SANCTIONS FOR NON-COMPLIANCE/UNDER COMPLIANCE WITH THE PRESCRIBED RATIO REQUIREMENTS OF THE MANDATED CREDIT ALLOCATION TO SMALL AND MEDIUM ENTERPRISES FOR EACH REPORTING PERIOD

BSP CIRCULAR NO. 209, September 09, 1999

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The Monetary Board, in its Resolution No. 1199 dated August 27, 1999, approved the following amendments to Section 7 of Circular No. 147 dated October 24, 1997, Section X162.2(b)(1)(a) and Appendices 6-A, 6-B and 6-C of the Manual of Regulations for Banks.

SECTION 1. Section 7 of Circular No. 147 dated October 24, 1997 is hereby amended to read as follows:

"Section 7. Administrative Sanctions — The following administrative sanctions shall be imposed on banks:

A. For noncompliance/undercompliance with the prescribed ratio requirements of the mandated credit allocation to small and medium enterprises for each reporting period:

1. A fine of not less than Five Hundred Thousand Pesos (P500,000.00) shall be imposed for noncompliance (zero compliance) by a bank with the prescribed ratio requirements of at least 6% for small enterprises and at least 2% for medium enterprises.

2. The following fines shall be imposed for undercompliance by a bank with the prescribed 6% and 2% ratio requirements:

Expanded commercial banks (EKBs), Commercial Banks (KBs) and branches of Foreign Banks (FXBs)

P5,000 per day of undercompliance

Thrift Banks (TBs)

P2,500 per day of undercompliance

Rural Banks (RBs)/Cooperative Banks (Coop Banks)

P1,000 per day of undercompliance

The reckoning period of the imposition of the fines shall be from the end of the reference quarter until the date the bank has fully complied with the credit allocation requirements. The daily fines shall continue to run until the date of receipt by the appropriate supervising and examining department of the interim report accurately showing the

bank's level of compliance with both the prescribed 6% and 2% credit allocation requirements.

3. A fine of not less than Five Hundred Thousand Pesos (P500,000.00) shall be uniformly imposed on all banks for the willful making of a false or misleading statement to the Bangko Sentral relative to a bank's compliance with the prescribed 6% and 2% credit allocation requirements.

The imposition of the fines in items 1, 2 and 3 above shall be without prejudice to the other administrative sanctions in items (b), (c), (d) and (e) of Section 37 of Republic Act No. 7653.

B. For Non-submission/Delayed Submission of Reports

The following fines shall be imposed for non-submission or delay in submission of the reports on compliance with the mandated credit allocation

EKBs/KBs/FXBs

P1,000 per business day of delay in the submission of the report

TBs

P500 per business day of delay in the submission of the report

RBs/Coop Banks

P250 per business day of delay in the submission of the report"

SECTION 2. Subsection X162.2(b)(1)(a) of the Manual of Regulations for Banks is hereby amended to read as follows:

> Subsec. X162.2 Sanctions in case of willful delay in the submission of reports/refusal to permit examination.
>
> Xxx xxx xxx
>
> b. Fines for willful delay in the submission of reports.
>
> (1) Amount of Fine. Any bank which shall incur willful delay in the submission of required reports shall pay a fine in accordance with the following schedule:
>
> (a) For Category A-1, A-2 and A-3 reports
>
> — P1,200 for EKBs/KBs; P600 for TBs; and P180 for RBs/Coop Banks, per business day of default until the report is filed with the BSP;
>
> — P1,000 for EKBs/KBs; P500 for TBs, and P250 for RBs/Coop Banks, per business day of default until the report on compliance with the mandatory credit allocation required under R.A. No. 6977 (as amended by R.A. No. 8289) is filed with the BSP; and
>
> xxx".

SECTION 3. The provisions on DCB I/II Form 61 (Funds Set Aside for Small Enterprise Credit Under R.A. No.

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6977) in Appendix 6-A of the Manual of Regulations for Banks is hereby amended to read as follows:

Submission

Category

Form No.

MOR Ref.

Report Title

Frequency

Deadline

Procedure

A-3

DCB I/II Form 6

X342.6

Report on Compliance with Mandatory Credit Allocation Required under R.A. No. 6977(as amended by R.A. No. 8289)

Quarterly

15 banking days after end of reference quarter

Original and duplicate — DCB I/II Triplicate- SMED Council

SECTION 4. The provisions on TB Form II (Report on Small and Medium Enterprises Credit Under R.A. 6977) in Appendix 6-B of the Manual of Regulations for Banks is hereby amended to read as follows:

Submission

Category

Form No.

MOR Ref.

Report Title

Frequency

Deadline

Procedure

A-3

TB Form II

X342.6

Report on Compliance with Mandatory Allocation Required under R.A. No. 6977(as amended by R.A. No. 8289)

Quarterly

15 banking days after end of reference quarter

Original and duplicate DTBNFI Triplicate SMED Council

SECTION 5. The provisions of RB/COB Form 12 (Funds Set Aside for Small Enterprises [R.A. No. 6977]) in Appendix 6-C of the Manual of Regulations for Banks is hereby amended to read as follows:

Submission

Category

Form No.

Report Title

Frequency

Deadline

Procedure

A-3

RB/COB

Report on Compliance with Mandatory Credit Allocation Required under R.A. No. 6977(as amended by R.A. No. 8289)

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Quarterly

15 banking days after end of reference quarter

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SECTION 6. This Circular shall take effect after fifteen (15) days following the completion of its publication in a newspaper of general circulation.

Adopted: 9 Sept. 1999

(SGD.) RAFAEL B. BUENAVENTURA
Governor

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