MEANING OF PRE-APPROVED CREDIT CARD

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Pursuant to Monetary Board Resolution No. 1055 dated 02 July 2014, the following provisions of the Manual of Regulations for Banks (MORB) and Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) are hereby amended to clarify the meaning of a pre-approved credit card:

Section 1. Inclusion under the definition terms - The meaning of “preapproved credit cards” as well as “application” shall be included in the definition of terms under Subsection X320.1 of the MORB, and Subsections 4320Q.1 and 4301N.1 of the MORNBFI.

Subsection X320.1 of the MORB is hereby amended to read as follows:

> “§ X320.1 Definition of terms
>
> “xxx
>
> “m. Pre-approved credit cards are unsolicited credit cards issued by credit card issuers to consumers who have not applied for such credit cards. Acts described under Appendix 103 and other similar acts are deemed tantamount to the act of issuing pre-approved credit cards, notwithstanding any contrary stipulations in the contract.
>
> n. Application is a documented request of the credit card applicant to a credit card issuer for the availment of a credit card. The intention and consent for the availment of the credit card must be clear and explicit.”

Subsection X4320Q.1 of the MORNBFI is hereby amended to read as follows:

> “§ 4320Q.1 Definition of terms
>
> “xxx
>
> “m. Pre-approved credit cards are unsolicited credit cards issued by credit card issuers to consumers who have not applied for such credit cards. Acts described under Appendix Q-61 and other similar acts are deemed tantamount to the act of issuing pre-approved credit cards, notwithstanding any contrary stipulations in the contract.
>
> n. Application is a documented request of the credit card applicant to a credit card issuer for the availment of a credit card. The intention and consent for the availment of the credit card must be clear and explicit.”

Subsection X4301N.1 of the MORNBFI is hereby amended to read as follows:

> “§ 4301N.1 Definition of terms “xxx
>
> “m. Pre-approved credit cards are unsolicited credit cards issued by credit card issuers to consumers who have not applied for such credit cards. Acts described under Appendix N-10 and other similar acts are deemed tantamount to the act of issuing pre-approved credit cards, notwithstanding any contrary stipulations in the

contract.

n. Application is a documented request of the credit card applicant to a credit card issuer for the availment of a credit card. The intention and consent for the availment of the credit card must be clear and explicit."

Section 2. Addition of related appendices. Relative to Section 1 of this Circular, the acts tantamount to the act of issuing pre-approved credit cards shall form part of the List of Appendices of MORB and MORNBFI and shall be designated as follows:

- Appendix 103 as Appendix to Subsection X320.3 of the MORB;

- Appendix Q-61 as Appendix to Subsection 4320Q.3 of the MORNBFI; and

- Appendix N-10 as Appendix to Subsection 4301N.3 of the MORNBFI.

Said appendices which will be entitled as "Acts Tantamount to the Act of Issuing Pre-approved Credit Cards" shall enumerate the acts to read as follows:

"Acts Tantamount to the Act of Issuing Pre-approved Credit Cards

- Sending of credit cards to consumers with no prior application, written request and supporting documents required for prudent credit card evaluation;

- Sending of unsolicited supplementary cards and other cards with added features which are not in replacement or substitute to an existing cardholder's initial credit card;

- Unsolicited calls by credit card issuers requesting updated information from selected clients in order to be entitled to receive credit card as a reward for his/her continued patronage of the bank's other financial products;

- Unsolicited calls by the bank to its depositors informing them that they already have a credit card from the bank's Credit Card Department due to good standing as a depositor;

- Sending of mails with credit card enclosed which will be deemed accepted upon the receipt of such card by a receiver, whether authorized or not;

- Sending to a consumer an unsolicited credit card which is deemed accepted unless a request for termination is promptly instructed by the cardholder to the credit card issuer; and

- Sending of credit cards as free offers to consumers who availed themselves of the bank's other financial products.

The acts described above and other similar acts are deemed tantamount to the act of issuing pre-approved credit cards notwithstanding any contrary stipulations in the contract."

Section 3. Enhancement of the regulation that prohibits the issuance of pre-approved credit cards. The prohibition on the issuance of pre-approved credit cards by all BSP supervised financial entities with credit card operations under Subsection X320.3 of the MORB, and Subsections 4320Q.3 and 4301N.3 of the MORNBFI is enhanced by stressing, under said regulations, that the provisions of this Circular shall prevail notwithstanding any contrary stipulations in the contract.

Subsection X3203.3 of the MORB is hereby amended to read as follows:

"§ X320.3 Minimum Requirements. Banks and their subsidiary or affiliate credit cards companies shall not issue pre-approved credit cards as provided under Appendix 103, notwithstanding any contrary stipulations in the contract.

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Subsection X4320Q.3 of the MORNBFI is hereby amended to read as follows:

> "§ 4320Q.3 Minimum Requirements. QBs and their subsidiary or affiliate credit cards companies shall not issue pre-approved credit cards as provided under Appendix Q-51, notwithstanding any contrary stipulations in the contract.

Subsection X4301N.3 of the MORNBFI is hereby amended to read as follows:

> "§ 4301N.3 Minimum Requirements.NBFIs and their subsidiary or affiliate credit cards companies shall not issue pre-approved credit cards as provided under Appendix N-10, notwithstanding any contrary stipulations in the contract.

Section 4. Effectivity - This Circular shall take effect fifteen (15) days following its publication, either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:

(SGD) AMANDO M. TETANGCO, JR.
Governor

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