

[BSP MEMORANDUM, June 18, 2003]

**GUIDELINES FOR THE ISSUANCE OF UNSECURED
SUBORDINATED DEBT (USD) ELIGIBLE**

Pursuant to Monetary Board Resolution No. 770 dated 5 June 2003, the provisions of the Memorandum to All Banks and Non-Bank Financial Institutions Concerned dated 17 February 2003 prescribing the guidelines for the issuance of unsecured subordinated debt (USD) eligible as Tier 2 (supplementary) capital under items b.b.1(8) and b.b.2(1), Subsection X116.1 of the Manual of Regulations for Banks (MOR) is hereby amended to read, as follows:

Section 1. Item D.3.b.3 of the Memorandum to All Banks and Non-Bank Financial Institutions Concerned is hereby amended to read as follows:

"3) It must not be an Underwriter or a Market Maker of the USD."

Section 2. Item H.2 of the Memorandum is hereby amended to read as follows:

"2. Common trust funds managed by the Trust Department of the Issuing Bank, its subsidiaries and affiliates or other related entities: *Provided*, That other funds being managed by the Trust Department of the Issuing Bank, its subsidiaries and affiliates or other related entities are allowed to purchase or invest in USD of the Issuing Bank subject to the following conditions:

- a. That the fund owners give prior authority/instruction to the Trust Department to purchase or invest in the USD of the Issuing Bank; and
- b. That the authority/instruction of the fund owner and his understanding of the risk involved in purchasing or investing in USD are fully documented."

This Memorandum shall take effect immediately.

Adopted: 18 June 2003

(SGD.) RAFAEL B. BUENAVENTURA
Governor
