

CONDITIONS FOR GRANTS TO BANKS OF AUTHORITY TO CONVERT INTO A LOWER CATEGORY

BSP CIRCULAR NO. 281, April 03, 2001

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/8723af0f520c/>

The Monetary Board, in its Resolution No. 320 dated February 22, 2001, approved the following amendments to Circular No. 229 dated March 13, 2000 on the conditions for grants to banks of authority to convert into a lower category:

SECTION 1. Condition No. 2 of Circular No. 229 is hereby amended to read as follows:

"2. That the bank immediately upon receipt of notice of approval of conversion shall not engage in nor renew transactions under authorities not associated with those allowed for the lower bank category into which it is converting and within six (6) months from the date of receipt of notice of approval of its application for conversion, the bank shall phase-out all inherent powers and activities under special authorities not normally associated to the lower bank category into which it is converting; Provided, That a thrift bank (previously authorized by the Monetary Board to accept demand deposits) may be allowed to retain such authority when converting into a rural bank but may clear checks only through a correspondent bank and shall not be allowed to participate directly in the Philippine Clearing House Corporation and the Bangko Sentral ng Pilipinas (BSP) check clearing operations; Provided, further, That for failure to comply with these requirements, the following monetary and non-monetary penalties shall be imposed:

From universal bank (UB) to commercial bank (KB)

-

P30,000/day

From KB to TB

-

P15,000/day

From TB to RB

Within Metro Manila

-

P5,000/day

Outside Metro Manila

-

P 500/day

b. Non-Monetary Penalties

- Suspension of branching privileges;
- Suspension of declaration of cash dividends
- Restriction on lending to affiliates;
- Denial of access to BSP rediscounting facilities;
- Suspension of authority to accept or handle government securities;
- Suspension of authority to engage, in derivative activities (for an UB converting into a KB; and
- Suspension of authority to invest in allied undertakings, reckoned from the set deadline until it has fully complied with the said requirements;"

SECTION 2. Condition No. 6 on the start of operation in the lower category is hereby added, as follows:

"6. That the bank shall start operation in the lower category into which it is converting after approval by the Securities and Exchange Commission of the bank's amended articles of incorporation and by-laws, its compliance with all the conditions of approval of the conversion and the issuance by the BSP of a certificate of authority to operate."

This Circular shall take effect immediately.

Adopted: 3 April 2001

(SGD.) RAFAEL B. BUENAVENTURA
Governor

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.