

**[BSP MEMORANDUM TO ALL BANKS AND OTHER
FINANCIAL INTERMEDIARIES PERFORMING
TRUST, OTHER FIDUCIARY BUSINESS, AND
INVESTMENT MANAGEMENT ACTIVITIES, May 17,
1993]**

**AMENDMENTS TO THE RULES AND REGULATIONS ON TRUST,
OTHER FIDUCIARY BUSINESS AND INVESTMENT MANAGEMENT
ACTIVITIES**

The Monetary Board, in its Resolution No. 342, dated 23 April 1993, approved the following amendments to the Rules and Regulations on Trust, Other Fiduciary Business, and Investment Management Activities:

SECTION 1. Subsection 404.1 is hereby amended so that Item 1 thereof shall read as follows:

"Subsec. 404.1 Pre-requisites for Engaging in Trust and Other Fiduciary Business. A trust corporation, bank or investment house, before it may engage in trust and other fiduciary business, shall comply with the following requirements.

1. The applicant has COMBINED CAPITAL ACCOUNTS of at least P250 million. A bank or an investment house previously authorized to perform and is actually engaged in trust and other fiduciary business whose COMBINED CAPITAL ACCOUNTS ARE LESS THAN P250 million shall BE GIVEN A THREE-YEAR PERIOD FROM (effectivity date of this Memorandum) TO MEET THE MINIMUM AMOUNT. In case an institution fails to comply with this requirement, the Monetary Board may require the institution to desist from accepting new trust and other fiduciary accounts and from renewing expiring trust and other fiduciary contracts;

FOR DOMESTIC FINANCIAL INSTITUTION, "COMBINED CAPITAL ACCOUNTS" FOR PURPOSES OF THIS SUBSECTION SHALL MEAN THE TOTAL OF THE UNIMPAIRED PAID-IN CAPITAL, EARNED SURPLUS AND UNDIVIDED PROFITS, NET OF DEFERRED INCOME TAX, AND SUCH UNBOOKED VALUATION RESERVES AND OTHER CAPITAL ADJUSTMENTS AS MAY BE REQUIRED BY THE CENTRAL BANK; AND EXCLUDING ANY APPRAISAL SURPLUS OR APPRECIATION CREDIT AS A RESULT OF APPRECIATION OR AN INCREASE IN BOOK VALUE OF ASSETS.

FOR BRANCHES OF FOREIGN BANKS, "COMBINED CAPITAL ACCOUNTS" SHALL MEAN THE TOTAL OF THE ASSIGNED CAPITAL, IF ANY, AND NET DUE TO HEAD OFFICE ACCOUNT WHICH SHALL INCLUDE ALL NET AMOUNTS DUE TO OTHER BRANCHES OUTSIDE THE PHILIPPINES ACCOUNT, NET OF DEFERRED INCOME TAX AND SUCH VALUATION RESERVES AND OTHER CAPITAL ADJUSTMENTS AS MAY BE REQUIRED BY THE CENTRAL BANK;"