the Chief Executive Officer (CEO) together with the following documentary requirements:

- 1. Written supervision and control procedures for the conduct of the investment management functions;
- 2. Proof of at least five (5) years of experience in professional investment management;
- 3. Certified true copy of educational, professional/technical or other academic qualifications of its principal officers;
- 4. Copy of its form contract to be utilized. The agreement between the Contributor and the Investment Manager shall contain the following minimum contents: