



Fund Management Collective Investment Scheme Law

UITFs



MFs



VULs



Different Investment Guidelines

Collective Investment Scheme Law



CISL Allowable Investments



Deposits



Exchange-listed securities



Financial Derivatives



Securities issued by PH government or BSP



Marketable instruments traded at organized exchanges



Other CIS (ETFs, REITs)
IOSCO based instruments in international markets*



Tradable securities issued by foreign governments & any political subdivision of a foreign country



Loans traded in an organized market



Other investments or instruments as the regulatory body may allow

Comparison Considerations

Current individual regulations are structured differently

Regulations are currently being revised (Investment Company Act, BSP Capital Market Rules and Trust Business Model)

Comparison not comprehensive or definitive

Allowable Investment Outlets



UITFs

- Bank deposits
- Securities issued by the PH government or BSP
- Tradable securities issued by the gov't of a foreign country, any political subdivision of a foreign
- Exchange-listed securities
- Marketable instruments traded at organized exchanges
- Loans traded in an organized market
- [Derivatives \(requires a derivative license\)](#)
- Other CIS
 - ETFs
 - [Feeder Funds](#)
 - [Fund of Funds](#)
- Other tradable investment outlets as the BSP may allow, provided that two-way prices are regularly available from an exchange, dealer, broker, etc.
- [Loans arising from repo agreements](#)



CISL

- ✓ Bank deposits
- ✓ Securities issued by the PH government or BSP
- ✓ Tradable securities issued by the gov't of a foreign country, any political subdivision of a foreign country
- ✓ Exchange-listed securities
- ✓ Marketable instruments traded at organized exchanges
- ✓ Loans traded in an organized market
- + [Derivatives as authorized by the regulatory body](#)
- + Other CIS
 - ✓ ETFs
 - + [REITs](#)
 - × [Feeder Funds](#)
 - ? [Funds of Funds \(10%\)](#)
- ✓ Other investments as regulatory agency may allow
- ✓ IOSCO investments in other markets

Allowable Investment Outlets



MFIs

- Bank Deposits
- Money Market Instruments
- Securities issued by the Philippine government or BSP
- Tradable securities issued by the government of a foreign country, any political subdivision of a foreign
- Transferable Securities
- Exchange-listed securities
- Loans traded in an organized market
- Financial Derivatives*
- Other CIS **
 - ETFs
 - Feeder Funds
 - Fund of Funds

**Based on the Draft 2016 IRR of the ICA*

***Target fund is registered with the Commission or approved by the BSP, or registered/authorized by regulatory authority of IOSCO member*



CISL

- ✓ Bank deposits
- ✓ Marketable instruments traded at organized exchanges
- ✓ Securities issued by the Philippine government or BSP
- ✓ Tradable securities issued by the government of a foreign country, any political subdivision of a foreign country
- ✓ Transferable Securities
- ✓ Exchange-listed securities
- ✓ Loans traded in an organized market
- ✓ Derivatives as authorized by the regulatory body
- + Other CIS
 - ✓ ETFs
 - + REITs
 - × Feeder Funds (10%)
 - ? Funds of Funds (10%)
- + Other investments or instruments as the regulatory body may allow

Allowable Investment Outlets



VUL (Insurance)

- [Loans \(subject to provisions\)](#)
- Bank deposits
- Real/personal property acquired by reason of loan
- Lot and building for office use
- Bonds issued by PH gov't, GOCCs, BSP, and solvent corps in the PH
- Preferred stocks of solvent corporations
- Common stocks of solvent corporations
- [Securities issued by a registered enterprise as define in Executive Order No. 226](#)
- Certificates, notes and other obligations issued by the trustees or receivers
- Equities of other financial institutions
- Foreign currency denominated bonds
- [Derivatives \(limited to forward and swap agreements\)](#)
- Mutual Funds, UITFs, REITs



CISL

- Bank deposits
- Securities issued by the PH gov't or BSP
- Tradable securities issued by the gov't of a foreign country, any political subdivision of a foreign country
- Exchange-listed securities
- Marketable instruments traded at organized exchanges
- Loans traded in an organized market
- [Derivatives as authorized by the regulatory body](#)
- Other CIS
 - ETFs
 - REITs
 - ? Funds of Funds
 - ? Feeder Funds
- Other investments or instruments as the regulatory body may allow

Allowable Investment Outlets



	UITFs	MFs	VULs	CISL
Deposits	✓	✓	✓	✓
Securities issued by the Philippine government or BSP	✓	✓	✓	✓
Tradable securities issued by foreign governments	✓	✓	✓	✓
Exchange-listed securities	✓	✓	✓	✓
Marketable instruments traded at organized exchanges	✓	✓	✓	✓

Allowable Investment Outlets



	UITFs	MFs	VULs	CISL
Financial Derivatives	✓ **	✓ *	✓	✓
Loans traded in an organized market	✓	✓	✓	✓
Unlisted shares	✗	✓	✓	✗

*subject to approval of Draft 2016 IRR of the ICA
 ** requires derivatives license

Allowable Investment Outlets



*subject to approval of Draft 2016 IRR of the ICA

	UITFs	MFs	VULs	CISL
ETFs	✓	✓	?	✓
REITs	✗	✗	✓	✓
Fund of Funds	✓	✓ *	?	?
Feeder Funds	✓	✓ *	✓	?
MFs & UITFs	✓	✓	✓	✓

Investment Limitations

	MFs	UITFs	VULs	CISL
Maximum Exposure in One Enterprise	15%	15% ^a	Varied ^b	20% ^c
Liquidity Requirement*	5% ^d	0% ^e	- ^f	10%

^a not applicable to underlying investments of Feeder Funds or Fund of Funds, requires 10% exposure limit. In case of equity securities included in an index and tracked by the UITF, the benchmark weighting is 15%, whichever is higher

^b dependent on asset class

^c 20% of net asset value or the weight of the security in a recognized benchmark or index, whichever is higher

^d provided that there is an adequate liquidity contingency plan; 10% if there is none

^e provided that there is an adequate liquidity contingency plan

^f maintain minimum paid up capital and net worth requirements

* minimum required position in liquid or semi-liquid assets

Provisions

Investment Outlets



Deposits

UITFs



MFs

- cannot exceed 20% of net assets in a single bank
- cannot exceed 5% on net assets when placed in a non-investment grade institution

VULs

- Obligations issued or guaranteed by commercial banks, universal banks and others registered with BSP



Securities issued by the PH gov't or BSP



- min investment of 25% of the net worth of the insurance co. - Section 209 of the Amended Insurance Code



Tradable securities issued by foreign gov't



- max of 35% of net assets for an investment grade rated issuer
- max of 5% of net assets for a non-investment grade rated issuer

- min credit rating of BBB by S&P, Baa2 by Moody's, or BBB by Fitch, or other int'i credit rating agency acceptable to the IC

Provisions

Investment Outlets



Exchange-listed securities

UITFs



MFs

- Foreign securities require profitable operations for the preceding 3 consecutive years or consistent div declarations
- provisions for max exposure of the fund is subject to ROE of the issuer

VULs

- investment in preferred, guaranteed, and common stocks cannot exceed 10% of total admitted assets of the insurer



Marketable instruments traded at organized exchanges



money market instruments

- maturity at issuance of up to 397 days
- residual maturity of up to 397 days
- undergoes regular yield adjustments at least once every 397 days
- cannot exceed 5% on net assets when placed in non-organized market



Provisions

Investment Outlets



Loans traded in an organized market

UITFs



MFs

- Bonds and other forms of indebtedness in foreign investments registered and traded in an organized market requires an issuer to have a credit rating of at least BBB

VULs

- requires security of provisioned assets



Financial Derivatives

- Solely for hedging purposes
- Derivatives license of Trust

- cannot not exceed 10% of net assets (5% if non-investment grade counterparties)

- limited to forward and swap agreements
- cannot exceed 10% of total admitted assets of life insco, 20% of non-life insco



Unlisted shares



- Issued shares from related parties cannot exceed 5% of net assets

- investment in preferred, guaranteed, and common stocks cannot exceed 10% of total admitted assets of the insurer

Provisions

Other CIS	UITFs	MFs	VULs
ETFs	✓	✓	—
REITs	—	—	<ul style="list-style-type: none"> requires IC approval
Fund of Funds	<ul style="list-style-type: none"> at least 90% of its assets in more than 1 CIS underlying investments shall not exceed 10% of total NAV of the fund 	<ul style="list-style-type: none"> more than 50% of its assets are invested in other CIS (Rule 7.5 Draft IRR of the ICA) investment limit of 15% for every CIS (Rule 7.5 Draft IRR of the ICA) 	<ul style="list-style-type: none"> Silent
Feeder Funds	<ul style="list-style-type: none"> at least 90% of its assets in a single CIS underlying investments shall not exceed 10% of total NAV of the fund 	<ul style="list-style-type: none"> at least 85% of its assets in a single CIS (Rule 7.4 Draft IRR of the ICA) 	✓
MFs and UITFs	✓	✓	<ul style="list-style-type: none"> requires IC approval

Points

CIS Law to harmonize investment guidelines

CIS Law still necessitates implementing Rules

SEC to lead; regulatory agencies may jointly issue IRR (may take time)

Revisions in existing rules (ICA, BSP etc.)

For now Management of funds will rely on individual regulations