

**MEMORANDUM BSD 20-014**

TO : **ALL OFFICERS AND STAFF**

FROM : **BUSINESS SYSTEMS AND QUALITY ASSURANCE DIVISION**



SUBJECT : **TRUST INVESTMENTS OF BOC EMPLOYEES**

DATE : **May 29, 2020**

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To ensure honest and fair discharge of investment trading functions, the Trust Services Group has established the guidelines on handling trust investments of Bank of Commerce (BOC) employees.

The OPPM No. 20-014 re: Trust Investment of BOC Employees is hereby being released for proper guidance of all concerned units.

Recommended for issuance by:	Approved by:
	
<b>AVP MEDALLON R. ABRENA</b> Department Head	<b>SVP EDWARD DENNIS J. ZSHORNACK</b> Group Head

<b>ACTIVITY : TRUST OPERATIONS</b>	Reference Code: TRT-01.12
<b>SUB – ACTIVITY: GENERAL GUIDELINES</b>	Version No. : 1 - 05/29/2020
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## I. ACTIVITY DESCRIPTION

This manual sets minimum standards to ensure accounts of Bank of Commerce (BOC) personnel with Trust Services Group (TSG), hereinafter referred to as “Personnel Investments”, are managed in accordance with applicable laws and regulations, and that conflicts of interest and self-dealing are avoided or managed appropriately.

This manual applies to all BOC employees and their relatives up to the first degree of consanguinity and affinity and to all products and services of TSG to be availed of BOC employees.

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For the purpose of this manual, the following are hereby defined:

- a. Firm Order
  - refers to an order that is not subject to cancellation until a specified expiration date.
- b. Market Order
  - refers to a request made by an investor through a broker, to buy or sell a security at the best available price in the current market.
- c. Good-till-cancelled (GTC)
  - describes an order an investor may place to buy or sell a security that remains active until either the order is filled or the investor cancels it.
- d. Stop Loss Order
  - is an order placed with a broker to buy or sell once the stock reaches a certain price. A stop-loss is designed to limit an investor's loss on a security position.
- e. Private Placement
  - refers to investments offered by unlisted companies.

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## OPERATING POLICIES AND PROCEDURES MANUAL

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## II. POLICY GUIDELINES

1. In general, any Bank of Commerce (BOC) personnel shall be allowed to open any of Trust or Agency accounts wherein BOC personnel-related transactions shall be conducted on an arm's length and best-execution basis. To protect the interests of the Bank and the clients at all times, employees are prohibited to use BOC proprietary or client information, or any other non-public information, to advance their own interest.
2. Personnel investment transactions are purchases or sales of all forms of securities for the following:
  - 2.1 The employee's own account;
  - 2.2 Accounts of persons or other third parties for whom the employee exercises investment discretion or gives investment advice;
  - 2.3 Any member of the employee's immediate family / employee's dependent;
  - 2.4 A legal vehicle in which the employee has a direct or indirect beneficial interest and has power over investment decisions; or
  - 2.5 Unrelated third party (e.g., a charity) at the direction of any employee (other than in the capacity of an employee).
3. Personnel investments also cover joint accounts, where one of the Trustors or Principals is a BOC personnel.
4. Below are the standard on-boarding processes and controls governing personnel investments to be observed by TSG:
  - 4.1 The account will not be accepted if engaging documents are incomplete. Account acceptance shall be executed in accordance with the standard guidelines and procedures under **OPPM on Trust Account Acceptance and OPPM on Client Profiling**.
  - 4.2 If placement amount is not commensurate to the financial capacity of the personnel opening the account, other source/s of funds shall be required.

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- 4.3 The BOC personnel who owns the account shall not be allowed to process any transaction pertaining to his/her account, nor can he/she be allowed to act or sign as maker, checker or approver to said transaction.
- 4.4 All instructions/dispositions directed to his/her account shall be supported by a duly signed document and signature verified before actual execution.
- 4.5 For proper control purposes, all transactions belonging to BOC employees and his/her relatives up to first degree of consanguinity / affinity and related entities shall be reviewed / approved by Division Head. If transaction belongs to Division Head, it has to be approved by the Group Head.
- 4.6 Allocation and order procedures shall be strictly followed to prevent preferential treatment of employee accounts.
- 4.7 BOC personnel may purchase and sell investments for their personal or family accounts as long as these transactions are consistent with applicable laws and regulations.
- 4.8 Trading in BOC Securities
- 4.8.1 Any investment of BOC personnel in a money market, fixed income or equity issued by BOC (“BOC Securities”) shall be subject to the pertinent government regulations and restrictions.
- 4.8.2 BOC personnel may purchase or sell BOC securities subject to the restrictions imposed by BSP Memorandum Circular 1062 (2019) and other such relevant restrictions.
- 4.8.3 Below are the permitted and prohibited transactions:

<b>PERMITTED TRANSACTIONS</b>	<b>PROHIBITED TRANSACTIONS</b>
Securities purchases	Short sales
Sale of long positions	Same day purchase and sale of the same security

- 4.9 Participation of BOC personnel in Initial Public Offerings (IPOs) is subject to TSG’s standard policies on allocation of firm orders.

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4.10 Private placements in personal accounts are prohibited if the employee is buying or selling an investment in which client accounts or managed funds are interested.

4.11 BOC employees may not transact in a security for personal account if:

4.11.1 He/she has knowledge at the time of such transaction that the security is being considered for purchase or sale by a managed fund or client account; or

4.11.2 He/she has knowledge at the time of such transaction that the security is being purchased or sold by a managed fund or client account.

4.12 BOC employees shall not be allowed to use their position to obtain favored treatment to buy or sell securities for their own or family accounts.

4.13 Orders/investments of clients shall in all cases have priority over orders/investments of BOC employees.

4.14 Portfolio Managers and Portfolio Management Assistants must not buy or sell any securities for personal accounts seven (7) calendar days before or after managed funds or client accounts they manage trade in that security.

4.15 Traders and Trader Assistants must not buy or sell any securities for personal accounts three (3) calendar days before or seven (7) calendar days after managed funds, unit investment trust funds (UITFs) or client accounts they execute trades for trade in that security.

5. Bank employees must ensure that no personal investment transaction is in conflict with their corporate and client responsibilities. Moreover, employees must not buy or sell a security on the basis of the following:

5.1 Probable change in investment attitude and consequent action by BOC with respect to that security;

5.2 BOC is effecting or proposing to effect transactions in the security or other transaction which may affect the price of the security to a material degree; or

5.3 BOC is contemplating a transaction of any kind that would have a material effect on a particular company or security.

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6. The account should comply with the standard trust/agency fees.
7. All personnel investments shall be governed by a minimum holding period of six (6) months.
8. The aforementioned guidelines shall also apply to the spouses and minor children under the parental authority of the officers and employees covered by the prohibition; and the business interest of such officers and employees; their spouses and minor children under their parental authority, in single proprietorships, or partnerships or corporations in which such officers and employees, individually or as a group, own or control at least a majority of the capital of the partnership or the outstanding subscribed capital stock (voting and non-voting) of the corporation.
9. The Support Services Department shall be responsible for daily reviewing of end-of-day transactions.
10. All personnel investments shall be monitored and reviewed on a daily basis by the Business Development Department (BDD) and reported to Trust and Investments Committee (TIC) to ensure that no preferential treatment in terms of rate, trust fees, volume or quantity of investments in favor of BOC employees against BOC TSG clients.
11. Any account opened by a BOC personnel or Trust personnel shall be disclosed accordingly to the TIC for notation during its regular meeting and included in the Monthly Report on Opened Accounts as presented by the concerned TSG – Department Head.
12. Any deviation noted from this policy by Support Services Department must be reported to TSG Head, Board Risk Oversight Committee and Compliance Division through the Compliance Self-Assessment Report.

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