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ENFORCEMENT ACTIONS ON BANKS IN RELATION TO SECTION 123 OF REPUBLIC ACT NO. 7653

BSP CIRCULAR NO. 797, May 22, 2013

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The Monetary Board, in its Resolution No. 494 dated 21 March 2013, approved the following enforcement actions, pursuant to Section 37 of R.A. No. 7653 (The New Central Bank Act), against banks which will release, in full or partial amounts, borrowings within the Philippines of the Government or any of its political subdivisions or instrumentalities, without the submission by the borrower of the Monetary Board opinion on the probable effects of the proposed borrowings on monetary aggregates, the price level and the balance of payments, as required under Section 123 of R.A. No. 7653:

- First Offense - Monetary penalty computed in accordance with Appendix 67 of the Manual of Regulations for Banks, with stern warning to the bank that subsequent offenses shall be dealt with stiffer non-monetary sanctions;

- Second Offense - Suspension of the lending operations of the erring bank to the Government or any of its political subdivisions or Instrumentalities for a period of 6 months, and written reprimand to the officer/s or members of the committee and/or Board of Directors who approved the loan; and

- Third Offense - Suspension of the lending operations of the erring bank to the Government or any of its political subdivisions or instrumentalities, for 1 year.

This Circular shall take effect within 15 days from its publication in a newspaper of general circulation.

FOR THE MONETARY BOARD:

(SGD.) AMANDO M. TETANGCO, JR.
Governor

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