Legal Watch

BSP CIRCULAR NO. 1234, SERIES OF 2026

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Jire Carreon / Rappler

Agency Name

Bangko Sentral ng Pilipinas (BSP)

Issuance Title

Amendment of the Exposure Limits of Unit Investment Trust Funds

Issuance Date

20 May 2026

Link

https://www.bsp.gov.ph/Regulations/Issuances/2026/1234.pdf

SUMMARY

Section 414/414-Q of the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) on exposure Limits on the Unit Investment Trust Fund (UITF) is amended.

This amendment increased the exposure limit of a UITF invested, partially or substantially, in exchange-traded equity securities from fifteen percent (15%) to twenty percent (20%) to a single entity/issuer.

It likewise added that any exposure exceeding fifteen percent (15%) up to the twenty percent (20%) limit shall be solely in the form of investments in exchange-traded equity securities of the same entity/issuer.

Lastly, it provided that in the case of an equity index-tracking UITF, the exposure limit shall be the actual benchmark weighting of the index component issuer, which may exceed twenty percent (20%).

ACTIONABLE ADVICE

(1) The Trust Entity (TE) shall be cognizant of the aggregate investments of a UITF in any entity and its related parties.

(2) The TE shall have adequate tools and controls in place to effectively manage the overall risk exposure.

(3) In case there is a breach in the exposure limits, the TE shall notify the appropriate supervising department of the BSP regarding the non-compliance on the next banking day immediately following the breach.

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ACTIONABLE ADVICE

(4) The notice of such breach shall comply the following

a. It must be signed by the trust officer or an officer of equivalent rank

b. It must contain the following information:

i. Date of breach occurred

ii. Reason/s for or factor/s leading to the breach

iii. Action/s the TE has taken and/or will take to achieve full compliance with the exposure limit

(5) Furthermore, a breach arising from mark-to-market movements of investments or other extraordinary circumstances shall be corrected within **thirty (30) days** from the time the limit is breached, or in case of investor funds, **thirty (30) days** from the date of receipt of report indicating the net asset value of the fund.

(6) All other breaches shall be acted upon immediately.