

376-A INVESTMENTS IN NON-ALLIED OR NON-RELATED UNDERTAKINGS

Only UBs may invest in the equity of an enterprise engaged in non-allied or non-related activities.

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

Non-allied undertakings eligible for investment by universal banks. The broad category of non-allied undertakings in which a UB may invest directly or through its subsidiary shall require prior approval of the Monetary Board: *Provided*, That individual equity investments in the following broad categories shall not require prior Monetary Board approval, except as may be required in Sec. 371 (*Guidelines for major investments*):

- a. Enterprises engaged in physically productive activities in agriculture, mining and quarrying, manufacturing, public utilities, construction, wholesale trade and community and social services following the industrial groupings in the Philippine Standard Industrial Classification (PSIC) as enumerated in *Appendix 19*;
- b. Industrial park projects and/or industrial estate developments;
- c. Financial and commercial complex projects (including land development and buildings constructed thereon) arising from or in connection with the Government's privatization program; and
- d. Such other broad categories as the Monetary Board may declare as appropriate: *Provided, further*, That the bank shall submit within thirty (30) banking days after the investment, the following information/documents to the appropriate supervising department of the Bangko Sentral:
 - (1) The amount of investment;
 - (2) The name of investee company; and
 - (3) The nature of business, accompanied by such pertinent documents as articles of incorporation, articles of partnership or registration certificate, whichever may be applicable.

Limits on investments in non- allied enterprises.

- a. The equity investment of a UB, or of its wholly or majority-owned subsidiaries, in a single non-allied enterprise shall not exceed thirty-five percent (35%) of the total equity in that enterprise nor shall it exceed thirty-five percent (35%) of the voting stock in that enterprise.

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For the purpose of determining compliance with the ceiling prescribed in the preceding paragraph, (i) the equity investment of the bank; and (ii) the equity investment of the bank's subsidiaries, shall be combined.

- b. In no case shall the total equity investments in a single non-allied enterprise of UBs, NBFIs performing QB functions and their subsidiaries, whether or not the parent financial intermediaries have equity investments in the enterprise, amount to fifty percent (50%) or more of the voting stock of that enterprise: *Provided, however,* That equity investments in excess of the ceilings prescribed herein as of 01 April 1980 may be maintained but may not be increased and if reduced, shall not be increased thereafter beyond the ceiling prescribed herein.