



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR
FINANCIAL SUPERVISION SECTOR

MEMORANDUM NO. M-2020-038

To : ALL TRUST ENTITIES (TEs)

Subject : Regulatory Relief from the Exposure Limit Applicable to Unit Investment Trust Funds (UITFs) in Relation to COVID-19

Section 414/414-Q of the Manual of Regulations for Banks (MORB)/Manual of Regulations for Non-Bank Financial Institutions (MORNBFIs) limits the combined exposure of a UITF to any entity and its related parties to fifteen percent (15%) of the market value of the UITF. Moreover, the regulation prescribes that any breach of the limit due to the marking-to-market of certain investments or extraordinary circumstances must be corrected within thirty (30) days from the time the limit is breached.

The BSP recognizes that the implementation of the enhanced community quarantine (ECQ) in light of the COVID-19 pandemic is an extraordinary circumstance. Because of the ECQ, a TE may experience operational difficulties in servicing the requirements of its clients, and as a result, incur breaches in respect of its UITFs' exposures to depository banks. In this regard, a TE is expected to conduct its own risk assessment and set internal thresholds for such breaches. Further, any breaches must be corrected within thirty (30) calendar days from the time that the ECQ is lifted. Lastly, a TE that incurs breaches shall report its internal thresholds and the details of any breaches to the appropriate supervising department of the BSP on a weekly basis until the exposures are brought back to within the regulatory limit.

For guidance and strict implementation.


CHUCHI G. FONACIER
Deputy Governor

01 May 2020

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05/06/2020
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