

1. What are the criteria in establishing a *Bangko Sentral ng Pilipinas (BSP)* branch?

The BSP focuses on the economic factors in the area as the basis for the establishment and operation of a branch. Said economic factors may be determined by:

- Magnitude of economic activity

This is reflected by the presence of banks and non-bank financial institutions whose aggregate number may comprise of:

- a. at least 15 bank branches
- b. at least 20 non-bank financial institutions
- c. at least ₱5.0 billion deposit base

When the BSP establishes a branch, abovementioned criteria are not limited to the specific site where the branch is to be opened, but take into account the economic situation in the entire area to be serviced by the particular branch to be established.

Likewise considered is the presence of significant industry and services sector activity such as:

- a. a large number of business establishments
- b. a development plan
- c. availability of health services
- d. schools, colleges and universities

When such economic activities exist, the volume of business may necessitate the presence of the BSP. Also, the growth in the concerned area is observed. A business development plan, being developed or implemented, is indicative of the economic activity and is a factor considered by the BSP.

- Infrastructure support
 - a. regular land, air or water transport facilities
 - b. reliable telecommunications facilities
 - c. no significant security risks

Infrastructure support is crucial to BSP operations as its business has to deal with, among others, the transport of cash and other valuable assets. To safeguard such assets, it is important to ensure an efficient communication and transportation system and to assess security risks so as not to unnecessarily expose the BSP office and its personnel to danger.

- Proximity to existing BSP Regional Office/Branch

The new branch to be opened should be outside the 100-kilometer radius (of regular terrain) of any existing branch or regional office.

Among other considerations, this is important to defining the area and preventing the overlap of the coverage of a new branch. Establishing new branches becomes more efficient if no branches are put up where an existing branch can already provide the service.

2. What are the criteria for selection of sites of prospective BSP Branch buildings?

The site selection criteria for prospective BSP Branch buildings are as follows:

- Area
 - a. Minimum – 5,000 sq. m.
- Frontage – At least 70 meters; shall be along a major road or thoroughfare
- Location
 - a. Presence of at least one (1) major road leading to the lot is sufficient;
 - b. Proximity to banking community;
 - c. Within a one (1) kilometer radius from commercial center;
 - d. Accessibility to local airport, seaport and PNP Headquarters
 - e. Availability of utilities such as power, water, telephone and drainage;
 - f. Preference for lots not to be located:
 - along heavy traffic-prone areas;
 - in the vicinity of industrial establishments, warehouses, depots and factories which emit smoke, fume and odor;
 - along riverbanks and waterways;
 - adjacent gasoline stations, cemeteries, mortuaries, bus/jEEPney stations; and
 - within close vicinity of communication or power towers.
- Configuration
 - a. Regular in shape;
 - b. Lot elevation must not be more than 0.30 meter below street level;
 - c. Lot shall not abut street on two (2) sides; and
 - d. No public utilities shall traverse the lot.
- Site Conditions
 - a. Site shall be free of protected vegetation/foilage;

- b. Must not be covered by special access agreements or right of way requirements of the locality;
- c. Must lie on stable ground/soil condition;
- d. Site is classified as commercial/institutional area;
- e. Adjacent properties shall preferably be public buildings, cultural buildings, office blocks, parks and similar establishments; and
- f. Site shall offer minimum risks.

3. *Where are the BSP regional offices and branches located?*

The three regional offices are located in San Fernando City (La Union), Cebu City and Davao City.

The 18 BSP branches are situated in Batac City (Ilocos Norte), Tuguegarao City (Cagayan), Dagupan City (Pangasinan), Cabanatuan City (Nueva Ecija), San Fernando City (Pampanga), Lucena City (Quezon), Naga City (Camarines Sur), Legazpi City (Albay), Dumaguete City (Negros Oriental), Bacolod City (Negros Occidental), Iloilo City (Iloilo), Kalibo (Aklan), Tacloban City (Leyte), Cagayan de Oro City (Misamis Oriental), Ozamiz City (Misamis Occidental), Cotabato City, General Santos City (South Cotabato) and Zamboanga City (Zamboanga del Sur) (*see Branch Directory*).

4. *What banking services are available in the BSP regional offices and branches?*

The regional office performs cash operations, cash administration, bank supervision and gold buying operations.

A branch performs cash operations, cash administration, and in certain areas, gold buying operations.

While regional offices and branches have defined operations, there may be areas where branch functions may be expanded, or a BSP desk put up, depending on the volume of economic transactions.

5. *Why are foreign currencies not accepted for exchanges to pesos by BSP branches?*

The BSP has authorized commercial, thrift and rural banks and their provincial branches to engage in foreign exchange transactions. These authorized agent banks of the BSP are accessible even in remote areas of the country.

6. *Can provincial branches deposit foreign currencies with the BSP regional offices/branches?*

The BSP had long terminated the foreign exchange (FX) swap arrangement with commercial banks. As a result, the BSP regional offices/branches no longer accept FX deposits from bank branches. However, banks may sell their excess FX holdings to the BSP through the regional offices/branches for credit to their respective peso demand deposit account.

7. *Do BSP regional offices and branches accept deposits from the public?*

The BSP and its regional offices and branches do not accept deposits from the general public. It is the commercial, thrift and rural banks that offer the different deposit services.

8. *Can the public exchange unfit or mutilated banknotes at the BSP regional offices and branches?*

The BSP regional offices and branches accept the exchange of unfit or mutilated banknotes only if their redemption value cannot be determined by branches of BSP's agent banks. These mutilated bank notes are forwarded to the Currency Analysis and Redemption Division of the Cash Department for final analysis and determination of their redemption value.

9. *Are the BSP regional offices and branches open to students and researchers?*

Each of the BSP regional offices and branches has an Economic and Financial Learning Center (EFLC) which makes available to students and other researchers copies of BSP issuances, publications and other reference materials in money, credit, banking and related subjects. The regional EFLC also provide students with internet access.

10. *Are the BSP branches authorized to collect amortization payments for the rediscounting loan obligations of banks with the BSP?*

In addition to the BSP Head Office and the BSP Regional Offices, BSP Branches are likewise authorized to accept amortization payments for rediscounting loans and other obligations of banks and non-banks with the BSP.

11. *Other than the Security Plant Complex in Quezon City, where can gold producers/traders sell their gold?*

The BSP operates a Gold Buying Station in the cities of Davao, Zamboanga, Baguio and Naga where gold producers/traders can sell their gold.

12. *What laws authorize the BSP to buy gold from the public?*

The laws are Republic Act (R.A.) No. 7653 or the New Central Bank Act of 1993 and R.A. No. 7076 entitled An Act Creating a People's Small-scale Mining Program, otherwise known as the People's Small-scale Mining Act of 1991.

13. *What does R.A. 7653 say about BSP's purchase of gold?*

Article II. Section 69 of R.A. No. 7653 states that "The Bangko Sentral ng Pilipinas may buy and sell gold in any form, subject to such regulation as the Monetary Board may issue." The law also provides that the international reserves of the BSP may include but shall not be limited to gold and assets in foreign currencies. Hence, BSP's purchase of gold helps strength the country's international reserves.

14. *What does R.A. 7076 say about BSP's purchase of gold?*

Section 17 of R.A. No. 7076 states that "all gold produced by small-scale miners in any mineral area shall be sold to the Central Bank (Bangko Sentral), or its duly authorized representatives, which shall buy it at prices competitive with those prevailing in the world market regardless of volume or weight."

15. *Who are "small-scale miners"?*

"Small-scale miners" refer to Filipino citizens who, individually, or in the company of other Filipino citizens, voluntarily form a cooperative duly licensed by the Department of Environment and Natural Resources (DENR) to engage, under the terms and conditions of a contract, in the extraction or removal of minerals or ore-bearing materials from the ground.

16. *What are the requirements for selling gold to the BSP?*

Sale of gold to the BSP only requires the submission of duly-accomplished "Letter of Delivery and Sale (LDS)" and presentation of the recent Community Tax Certificate (CTC) of the seller. For purposes of internal control in the release of checks, first time sellers are required to accomplish a specimen signature card and submit an ID picture of himself and his authorized representative, if any. BSP shall immediately be notified of any change in his authorized representative. For sellers intending to sell gold to BSP Regional Offices (ROs)/Branches, the LDS is to be addressed and presented to the RO/Branch Head or to the GBS Head (if sold to the BSP Baguio GBS). The LDS shall clearly indicate that gold is offered for sale for value on the delivery date and is prescribed to be received by the BSP not later than 2:00 p.m. of the advice date. Advices of gold sale received after 2:00 p.m. shall be for value on the following business day. LDS forms shall be provided by the BSP. Photocopies or the other forms of reproduction shall not be allowed/accepted.

17. What are the requirements for acceptance of gold intended for sale to the BSP?

Gold being offered for sale to the BSP should meet the following requirements:

- Physical form:
 - a. In bar or disc form (grains, powder, nuggets and flakes are not accepted);
 - b. Does not contain mercury or amalgam in any quantity;
 - c. Free of slags and other foreign matter;
 - d. No sign of metallic segregation/ layering or proud shortness; and
 - e. Not damp or wet.
- Maximum Dimensions:
 - a. Bar: 6.5 "long x 3" wide x 1.5" thick; and
 - b. Disc: "4 diameter x 2" thick.
- Maximum Weight:
 - a. Maximum weight of bar or disc shall approximately be 5kgs.; and
 - b. Maximum weight per lot shall be approximately be 10 kgs.
- Minimum gold assay: 30 percent

18. Why is the BSP very strict in accepting gold containing mercury or amalgam?

Mercury is a highly toxic chemical and thus, very harmful to persons exposed to it. It can also damage BSP equipment in the refinery process.

19. What is the buying price of gold?

Gold sold to the BSP is paid in Philippine Pesos based on the gold price and foreign exchange rate set by the BSP Treasury Department on a daily basis. The gold price is determined based on the international market prices at the start of each day.

20. Are there limitations as to the amount of gold that can be sold to the BSP?

Gold may be sold in any quantity provided it conforms with the BSP's requirement for acceptance.

21. What payment scheme is followed by the BSP in buying gold?

BSP pays an initial amount equivalent to 99% of the value of delivery based on as-received weight and initial assay by specific gravity method, the sum of which is normally paid not

later than the following business day after date of delivery and sale, unless the volume purchased by the BSP is very large. Final settlement of the balance shall be paid upon completion of the evaluation and final assay, normally within thirty (30) days from delivery date and sale, unless the total volume purchased by the BSP is very large.

22. Will the sellers pay for the processing cost of gold and metal recovery factor?

Yes. The following schedule shall be followed in assigning deductions for processing cost and metal recovery factor:

Bar Assay/Gold Financer	ProcessingCost* (PhP/tr. oz of Material received)	Metal Recovery Factor,%
995 and above	34.00	99.8
900 to less than 995	37.77	99.3
700 to less than 900	39.37	99.0
500 to less than 700	42.17	98.9
300 to less than 500	45.67	98.6

Silver Recovery- 97% for assay of 1 percent and higher; no recovery for assay below 1 percent

**Minimum charge of PhP 1,600.00 per delivery; additional assay fee of PhP1,600.00 per lot in excess of (1) lot per delivery.*

23. What formula is used by the BSP in computing its buying price of gold?

Assuming the gold is 24 karat or with fineness of 999.9, the formula being followed is:

$$\text{Gold Price (PhP/gram)} = \frac{\text{Gold Buying Rate **} \times \text{Exchange Rate ***}}{31.1034809 \text{ grams per tr. oz.}}$$

** Gold Buying Rate- Price set by BSP Treasury Dep't on a daily basis

***PhP per USD (T/T) Buying

24. Does BSP withhold any tax in the transaction?

Presently, the BSP does not withhold any tax in the transaction. However, the silver is expected to comply with relevant taxation laws. Gold sold to the BSP is considered export commodity and is deemed zero-rated for VAT (value added tax) purposes.

25. *Does the export of gold require prior approval or authority from BSP?*

The BSP does not regulate the exportation of gold. All exports of gold in any form may be allowed except for gold from small-scale mining which is required to be sold to the BSP pursuant to RA No. 7076.

26. *Can Gold Bullion Account be maintained at the BSP?*

Gold Bullion Accounts cannot be maintained at the BSP. Thus, the BSP does not issue "Certificate of Gold Bullion Deposits" or "Safekeeping Receipt" or "Bond Guarantee". If any one presents such documents, these are fake documents and should be reported to the Investigation Staff of the Cash Department at Tel. No. (02) 929-70-71.

BRANCHES DIRECTORY

BSP Regional Offices		
Luzon	Visayas	Mindanao
<p>La Union Regional Office Quezon Ave., San Fernando, City, La Union (072) 888-20-83</p>	<p>Cebu Regional Office Osmeña Blvd. & P. del Rosario Sts., Cebu City (032) 254-09-73</p>	<p>Davao Regional Office Quirino Avenue, Davao City (082) 227-90-51</p>

BSP Regional Branches			
Northern Luzon	Southern Luzon	Visayas	Mindanao
<p>San Fernando Branch Greenfields Subd., MacArthur Highway, Sindalan, San Fernando City (045) 323-41-01; 860-16-52</p>	<p>Legazpi Branch Baranagay 18 Rizal, St. Cabagñan, Legazpi City (052) 480-55-19</p>	<p>Bacolod Branch Lacson & Luzuriaga Sts., Bacolod City (034) 435-28-16</p>	<p>Cagayan de Oro Branch National Highway & Velez Sts., Cagayan de Oro City (088) 857-15-54</p>
<p>Batac Branch National Highway, Quiling Norte, Batac City (077) 792-21-03</p>	<p>Lucena Branch Quezon Avenue, Lucena City (042) 373-73-23</p>	<p>Kalibo Branch RSL Bldg. II, Arch. Reyes & G. Pastrana Sts., Kalibo, Aklan (036) 262-70-30</p>	<p>Cotabato Branch Quezon & Sinsuat Ave., Cotabato City (064) 421-73-70</p>
<p>Cabanatuan Branch Del Pilar & Paco Roman Sts. Cabanatuan City (044) 463-17-36</p>	<p>Naga Branch Chua Oco Bldg., Elias Angela St., Naga City (054) 811-10-59</p>	<p>Iloilo Branch BSP Bldg., Solis St., Iloilo City (033) 335-11-80</p>	<p>Gen. Santos Branch Pendatum & Daprosa Sts., General Santos City (083) 552-19-05</p>
<p>Dagupan Branch Tondaligan, Bonoan Guesset, Dagupan City (075) 614-30-27</p>		<p>Dumaguete Branch July Dev. Corp. Bldg. V, Lacson & Cervantes Sts., Dumaguete City (035) 225-44-26</p>	<p>Ozamiz Branch Circumferential Road, Ozamiz City (088) 521-26-78</p>
<p>Tuguegarao Branch Regional Government Center, Tuguegarao City (078) 844-20-43</p>		<p>Tacloban Branch Uytingkoc Bldg., Sen. Enaje St., Tacloban City (053) 325-91-21</p>	<p>Zamboanga Branch LHB Bldg. I, Veterans Avenue, Zamboanga City (062) 991-21-51</p>