

MANAGEMENT ACCOUNTS
**416 FOREIGN CURRENCY DEPOSIT UNIT/EXPANDED FOREIGN CURRENCY DEPOSIT
UNIT TRUST ACCOUNTS; OTHER FIDUCIARY OR INVESTMENT MANAGEMENT
ACCOUNTS**

Only a bank with authority to operate a foreign currency deposit unit (FCDU) or an expanded foreign currency deposit unit (EFCDU) under R.A. No. 6426, as amended, may accept foreign currency-denominated trust, other fiduciary or IMAs.

Banks with trust authority or investment management authority. A bank authorized to engage in trust business under Section 79 of R.A. No. 8791, or in investment management activities only under Section 53.4 of R.A. No. 8791, which is also authorized to operate an FCDU or EFCDU under R.A. No. 626, as amended, shall include FCDU/EFCDU trust other fiduciary or IMAs among those managed or administered by its trust/ investment management department under the responsibility of the board of directors, the trust/investment management committee and the trust/investment management officer.

Additional deposit for the faithful performance of trust duties or investment management activities. A bank authorized to engage in trust business or investment management activities that accepts FCDU/EFCDU trust other fiduciary or IMAs shall deposit with the Bangko Sentral additional eligible government securities under Sec. 417 as security for the faithful performance of trust duties or investment management activities equivalent to at least one percent (1%) of the value of the FCDU/EFCDU trust or investment management assets based on the average of the month-end balances of such assets during the immediately preceding quarter as converted in the local currency at the prevailing foreign exchange rate. Such securities shall be deposited within thirty (30) banking days after the end of every calendar quarter.

Applicability of rules and regulations. Unless otherwise revised by the provisions of this Section, the rules and regulations governing the administration of trust, other fiduciary or IMAs, including UITF, shall be observed. Also applicable are rules and regulations on the operations of FCDUs/EFCDUs that include, among other things, regulations on acceptable foreign currencies, eligible and ineligible foreign currency sources; foreign currency cover requirements; and allowable loans and investments.

(Circular No. 966 dated 11 July 2017)