

375 NON-FINANCIAL ALLIED UNDERTAKINGS

A bank may acquire up to 100% of the equity of a non-financial allied undertaking: *Provided*, That the equity investment of a TB/RB in any single enterprise shall remain less than fifty percent (50%) of the voting shares in that enterprise: *Provided, further*, That prior Monetary Board approval is required if the investment is in excess of forty percent (40%) of the total voting stock of such allied undertaking.

The determination of whether the corporation is engaged in a non-financial allied undertaking shall be based on the primary purpose as stated in its articles of incorporation and the volume of its principal business.

a. *UBs/KBs/TBs*

UBs/KBs and TBs may invest in equities of the following non-financial allied undertakings:

- (1) Warehousing companies;
- (2) Storage companies;
- (3) Safe deposit box companies;
- (4) Companies primarily engaged in the management of mutual funds but not in the mutual funds themselves;
- (5) Management corporations engaged or to be engaged in an activity similar to the management of mutual funds;
- (6) Companies engaged in providing computer services;
- (7) Insurance agencies/brokerages;
- (8) Companies engaged in home building and home development;
- (9) Companies providing drying and/or milling facilities for agricultural crops such as rice and corn;
- (10) Service bureaus, organized to perform for and in behalf of banks and NBFIs the services allowed to be outsourced enumerated in Sec. 112: *Provided*, That data processing companies may be allowed to invest up to forty percent (40%) in the equity of service bureaus;

- (11) Philippine Clearing House Corporation (PCHC), Philippine Central Depository, Inc. and Fixed Income Exchange;
- (12) Companies engaged in merchant acquiring business;
- (13) Such other similar activities as the Monetary Board may declare as non- financial allied undertakings of banks.

UBs may further invest in health maintenance organizations (HMOs).

In addition, TBs may also invest in the equities of companies enumerated in Item “b” of this Section.

b. RBs/Coop Banks

RBs/Coop Banks may invest, as a non-financial undertaking, in the equities of companies engaged in the following:

- (1) Warehousing and other postharvest facilities;
- (2) Fertilizer and agricultural chemical and pesticides distribution;
- (3) Farm equipment distribution;
- (4) Trucking and transportation of agricultural products;
- (5) Marketing of agricultural products;
- (6) Leasing;
- (7) Automated Teller Machine (ATM) networks; and
- (8) Other undertakings as may be determined by the Monetary Board.

The guidelines in determining compliance with ceilings on equity investments in non-financial allied undertakings are shown in *Appendix 83*.

(Circular No. 896 dated 17 December 2015)