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REQUIREMENTS FOR THE ESTABLISHMENT OF ADDITIONAL BRANCHES OF FOREIGN BANKS IN THE PHILIPPINES PURSUANT TO R.A. NO. 7721, AND SANCTIONS FOR FAILURE TO SUBMIT REQUIRED CERTIFICATI...

BSP CIRCULAR NO. 182, December 04, 1998

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The Monetary Board, in its Resolution No. 1582 dated November 17, 1998, approved the following amendments to Book I of the Manual of Regulations for Banks and Other Financial Intermediaries on the requirements for the establishment of additional branches of foreign banks in the Philippines pursuant to R.A. No. 7721, and sanctions for failure to submit required certifications.

SECTION 1. Items b to j of Subsection 1153.2 of the Manual are hereby amended and new items are hereby added thereto, as follows:

"b. The bank during the last ninety (90) days immediately preceding the date of application has:

1. Not been deficient in its net worth-to-risk assets ratio; and

2. Complied with the ceilings on credit accommodations to officers and their related interests;

c. The bank has no net weekly reserve deficiency against deposit liabilities and deposit substitutes during the last twelve (12) weeks immediately preceding the date of application; and

d. The bank has complied with the loans-to-deposits ratio for two (2) quarters immediately preceding the date of application;

e. The bank has complied with the mandatory allocation of credit resources to small and medium enterprises for two (2) quarters immediately preceding the date of application;

f. The bank has not been found engaging in unsafe and unsound banking practices during the last six (6) months immediately preceding the date of application where applicable;

g. The bank has complied with the twenty percent (20%) aggregate limit on real estate loans as of end of preceding quarter;

h. The bank does not have float items outstanding for more than sixty (60) calendar days in the "Due From/To Head Office/Branches/Offices" accounts and the "Due from Bangko Sentral" account exceeding one percent (1%) of the total resources as of end of preceding month;

i. The bank's total investments in real estate and improvements thereon, including bank equipment does not exceed fifty percent (50%) of its net worth as of date of application;

j. The bank has set up the prescribed allowances for probable losses, both general and specific, as of date of application;

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k. The bank has corrected as of date of application major findings/violations noted in its latest examination;

l. The bank has no past due obligation with the Bangko Sentral or with any financial institution as of date of application;

m. For each additional branch to be established by a foreign bank, a time delay device shall be installed in the cash vault or safe prior to start of operation."

SECTION 2. Subsection 1153.6 of the Manual is hereby amended to read as follows:

> "Subsec. 1153.6. Sanctions. — If a bank fails to submit any certification as required in these guidelines, or if any part of the certification submitted by the bank is found to be false, the following sanctions shall be imposed:
>
> 1. On the Bank
>
> Suspension for one (1) year of the privilege to establish and/or open approved branches;
>
> 2. On the Responsible/Certifying Officer
>
> A fine of P 5,000.00 per day from the deadline of the submission of the certification up to the time the certification was found to be not submitted, or from the time the certification was made up to the time the certification was found to be false, as the case may be, for each branch opened,

without prejudice to the sanctions under Section 35 of R.A. No. 7653."

This Circular shall take effect immediately.

Adopted: 4 Dec. 1998

(SGD.) GABRIEL C. SINGSON
Governor

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