Benjamin E. Diokno has said in a *BusinessWorld* One on One.

FIST CORPORATIONS

According to the IRR released on March 29 by the SEC together with the Department of Finance, the BSP, the Bureau of Internal Revenue, and the Land Registration Authority, FISTCs shall be organized as a stock corporation and should be more than a one-person corporation with the primary purpose of investing in or acquiring NPAs of financial institutions.

For a firm to qualify as a FISTC, it must have an authorized capital stock of at least P500 million, with a minimum subscribed capital stock of P125 million and minimum paid-up capital of P31.25 million. If the FISTC will acquire land or that there is foreign equity participation, at least 60% of its outstanding capital shall be owned by Philippine nationals in accordance with the provisions of the Constitution.

"[FIST is] just a fallback position. But we don't see any situation worsening at this time. Even without [it], the banking industry can handle the current crisis."

Moreover, any qualified or permitted investor may acquire or hold "investment unit instruments" (IUIs) in the corporation with a minimum amount of P10 million. Permitted investors are those considered qualified under the Securities Regulation Code such as banks, insurance firms, registered investment houses, and pension funds or retirement funds maintained by a government agency or a private corporation and managed by an entity authorized by the BSP or SEC, among others.

FISTCs are prohibited to acquire the IUIs of another FISTC. Moreover, the parent, subsidiaries, affiliates or stockholders, directors, officers or any related interest are not allowed to acquire or hold, directly or indirectly, the IUIs of the FISTC that acquired the NPAs of the financial institution.

Applications for the establishment and registration of a FISTC must be filed with the SEC within 36 months from the effectivity of the FIST Law. Firms that were able to register within the two years from the law's effectivity are granted incentives such as tax exemptions from the documentary stamp tax, capital gains tax imposed on the transfer of land and other capital assets, creditable withholding income taxes on the transfer of land and buildings treated as ordinary assets, and value-added tax on the transfer of NPAs or gross receipts tax, whichever is applicable.

Moreover, eligible FISTCs are also entitled to a 50% discount on applicable mortgage registration and transfer fees of real estate mortgage and chattel mortgage registrations to and from the FISTC, as well as on filing fees for foreclosure initiated by the FISTC in relation to any NPA acquired from a financial institution, and on land registration fees.

FISTCs established on the 25th to the 36th month from the FIST law's effectivity could not avail of the tax incentives "unless an amendatory law extending the privileges to said FISTCs is passed."

ARE BANKS INTERESTED?

Financial data on universal and commercial banks compiled by