Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Bldg. EDSA, Greenhills, Mandaluyong City

SEC Memorandum Circular No. 4
Series of 2007.

TO : (1) Pre-Need Corporations
(2) Entities Authorized to Engage in Trust Operations and Act as Trustee for Pre-Need Corporations

SUBJECT : Guidelines on the Management of the Trust Fund of Pre-Need Corporations

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Section 1. Mandate and Objectives

Pursuant to Sections 16 and 74 of Republic Act No. 8799, otherwise known as the Securities Regulation Code (SRC), the Securities and Exchange Commission (Commission) issues these Guidelines to Pre-Need Corporations and entities authorized to engage in trust operations and act as Trustee for Pre-Need Corporations:

a) to govern the management and administration of Trust Funds established for the payment of Pre-Need Benefits under plan contracts, and

b) to provide an updated and more flexible choice of investments for the Trust Fund subject to rules and regulations that would ensure prudent investment management and protection of the interests of the Planholders.

Section 2. Scope

These Guidelines shall cover the following subjects:

a) Trust Fund
b) Trust Agreement
c) Responsibilities of the Trustee
d) Investments of the Trust Fund
e) Recognition and Measurement of Trust Fund Assets and Liabilities
f) Liquidity Reserve Fund
g) Reportorial Requirements
h) Time of Making Deposits to the Trust Fund
i) Transitory Provisions
j) Sanctions

Section 3. Definition of Terms

Whenever used in these Guidelines, the following terms shall have the respective meanings hereafter set forth or indicated, unless the context requires otherwise:

a) **Best execution** refers to the obligation of the Trustee to use reasonable diligence in ascertaining the best available price for the investment and, to buy or sell at a price so that the resultant price is as favorable as possible to the Trust Fund under prevailing market conditions.

b) **Collective Investment Schemes (CIS)** refer to any arrangement whereby funds are pooled together for the purpose of investing in a portfolio of securities or other financial assets.

c) **Delinquent Plan** refers to a Pre-Need Plan where any due installment has been unpaid.

d) **Exchange** refers to an organized marketplace or facility that brings together buyers and sellers and executes trades of securities and/or commodities.

e) **In Force Plan** refers to a Pre-Need Plan for which the Pre-Need Corporation has an outstanding obligation, either for the (i) delivery of Pre-Need Benefits or (ii) payment of Termination Value.

f) **Investment Strategy** refers to a method of portfolio management and asset allocation that a Trustee employs.

g) **Lapsed Plan** refers to a Delinquent Plan which has remained unpaid beyond the grace period of two (2) months from date of delinquency.

h) **Liquidity Reserve Fund** refers to a portion of the Trust Fund set aside by the Trustee to cover the Pre-Need Benefits.

i) **Pre-Need Benefits** refer to the payment of monetary consideration and/or performance of future services which the Pre-Need Corporation undertakes to deliver either to the Planholder or his beneficiary at the time of actual need or agreed maturity date, as specified in the Pre-Need Plan.

j) **Pre-Need Reserves** refer to the measure of liabilities of the Pre-Need Corporation for its In Force Plans or Lapsed Plans as of valuation date. It is set up for the Pre-Need Benefits payable by the Pre-Need Corporation as stated in the plan contract.

k) **Termination Value** refers to the amount the Planholder should be paid upon surrender of the Pre-Need Plan prior to maturity or availment of full Pre-Need Benefits.

l) **Trust Agreement** refers to an instrument in writing covering the terms and conditions of the Trust.

m) **Trust Fund** refers to the fund set up from the Planholders' payments, separate and distinct from the paid-up capital of a registered Pre-Need Corporation, established with a Trustee under a Trust Agreement approved by the Commission, to pay for the Pre-Need Benefits as provided in the plan contract.

n) **Trust Fund Equity** refers to the total assets less total liabilities of the Trust Fund.

o) **Trust Investment Committee** refers to a body of the Trustee which reviews and approves transactions between trusts and/or fiduciary accounts.

p) **Trustee** refers to a trust company, trust department of a bank or an investment house that is authorized to perform trust and other fiduciary functions by the Bangko Sentral ng Pilipinas (BSP) and act as Trustee for Pre-Need Corporations.

q) **Trustor** refers to the Pre-Need Corporation.

Section 4. Trust Fund

A Trust Fund shall be separately established for each type of plan with a trust company, trust department of a bank or an investment house authorized to perform trust and other fiduciary functions by the BSP.

Section 5. Trust Agreement

The proposed Trust Agreement, for each type of plan, shall be submitted by the concerned Pre-Need Corporation to the Commission for approval before execution and shall contain and/or state, among other things, the following provisions:

a) The Trust Fund shall be under the management and control of the Trustee;

b) Investment powers of the Trustee with respect to the Trust Fund;

c) The required monthly regular contributions to the Trust Fund shall be deposited and credited to the Trust Fund account in accordance with Section 11 of these Guidelines;

d) Investments, loans or credit accommodations to directors, officers, stockholders and related interests (DOSRI) of the Pre-Need Corporation and the Trustee are prohibited unless otherwise allowed

by these Guidelines or the Commission;

e) Withdrawals and payments from the Trust Fund;

f) Recognition and measurement of Trust Fund assets and liabilities;

g) Continuing authorization for the Commission's duly authorized representative/s to examine and verify the Trust Fund;

h) Undertaking to abide by the rules and regulations and investment guidelines of the Commission relating to the Trust Fund;

i) Disclosure and submission within forty eight (48) hours from the date of execution of any material agreement between the Trustor and the Trustee other than the Trust Agreement;

j) Prior notice by the Trustee to, and, approval by, the Commission of amendments to or termination of the Trust Agreement;

k) Contractual liability of the Trustee to the Trustor in case of substantial losses to the Trust Fund as a result of fraud, gross negligence or evident bad faith; and

l) Undertaking by the Trustee to submit to the Commission such other data or information as may be required by the latter.

Section 6. Responsibilities of the Trustee

The Trust Fund; inclusive of earnings, shall be administered and managed by the Trustee for the protection of the Planholders. The Trustee shall exercise the skill, care and diligence that a prudent man acting in the same capacity would give under the circumstances, guided by sound investment principles, and taking into consideration, among other things, the following:

a) preservation of capital
b) risk diversification
c) growth of investment portfolio.

Section 7. Investments of the Trust Fund

7.1 To ensure the liquidity of the Trust Fund and to meet the Pre-Need Reserves essential to the delivery of the Pre-Need Benefits under the plan contract, Trustees are allowed to invest the Trust Fund in the following:

a) ***Securities***

i) Evidence of indebtedness of the Republic of the Philippines

and any other evidence of indebtedness or obligations the servicing and repayment of which are fully guaranteed by the Republic of the Philippines (ROP), such as, but not limited to, treasury bills, fixed rate treasury notes, retail treasury bonds, denominated either in Philippine or in foreign currency, and foreign currency linked notes.

ii) Loans, bonds or other evidence of indebtedness issued by government agencies/entities and government owned and controlled corporations, and guaranteed by the Republic of the Philippines as to the payment of the principal and the interest.

iii) Bonds and other evidence of indebtedness issued by:

iii.1) the government of any foreign country with which the Philippines maintains diplomatic relations, with a credit rating obtained from a reputable international credit rating agency or a credit rating agency acceptable to the Commission that is at least two (2) notches higher than that of ROP bonds, and

iii.2) supranationals (or international organizations whose membership transcends national boundaries or interests, e.g. International Bank for Reconstruction and Development; Asian Development Bank).

iv) Corporate bonds of privately-owned domestic corporations duly registered with the Commission with a current credit rating[1] of at least "A" by an accredited Philippine rating agency.

v) Corporate bonds registered in another country with a credit rating obtained from a reputable international credit rating agency that is at least two (2) notches higher than that of ROP bonds.

vi) Commercial papers duly registered with the Commission with an investment grade credit rating based on the rating scale of an accredited Philippine rating agency at the time of investment.

vii) Equities listed on a local Stock Exchange.

These shall include stocks issued by companies that are

1 For a discussion on Credit Ratings, please refer to Appendix "A".

financially stable, actively traded, possess good track record of growth and have declared dividends for the past three (3) years.

The Trustee shall in no case be allowed to fully invest the Trust Fund in a single issue.

viii) Savings and/or time deposits (peso or foreign currency denominated) maintained with a universal, commercial or thrift bank that passed the Trustee's investment review process.

ix) Loans to private corporations that passed the Trustee's investment review process subject to the following guidelines:

ix.1) If classified as held-to-maturity, the remaining term to maturity shall not exceed ten (10) years unless matched to a liability for a batch of maturing benefits;

ix.2) If collateralized, the borrower shall have a credit rating of at least "BAA" or "Average" by an accredited Philippine rating agency;

ix.2.1) The loan shall be fully secured by any of the following:

ix.2.1.1) Assignment of deposits maintained with universal, commercial or thrift banks other than the Trustee's own bank proper provided the financial institution passed the Trustee's investment review process;

ix.2.1.2) Standby letters of credit for the term of the loan issued by a universal or commercial bank subject to the requirements under Sections 7.1(a)(viii) and 7.2(b);

ix.2.1.3) Real estate mortgage up to the extent of seventy five percent (75%) of the appraised value of the respective real estate security plus sixty percent (60%) of the appraised value of the insured improvements at the time the loan was granted.

The property shall be covered by an Original/ Transfer Certificate of Title (OCT/TCT) registered in the name of the mortgagor and

free from liens and encumbrances;

ix.2.1.4) Mortgage Trust Indenture (MTI) and Mortgage Participation Certificates (MPCs);

ix.2.2) For loans guaranteed by a parent company, the latter shall have had net profitable operations for the past three (3) consecutive years or have a credit rating of at least "BAA" or its equivalent by an accredited Philippine rating agency.

If an updated independent third party rating is not available, the parent company must have an equivalent credit rating based on the Trustee's internal rating system.

ix.3) If not collateralized but covered by a negative pledge of the borrower not to permit its properties to be mortgaged to creditors, the borrower corporation shall have obtained a current credit rating of at least "A" or an equivalent rating of "Above Average".

Furthermore, it must show profitable operations for the past three (3) consecutive years preceding the grant of the loan and shall have no accumulated capital deficit immediately preceding the grant of the loan.

x) Senior, subordinated or hybrid debt securities issued by banks other than the Trustee's own bank proper, classified under Tier 1 or Tier 2 in its capital structure provided that the issuer has an investment grade credit rating based on the rating scale of an accredited Philippine rating agency or a rating of at least satisfactory from the BSP at the time of investment.

If an independent third party rating is not available or is not updated, the investment must have an equivalent credit rating based on the Trustee's internal rating system.

b) **Collective Investment Schemes (CIS)**

i) CIS duly registered with the Commission

Allowable CIS must have a track record of performance at par with or above the median performance of pooled funds in the same category.

New CIS may be allowed provided that its fund manager has at least a three (3) year track record in managing pooled funds.

ii) Offshore Mutual Funds with positive fund performance as against their benchmark index for the past three (3) consecutive years.

The maximum exposure to CIS shall not exceed ten percent (10%) of the total Trust Fund equity.

c) **Real Estate**

Income generating commercial and residential real estate properties, unless otherwise disallowed by the Commission.

These shall include real estate properties located in strategic areas of cities and first class municipalities. The OCT/TCT shall be in the name of the owner, free from liens and encumbrances and shall be transferred in the name of the Trustee in trust for the planholders or the Trust Agreement shall be annotated on the OCT/TCT within ninety (90) days from the date of investment or the execution of the Trust Agreement. The original copy of the OCT/TCT shall be placed in the possession of the trustee.

The real estate properties shall be appraised every three (3) years by a licensed real estate appraiser duly accredited by the Commission to reflect the increase or decrease in their value. The appraisal increment or decrement shall be disclosed in the books of the Trust Fund. The said increment shall not be used either to cover up the required monthly contribution to the Trust Fund or any deficiency in the Trust Fund as of the end of actuarial valuation date.

The total recorded value of the real estate investment shall not exceed fifteen percent (15%) of the total Trust Fund equity.

d) **Planholder Loans**

This investment shall be subject to the following conditions:

i.) The amount to be invested shall not exceed five percent (5%) of the total Trust Fund equity;

ii.) The loan amortizations collected by Pre-Need Corporations shall not be used directly to fund the payment of benefits for maturing obligations but shall be deposited to the Trust Fund not later than two (2) working days from receipt;

iii.) The terms and conditions of the loan agreement shall be made known to the planholders; and

iv.) The loan agreement shall comply with the provisions of the Truth in Lending Act.

7.2 Notwithstanding the prohibition against transactions with directors, officers, stockholders and related interests (DOSRI) of the Trustor or the Trustee, the Trustee may invest in the following outlets:

a) Equities of companies related to the Trustee that are listed on a local Stock Exchange.

These shall include stocks issued by companies that are financially stable, actively traded, possess good track record of growth and have declared dividends for the past three (3) years.

The Trustee shall in no case be allowed to fully invest the Trust Fund in a single issue.

The foregoing investment may subsequently be disallowed by the Commission, and, where proper, subject the Trustee to sanctions for gross violation of prudential standards.

b) Savings and/or time deposits with the trustee's own bank proper, whether it be universal, commercial or thrift bank, provided it has a rating of at least satisfactory as of the last examination by the BSP and prior approval of the Commission is secured.

7.3 Except for investments under Section 7.1(a)(i) hereof, records of analyses supporting the investments and records of the Trust Investment Committee's approval pertaining to the said investments shall be maintained and made available to the Commission upon request.

The said records, when ordered submitted by the Commission, shall be certified by a responsible officer of the Trustee.

To show proof of best execution, the Trustee shall maintain records or quotes from two (2) alternative providers, whenever applicable, or data from any reputable source that can best provide a basis for the asset's fair value. Such records shall be made available to the Commission upon request.

Section 8. Recognition and Measurement of Trust Fund Assets and Liabilities.

The Trust Fund Assets and Liabilities shall be recognized in accordance with the

provisions of the effective Philippine Accounting Standards (PAS) and Philippine Financial Reporting Standards (PFRS) and their interpretations, which include the following:

a) PAS 39 for Financial Instruments
b) PAS 40 for Investment Property

Section 9. Liquidity Reserve Fund

No less than twenty percent (20%) of the net value of the Trust Fund assets per type of plan shall be set aside as a liquidity reserve to cover the Pre-Need Benefits due to Planholders. For this purpose, the Pre-Need Corporation shall submit to the Trustee and to the Commission a list of fully paid plans maturing during the year on or before the fifteenth (15th) day of the first month of the fiscal year of the Pre-Need Corporation. Furthermore, the Pre-Need Corporation shall submit to the Commission a three-year cash flow projection on how to fund these benefit obligations from its liquid Trust Fund assets on an annual basis on or before the end of the second month of the fiscal year of the Pre-Need Corporation.

The Liquidity Reserve Fund shall consist of cash or assets in the Trust Fund that are easily convertible to cash. The following shall qualify as investments for the Liquidity Reserve Fund:

a) Evidence of indebtedness of the Republic of the Philippines and other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines such as, but not limited to, treasury bills, reverse repurchase agreements (RRP) and special deposit accounts (SDA);

b) Savings and/or time deposits (peso or foreign currency denominated) in accordance with Sections 7.1(a)(viii) and 7.2(b);

c) Equities listed on a local Stock Exchange.

These shall include stocks issued by companies that are financially stable, actively traded, possess good track record of growth and have declared dividends for the past three (3) years.

The Trustee shall in no case be allowed to fully invest the Trust Fund in a single issue.

Section 10. Reportorial Requirements

10.1 The Pre-Need Corporation shall publish its audited balance sheet together with the consolidated Trust Fund Balance Sheet once a year within one hundred and twenty (120) days from the end of the fiscal year in a newspaper of general circulation in the city/province where the Pre-Need Corporation has its head office.

The details of the changes in equity, such as income or loss for the period, retained earnings, beginning and ending, shall be provided in the Equity Section of the Balance Sheet of the Pre-Need Corporation. Earnings from corporate assets shall be segregated from the Accumulated Income of the Trust Fund.

A copy of such statement as published, together with the publisher's certificate, shall be submitted to the Commission within two (2) working days after said publication.

10.2 An Annual Investment Strategy shall be submitted by the Trustee to the Commission on or before the end of the second month of the fiscal year of the Pre-Need Corporation, showing the allocation of the proposed investment for the next three (3) years.

10.3 A monthly report of the Trust Fund shall be submitted by the Trustee to the Trustor and the Commission within ten (10) days after the end of each month for reconciliation purposes of the Trustor and the Commission and shall include the following:

a) Balance Sheet

The equity portion of the Trust Fund Balance Sheet shall state the following:

i) Contributions and withdrawals for the reporting period shall be segregated from the prior year's accumulated figures.

ii) Retained earnings for the reporting period shall be segregated from the prior year's accumulated surplus.

b) An Income Statement, three (3) column report to include:

i) Month to Date income with equivalent ROI
ii) Year to Date income with equivalent ROI

c) Return of Investment (ROI) Computation Schedule

i) For the Month
ii) Year to Date

The total portfolio shall be computed net of taxes and fees and inclusive of mark-to-market gains and losses.

The following shall be the standard formula for computing return on investment:

$$ROI \equiv \left[\left(1 + \frac{(EndingMV - BegMV) - (Cont - With)}{BegMV + (WtdCont - WtdWithd)} \right)^{\frac{365}{n}} \right] - 1$$

WHERE:

EndingMV	= Ending Market Value
BegMV	= Beginning Market Value
Cont	= Contributions for the period
With	= Withdrawals for the period
n	= Number of days for the period where ROI is computed
WtdCont	= Sum of contributions which are weighted based on the number of days these were held in the fund.
WtdWithd	= Sum of withdrawals which are given weights based on the number of days these were held in the fund for the period involved

d) Schedule of Earning Assets including Mark-to-Market (M-T-M) Gains and Losses as of each ROI reporting date in Item (c) above

e) Special Transactions Report which lists transactions, outstanding balances and pertinent investment details on DOSRI Investments

f) Investment Activity Report/Summary of Transactions Schedule

g) Portfolio analysis schedule

h) Trustee's Certificate on Trust Fund Balance

i) Summary of accounting policies on each significant trust fund assets and liabilities. If there would be no change in the policies for the succeeding months, a mere statement of consistent application would suffice.

j) Explanatory or disclosure notes on significant items as required under PAS 32, 39, 40 and PFRS 7

k) Such other statements and schedules as may be reasonably requested by the trustor.

10.4 Monthly report on remittance to the Trustee of loan amortizations collected, pursuant to Section 7.1(d), from the planholders by the Pre-Need Corporation together with the Certified True Copies of Official Receipts, as proof of deposit to the Trust Fund, to be submitted not later than ten (10) days after the end of each reference month.

Section 11. Time of Making Deposits to the Trust Fund

Trust Fund deposits which shall be sourced from collections of payments from plans sold either in cash or installment for the first half of the month, shall be made not later than three (3) working days after the end of the first half of the current month, and for collections made on the second half, not later than three (3) working days following the end of the reference month.

If the Commission discovers a deficiency in the Trust Fund, it shall give notice of its finding to the Pre-Need Corporation and require it to make additional deposits to the Trust Fund. The Pre-Need Corporation shall have thirty (30) days from receipt of notice, or, submission of the actuarial valuation report, whichever is earlier, to make the necessary deposit to correct the deficiency.

Any excess in the Trust Fund of each plan shall not be credited to future deposit requirements, or transferred from one type of plan to another.

Section 12. Transitory Provisions

12.1 Within one (1) year from the effectivity of these Guidelines, the following investments of the Trust Fund must be divested, unless otherwise allowed by the Commission:

a) Unlisted shares of stock,
b) Excess from the prescribed limit of the investment portfolio allocation,
c) Non-income generating real estate properties, and
d) Other investments not allowed by these Guidelines.

Within thirty (30) days from the effectivity of these Guidelines, the Trustee shall submit an inventory of the Trust Fund Investments in the foregoing enumeration and a time-bound divestment program for the approval of the Commission.

12.2 The Trustee shall comply with the new reportorial requirements within one hundred twenty (120) days from the effectivity of these Guidelines.

Section 13. Sanctions

Failure to comply with these Guidelines shall subject the Pre-Need Corporation and/or the Trustee, after due notice and hearing; to sanctions set forth in the Schedule of Penalties[2] attached herewith for reference and incorporated as an integral part of these Guidelines.

The payment of the assessed fines and penalties shall in no case be sourced from the Trust Fund.

2 For the Schedule of Penalties, please refer to Appendix "B".

Section 14. Repealing Clause

All circulars, rules and regulations or parts thereof that are inconsistent with the provisions of these Guidelines are deemed repealed, superseded or modified accordingly.

Section 15. Effectivity

These Guidelines shall be published twice in two (2) newspapers of general circulation in the Philippines and shall take effect on November 1, 2007.

Issued on 27 September 2007 at EDSA, Greenhills, Mandaluyong City, Philippines.

JE B. BARIN
Chairperson

MA. JUANITA E. CUETO
Commissioner

JESUS ENRIQUE G. MARTINEZ
Commissioner

RAUL J. PALABRICA
Commissioner

THADDEUS E. VENTURANZA
Commissioner

APPENDIX "A"

DESCRIPTION OF CREDIT RATINGS

For purposes of these Guidelines, the credit rating equivalent shall be as follows:

	Rating
INVESTMENT GRADE	
Highest Quality	Aaa or AAA
High Quality (Very Strong)	Aa or AA
Upper Medium Grade (Strong)	A
Medium Grade	Baa or BBB
NON-INVESTMENT GRADE	
Lower Medium Grade (somewhat speculative)	Ba or BB
Low Grade (speculative)	B
Poor Quality (may default)	Caa or CCC
Most Speculative	Ca or CC
No interest bearing paid or bankruptcy petition filed	C
In default	C or D

Definition of Symbols

Aaa or AAA: Smallest degree of investment risk. Interest payments are protected by a large or by an exceptionally stable margin and principal secured. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa or AA: Margins of protection may not be as large as in Aaa issues. Fluctuations of protective elements may be of greater amplitude or there may be other elements present which make the long-term risk appear somewhat larger than for Aaa-rated securities.

A: With favorable investment attributes and are considered upper-medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.

Baa or BBB: Neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such issues lack outstanding investment characteristics and in fact have speculative characteristics as well.

Ba or BB: Judged to have speculative elements. The issuer's capability to pay for such issues cannot be considered as well assured. Often, the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future.

B: Generally lacks the characteristics of a desirable investment. Assurance of interest and principal payments or maintenance of other terms of contract over any long period of time may be small.

Caa or CCC: Poor standing. High possibility of default and there may be present elements of danger with respect to principal or interest.

Ca or CC: Very poor standing. Has other marked shortcomings. The issue may be in default.

C or D: In default.

APPENDIX "B"

SCHEDULE OF PENALTIES

SEC MEMORANDUM CIRCULAR NO. ___, series of 2007.	VIOLATIONS	SANCTIONS		
		FIRST OFFENSE	SECOND OFFENSE	THIRD OFFENSE
Section 5	Failure to secure the approval of the Commission on matters relating to Trust Agreements prior to its implementation/execution	P10,000	P20,000	P30,000
		THIS IS IMPOSABLE UPON BOTH THE TRUSTOR AND TRUSTEE		
Section 5(i)	Failure to disclose within the prescribed period any material agreement between the Trustor and Trustee, other than the Trust Agreement	P10,000	P20,000	P30,000
		THIS IS IMPOSABLE UPON BOTH THE TRUSTOR AND TRUSTEE		
Section 5(j)	Failure to secure prior approval of the Commission on the amendment or termination of the Trust Agreement	P10,000	P20,000	P30,000
		THIS IS IMPOSABLE UPON BOTH THE TRUSTOR AND TRUSTEE		
Section 7	Failure to maintain the prescribed investment limits	P20,000	P30,000	P40,000
		THIS IS IMPOSABLE UPON THE TRUSTEE.		
	Failure to comply with any of the requirements for the investment of the Trust Fund	P20,000	P30,000	P40,000
		THIS IS IMPOSABLE UPON THE TRUSTEE		
Section 7.1(c)	Failure to transfer in the name of the Trustee or annotate the Trust Agreement in the OCT/TCT	P20,000	P30,000	P40,000
		THIS IS IMPOSABLE UPON BOTH THE TRUSTOR AND TRUSTEE		
Section 7.1(d)	Failure to remit to the Trust Fund the loan amortization collected from Planholders	P50,000	P100,000	P150,000
		THIS IS IMPOSABLE UPON THE TRUSTOR		
Section 7.3	Refusal/Failure to furnish proof of best execution, records of analyses or other information required by the Commission	Reprimand	P10,000	P20,000
		THIS IS IMPOSABLE UPON THE TRUSTEE.		
Section 8	Failure to comply with the provisions of PAS 39 and 40 in the recognition and measurement of Trust Fund Assets and Liabilities	Reprimand	P10,000	P20,000
		THIS IS IMPOSABLE UPON THE TRUSTEE.		

SEC MEMORANDUM CIRCULAR NO. ____, series of 2007.	VIOLATIONS	SANCTIONS		
		FIRST OFFENSE	SECOND OFFENSE	THIRD OFFENSE
Section 9	Failure to comply with the Liquidity Reserve Fund	P20,000	P30,000	P40,000
		THIS IS IMPOSABLE UPON THE TRUSTEE		
	Non-filing/Late Filing of the list of fully paid plans maturing during the year	P10,000	P20,000	P30,000
		THIS IS IMPOSABLE UPON THE TRUSTOR		
	Non-filing/Late Filing of cash flow projection	Reprimand	P10,000	P20,000
		THIS IS IMPOSABLE UPON THE TRUSTOR		
Section 10.1	Failure to publish the Audited Financial Statement within 120 days after the end of fiscal year	P20,000	P30,000	P40,000
		THIS IS IMPOSABLE UPON THE TRUSTOR		
	Non-filing/Late Filing of the publisher's certificate	Reprimand	P10,000	P20,000
		THIS IS IMPOSABLE UPON THE TRUSTOR		
	Material Misstatement in the Report submitted to or required by the Commission	P50,000	P100,000	P150,000
		THIS IS IMPOSABLE UPON THE TRUSTOR		
	Misrepresentation or misleading statements in any report submitted to or required by the Commission	P50,000	P100,000	P150,000
		THIS IS IMPOSABLE UPON THE TRUSTOR		
Section 10.2	Non-filing/Late filing of an annual Investment Strategy	Reprimand	P10,000	P20,000
		THIS IS IMPOSABLE UPON THE TRUSTEE		
Section 10.3	Non-filing/Late filing of monthly report	Reprimand	P10,000	P20,000
		THIS IS IMPOSABLE UPON THE TRUSTEE		
	Material Misstatement in the Report submitted to or required by the Commission	P50,000	P100,000	P150,000
		THIS IS IMPOSABLE UPON THE TRUSTEE		
	Misrepresentation or misleading statements in any report submitted to or required by the Commission	P50,000	P100,000	P150,000
		THIS IS IMPOSABLE UPON THE TRUSTEE		

SEC MEMORANDUM CIRCULAR NO. ____, series of 2007.	VIOLATIONS	SANCTIONS		
		FIRST OFFENSE	SECOND OFFENSE	THIRD OFFENSE
Section 10.4	Non-filing/Late Filing of monthly reports on remittance to the Trustee of loan amortizations collected pursuant to Section 7.1 (d)	Reprimand	P10,000	P20,000
		THIS IS IMPOSABLE UPON THE TRUSTOR		
Section 11	Failure to deposit the required regular monthly contributions to the Trust Fund	P50,000 + P300/day of continuing violation	P100,000 + P300/day of continuing violation	P150,000 + P300/day of continuing violation
		THIS IS IMPOSABLE UPON THE TRUSTOR		
	Failure to deposit the required regular monthly contributions to the Trust Fund within the prescribed period	P50,000	P100,000	P150,000
		THIS IS IMPOSABLE UPON THE TRUSTOR		
	Failure to make additional deposits to the Trust Fund cover deficiencies	P50,000 + P300/day of continuing violation	P100,000 + P300/day of continuing violation	P150,000 + P300/day of continuing violation
		THIS IS IMPOSABLE UPON THE TRUSTOR		
	Failure to make additional deposits to the Trust Fund cover deficiencies within the prescribed period	P50,000	P100,000	P150,000
		THIS IS IMPOSABLE UPON THE TRUSTOR		
	Crediting of excess in the Trust Fund for future deposit requirements/Transfer of Trust Fund from one plan to another	P50,000	P100,000	P150,000
		THIS IS IMPOSABLE UPON THE TRUSTOR		
Section 12.1	Failure to divest the ineligible investments/ failure to divest within the prescribed period	P20,000	P30,000	P40,000
		THIS IS IMPOSABLE UPON THE TRUSTEE		
	Non-Filing/Late Filing of an inventory of investments of the Trust Fund and a time-bound divestment program	Reprimand	P10,000	P20,000
		THIS IS IMPOSABLE UPON THE TRUSTEE		
Section 13	Withdrawal from the Trust Fund for the purpose of payment of assessed fines and penalties	P50,000	P100,000	P150,000
		THIS IS IMPOSABLE UPON THE BOTH THE TRUSTOR AND TRUSTEE		