

**QUALIFICATION REQUIREMENTS FOR A BANK/NBFI APPLYING FOR ACCREDITATION TO ACT AS TRUSTEE ON ANY MORTGAGE OR BOND ISSUED BY ANY MUNICIPALITY, GOVERNMENT-OWNED OR -CONTROLLED CORPORATION, OR ANY BODY POLITIC**  
***(Appendix to Sec. 413)***

A bank/NBFI applying for accreditation to act as trustee on any mortgage or bond issued by any municipality, government- owned or controlled corporation, or any body politic must comply with the following requirements:

- a. It must be a bank or NBFI under Bangko Sentral supervision;
- b. It must have a license to engage in trust and other fiduciary business;
- c. It must have complied with the minimum capital accounts required under existing regulations, as follows:

UBs and KBs	The amount required under existing regulations or such amount as may be required by the Monetary Board in the future
Branches of Foreign Bank	The amount required under Foreign Bank existing regulations
Thrift Banks	P650.0 million or such amounts as may be required by the Monetary Board in the future
NBFIs	Adjusted capital of at least P300.0 million or such amounts as may be required by the Monetary Board in the future.

- d. Its risk-based capital adequacy ratio is not lower than twelve percent (12%) at the time of filing the application;
- e. The articles of incorporation or governing charter of the institution shall include among its powers or purposes, acting as trustee or administering any trust or holding property in trust or on deposit for the use, or in behalf of others;
- f. The by-laws of the institution shall include among others, provisions on the following:
  - (1) The organization plan or structure of the department, office or unit which shall conduct the trust and other fiduciary business of the institution;
  - (2) The creation of a trust committee, the appointment of a trust officer and subordinate officers of the trust department; and

- (3) A clear definition of the duties and responsibilities as well as the line and staff functional relationships of the various units, officers and staff within the organization.
- g. The bank's operation during the preceding calendar year and for the period immediately preceding the date of application has been profitable;
- h. It has not incurred net weekly reserve deficiencies during the eight (8) weeks period immediately preceding the date of application;
- i. It has generally complied with banking laws, rules and regulations, orders or instructions of the Monetary Board and/or Bangko Sentral Management in the last two (2) preceding examinations prior to the date of application, particularly on the following:
- (1) election of at least two (2) independent directors;
  - (2) attendance by every member of the board of directors in a special seminar for board of directors conducted or accredited by the Bangko Sentral;
  - (3) the ceilings on credit accommodations to DOSRI;
  - (4) liquidity floor requirements for government deposits;
  - (5) single borrower's loan limit; and
  - (6) investment in bank premises and other fixed assets.
- j. It maintains adequate provisions for probable losses commensurate to the quality of its assets portfolio but not lower than the required valuation reserves as determined by the Bangko Sentral;
- k. It does not have float items outstanding for more than sixty (60) calendar days in the "Due From/To Head Office/ Branches/Other Offices" accounts and the "Due from Bangko Sentral" account exceeding one percent (1%) of the total resources as of date of application;
- l. It has established a risk management system appropriate to its operations characterized by clear delineation of responsibility for risk management, adequate risk measurement systems, appropriately structured risk limits, effective internal controls and complete, timely and efficient risk reporting system;
- m. It has a CAMELS Composite Rating of at least 3 in the last regular examination with management rating of not lower than 3; and
- n. It is a member of the PDIC in good standing (for banks only);

Compliance with the foregoing as well as with other requirements under existing regulations shall be maintained up to the time the trust license is granted. A bank that fails in this respect shall be required to show compliance for another test period of the same duration.