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# P A R T I

## ORGANIZATION, MANAGEMENT AND ADMINISTRATION

### A. SCOPE OF AUTHORITY

**Section 4101P Basic Law Governing Pawnshops.** P.D. No. 114, known as the Pawnshop Regulation Act, regulates the establishment and operation of pawnshops.

**§4101P.1 Scope of Authority of Pawnshops.** A duly organized and licensed pawnshop has, in general, the power to engage in the business of lending money on the security of personal property within the framework and limitations of PD No. 114 and the following regulations, subject to the regulatory and supervisory powers of the Bangko Sentral ng Pilipinas (BSP).

**§4101P.2 Form of Organization.** A pawnshop may be established as a single proprietorship, a partnership or a corporation.

Only Filipino citizens may establish and own a pawnshop organized as a single proprietorship. A pawnshop established as a single proprietorship by non-Filipino owner prior to January 29, 1973 may continue as such during the lifetime of the registered owner.

If a pawnshop is organized as a partnership, at least seventy percent (70%) of its capital shall be owned by Filipino citizens. Pawnshops established as partnerships prior to January 29, 1973, with non-Filipino partners whose aggregate holdings amount to more than thirty percent (30%) of the capital may retain the percentage of their aggregate holdings as of January 29, 1973, and said percentage shall not be increased, but may be reduced, and once reduced shall not be increased thereafter beyond thirty percent (30%) of the capital stock of such pawnshop.

In the case of a pawnshop organized as a corporation, at least seventy percent (70%) of the voting stock therein shall be owned by citizens of the Philippines, or if there be no capital stock, at least seventy percent (70%) of the members entitled to vote shall be citizens of the Philippines.

Pawnshops registered as corporations with foreign equity participation in excess of thirty percent (30%) of the voting stock, or members entitled to vote, of the pawnshop may retain the percentage of foreign equity as of January 29, 1973, and said

percentage shall not be increased, but may be reduced and once reduced, shall not be increased thereafter beyond thirty percent (30%) of the voting stock, or number of members entitled to vote, of such pawnshop.

The percentage of foreign-owned voting stock in a pawnshop corporation shall be determined by the citizenship of its individual stockholders. If the voting stock in a pawnshop corporation is held by another corporation, the percentage of foreign ownership in that pawnshop shall be computed on the basis of the foreign citizenship of the individuals owning voting stock in, or members entitled to vote of, the stockholder corporation.

**§4101P.3 Organizational requirements.** Any person or entity desiring to establish a pawnshop shall register with the Department of Trade and Industry (DTI), in the case of a single proprietorship; or with the Securities and Exchange Commission (SEC), in the case of a partnership/corporation.

Pawnshops with foreign equity participation shall also register with the Board of Investments.

After registering with the DTI or with the SEC, the single proprietorship or the partnership/corporation, as the case may be, shall secure a business license from the city or municipality where the pawnshop is to be established and operated, in accordance with the requirements of the pertinent ordinance in that city or municipality.

**§4101P.4 Requirement to Register with BSP.** Pursuant to Section 6 of P.D. 114, which requires pawnbrokers to register with the BSP before commencing actual business operations, every pawnshop shall submit to the BSP an Information Sheet on the entity (using BSP-prescribed form) duly accomplished by the proprietor/managing partner/president under oath that shall be the basis for the issuance by the BSP of an Acknowledgement of Registration (AOR). The Information Sheet shall be accompanied by the following documents:

- a. A Certificate of Registration (COR) of business name from the DTI, in case of a sole proprietorship;
- b. Articles of Partnership/Incorporation and by-laws duly registered with the SEC, in the case of a partnership or a corporation which Articles shall indicate that the primary purpose of the partnership/ corporation is to engage in the business of a pawnshop or a pawnbroker;
- c. City/municipal license/business license/ mayor's permit for

the current period;

- d. Personal data sheet (using BSP-prescribed form for pawnshops) with passport size picture duly accomplished by the proprietor or partners or directors, president and manager or officer-in-charge of the head office; and
- e. Such other documents that may be required by the BSP that are enumerated in a list attached to the Information Sheet.

No application for registration shall be accepted from a person or entity other than the proprietor, partner, or incorporator of a pawnshop unless the person or entity applying on behalf of the proprietor, partner or incorporator submits a duly executed and notarized special power of attorney authorizing the person or entity to act on behalf of the proprietor, partner, or incorporator. In the case of a corporate applicant, a certified true copy of the board resolution authorizing the person or entity shall likewise be submitted.

A pawnshop shall commence actual operations within six (6) months from the date of issuance of the AOR. Failure to commence actual operations within the aforementioned six (6) months period shall render the BSP AOR as automatically cancelled.

The pawnshop shall notify the BSP in writing of the start of operations within five (5) business days from the actual start of operations.

Any pawnshop that is found operating that does not have a current business permit issued by the city or municipality where it is located and an AOR issued by the BSP is considered operating illegally. Such pawnshop shall be reported to the Office of the Mayor of the concerned city or municipality, for appropriate action, without prejudice to whatever legal action the BSP may pursue under Section 18 of PD No. 114 and other applicable laws against the pawnshop, its proprietor, partners, incorporators, stockholders, directors, president and officers of the pawnshop.

**§4101P.5 Pawnshop Regulations Briefing and Anti-Money Laundering Act Seminar.** As a prerequisite for the issuance by the BSP of the AOR, the proprietor, partner, director, president as well as manager or officer-in-charge of the head office and branch shall have attended the: (a) briefing on pawnshop regulations conducted by the BSP or any accredited service provider; and (b) seminar on the anti-money laundering act as prescribed in subsection 4691p.1.

**§4101P.6 Processing and Annual Fees.** Every pawnshop head office shall pay a one-time processing fee of P1,000.00 for the initial registration, and P500.00 annual fee upon approval of application for registration. Thereafter, the annual fee shall be paid not later than 31 March of every year.

Transitory Provisions. a. The annual fee shall commence for the year 2010. It shall be collected from all pawnshop head offices registered as of 31 December 2009. The deadline for payment of the annual fee for 2010 is 31 March 2010.

b. Pawnshop head offices and branches that have paid the registration fee/renewal of registration fee of P3,000.00 pursuant to subsection 4101P.6 of BSP Circular No. 656 which took effect on 25 June 2009, shall be considered to have paid the annual fee for six (6) years starting 2010.

### **Section 4102P Definition of Terms**

- a. Pawnshop shall refer to a person or entity engaged in the business of lending money on personal property that is physically delivered to the pawnshop premises as loan collateral. The term shall be synonymous and may be used interchangeably, with pawnbroker or pawnbrokerage.
- b. Pawner shall refer to the borrower of a pawnshop.
- c. Pawnee shall refer to the pawnshop or pawnbroker.
- d. Pawn is the personal property delivered by the pawner to the pawnee as security for a loan.
- e. Pawn ticket is the pawnbroker's receipt for a pawn and shall not be considered as an official receipt for amounts collected.
- f. Property shall include only such personal property which can be physically delivered to the control and possession of the pawnee.
- g. Voting stock is that portion of the authorized capital which is subscribed and entitled to vote.
- h. Vital records shall consist of the Loans Extended/ Paid Registers, General Ledger/Journal, that may be in electronic form, covering the current and at least the preceding five (5) years of operation, unused accountable forms and permanent records, e.g., articles of

incorporation/co-partnership, by-laws, stock certificates, etc.

- i. Bulky pawns shall refer to household appliances, office machines and the like, which occupy considerable amount of space i.e., measuring at least 1.5 x 1.5 x 0.5 feet.
- j. Premises shall refer to the area where the pawnshop conducts its business and maintains office. It includes office or storage spaces maintained and/or used by the pawnshop which are adjacent to the pawnshop's location.

### **Sections 4103P – 4105P (Reserved)**

## **B. CAPITALIZATION**

**Section 4106P Capital of Pawnshops.** Every pawnshop shall have a minimum paid-in capital of ₱100,000.

A pawnshop's paid-in capital may be in the form of:

- a. Cash;
- b. Tangible properties, including real estate and improvements thereon; and
- c. A combination of cash and tangible properties.

Tangible properties shall be limited to those that are necessary for the conduct of the pawnshop business. They may be valued at fair value which is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of land and buildings is usually determined from market-based evidence by appraisal that is normally undertaken by professionally qualified appraisers.

The value of the tangible properties contributed as capital shall not exceed twenty-five percent (25%) of said paid-capital and surplus/accumulated surplus. For pawnshops existing as at 29 January 1973 whose value of properties exceed the prescribed ratio, such percentage may be retained or reduced but shall not be increased thereafter. Should the ratio, on the other hand, fall below the prescribed level, it may be increased but not beyond twenty-five percent (25%).

**Section 4107P Prudential Capital Ratio.** The minimum capital ratio of a pawnshop, expressed as a percentage of total capital

to pledge loans, shall not be less than fifty percent (50%), provided that total pledge loans shall not exceed ₱3,000,000.00. If and when the pledge loans exceed ₱3,000,000.00, additional capital of 30% of pledge loans in excess of ₱3,000,000.00 shall be required.

For this purpose, the term total capital shall be defined as total assets minus: (a) total liabilities; (b) deferred tax assets, (c) unbooked valuation reserves; and (d) other capital adjustments as may be required by the BSP. Any appraisal surplus or appreciation credit as a result of appreciation or an increase in book value of the assets of the pawnshop shall be excluded.

**§4107P.1 Capital Build Up Program.** Any pawnshop that fails to comply with the prudential capital requirement shall submit within thirty (30) days from date of notice from the BSP, a Letter of Undertaking to implement a capital build-up program for a period not to exceed one (1) year from date of undertaking.

**C to F (RESERVED)  
(Sections 4108P to 4140P)**

**G. PROPRIETOR/PARTNERS/DIRECTORS, OFFICERS AND  
EMPLOYEES**

**Section 4141P Safeguarding of Pawnshop Assets.** In order to safeguard pawnshop's assets (pawned items) and mitigate the risk of loss arising from malfeasance or fraudulent practices of their employees, pawnshops shall adopt any of the following measures:

- a. Bonding of accountable officers/ employees with reputable insurance/surety companies accredited by the insurance commissioner; or
- b. Equivalent self-insurance mechanism acceptable to BSP.

**Section 4142P Definitions, Qualifications and Duties and Responsibilities of Proprietor/Partners/Directors/Officers.** For purposes of this Section the following shall be the definition and qualifications, responsibilities and duties of proprietor/partners/incorporators/ directors/officers.

**§4142P.1 Definitions**

- a. Proprietor is the person named in the Certificate of Registration issued by the DTI and in the city/municipal

license and mayor's permit as the owner of the business.

- b. Partners are the persons named in the articles of partnership.
- c. Incorporators are those mentioned as such in the articles of incorporation as originally forming and composing the corporation and who are signatories thereof.
- d. Directors – Directors shall include:
  - 1. directors who are named as such in the articles of incorporation;
  - 2. directors duly elected in subsequent meetings of the pawnshop's stockholders; and
  - 3. those elected to fill vacancies in the board of directors.

The number of members of the board of directors, pursuant to Section 10 of Batas Pambansa No. 68, shall be at least five (5), and a maximum of fifteen (15) directors.

- e. Officers – are those persons whose duties as such are defined in the by-laws (for corporations) or those who are generally known to be the officers of the pawnshop either thru announcement, representation, publication or any kind of communication made by the pawnshop. The term officer shall include, but not limited to, the following: the proprietor, managing partner, president, and manager or officer-in-charge of head office or branch.

**§4142P.2 General Qualifications of a proprietor, partner, director, president, and manager or officer-in-charge of head office or branch.** Any person can be a proprietor, partner, director, president, manager or officer-in-charge of a pawnshop's head office or branch, provided he/she:

- a. Must have undergone a briefing on pawnshop regulations conducted by the BSP or any accredited service provider;
- b. Must have undergone a briefing on the Anti-Money Laundering Law (AMLA) as prescribed by Subsection 4691P.1;
- c. Must not be included in the BSP Watchlist; and
- d. Must not possess any derogatory information from the

National Bureau of Investigation (NBI). The NBI clearance shall be submitted pursuant to Subsections 4101P.4 and 4151P.4.

The NBI clearance shall also be required for any newly elected/appointed director, president, manager or officer-in-charge and newly accepted partner or director of an existing pawnshop.

**§4142P.3 Corporate Governance.** A corporate pawnshop with total resources of at least P50 million shall comply with the Securities and Exchange Commission requirements on corporate governance, and as proof of compliance, the said corporate pawnshop shall submit to the BSP a notarized certification to that effect.

**Section 4143P Disqualification of Directors and Officers.** The following regulations shall govern the disqualification of pawnshop directors/trustees and officers.

**§4143P.1 Persons disqualified from becoming directors.** Without prejudice to specific provisions of law prescribing disqualifications for directors/trustees, the following are disqualified from becoming directors of pawnshops:

a. *Permanently disqualified*

Directors/trustees/officers/employees permanently disqualified by the Monetary Board from holding a director position:

- (1) Persons who have been convicted by final judgment of a court for offenses involving dishonesty or breach of trust such as, but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22, violation of anti-graft and corrupt practices act and prohibited acts and transactions under section 7 of R.A. No. 6713 (code of conduct and ethical standards for public officials and employees);
- (2) Persons who have been convicted by final judgment of a court sentencing them to serve a maximum term of imprisonment of more than six years;
- (3) Persons who have been convicted by final judgment of the court for violation of banking laws, rules and regulations;
- (4) Persons who have been judicially declared insolvent, spendthrift or incapacitated to contract;

- (5) Directors, officers or employees of closed banks/quasi-banks/trust entities who were found to be culpable for such institution's closure as determined by the Monetary Board;
- (6) Directors and officers of banks, quasi-banks, trust entities found by the Monetary Board as administratively liable for violation of banking or other relevant laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the monetary board has become final and executory; or
- (7) Directors and officers of banks, quasi-banks, trust entities or any person found by the Monetary Board to be unfit for the position of director or officer because they were found administratively liable by another government agency for violation of banking or other relevant laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency has become final and executory.

b. *Temporarily disqualified*

Directors/officers/employees disqualified by the Monetary Board from holding a director/trustee position for a specific/indefinite period of time. Included are:

- (1) Persons who refuse to fully disclose the extent of their business interest or any material information to the appropriate supervising and examining department when required pursuant to a provision of law or of a circular, memorandum, rule or regulation of the BSP. This disqualification shall be in effect as long as the refusal persists;
- (2) Directors who have been absent or who have not participated for whatever reasons in more than 50% of all meetings, both regular and special, of the board of directors during their incumbency or any 12 month period during said incumbency. This disqualification applies only for purposes of the immediately succeeding election;
- (3) Persons who are delinquent in the payment of their obligations as defined hereunder:
  - a. Delinquency in the payment of obligations means that an obligation of a person with the institution where he/ she is a director/trustee or officer, or at least two (2) obligations with other FIs under

different credit lines or loan contracts, are past due pursuant to Sections X306, 4308Q, 4306S and 4305P.

- b. Obligations shall include all borrowings from any FI obtained by:
- i. A director/trustee or officer for his own account or as representative or agent of others or where he/she acts as guarantor endorser or surety for loans from such FIs;
  - ii. The spouse or child under the parental authority of the director/trustee or officer;
  - iii. Any person whose borrowings or loan proceeds were credited to the account of, or used for the benefit of a director/trustee or officer;
  - iv. A partnership of which a director or officer, or his/her spouse is the managing partner or a general partner owning a controlling interest in the partnership; and
  - v. A corporation, association or firm wholly-owned or majority of the capital of which is owned by any or a group of persons mentioned in the foregoing items (i), (ii), and (iv);

This disqualification shall be in effect as long as the delinquency persists.

- (4) Persons who have been convicted by a court for offenses involving dishonesty or breach of trust such as, but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of B.P. Blg. 22, violation of anti-graft and corrupt practices act and prohibited acts and transactions under section 7 of R.A. No. 6713 (code of conduct and ethical standards for public officials and employees), violation of banking laws, rules and regulations or those sentenced to serve a maximum term of imprisonment of more than six years but whose conviction has not yet become final and executory;
- (5) Directors/trustees and officers of closed institutions under the supervisory and regulatory authority of the BSP pending their clearance by the Monetary Board;
- (6) Directors/trustees disqualified for failure to

observe/discharge their duties and responsibilities prescribed under existing regulations. This disqualification applies until the lapse of the specific period of disqualification or upon approval by the Monetary Board or the appropriate department of the SES of such directors'/trustees' election/ reelection;

- (7) Persons dismissed/terminated from employment in the institutions under the supervision of the BSP. This disqualification shall be in effect until they have cleared themselves of involvement in the alleged irregularity or upon clearance, on their request, from the Monetary Board after showing good and justifiable reasons;
- (8) Those under preventive suspension;
- (9) Persons with derogatory records as certified by, or on the official files of, the judiciary, National Bureau of Investigation, Philippine National Police, quasi-judicial bodies, other government agencies, international police, monetary authorities and similar agencies or authorities of foreign countries for irregularities or violations of any law, rules and regulations that would adversely affect the integrity of the director/officer or the ability to effectively discharge his duties. This disqualification applies until they have cleared themselves of the alleged irregularities/violations or after a lapse of five (5) years from the time the complaint, which was the basis of the derogatory record, was initiated;
- (10) Directors and officers of banks, quasi-banks and trust entities found by the Monetary Board as administratively liable for violation of banking or other relevant laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court;
- (11) Directors and officers of banks, quasi-banks and trust entities or any person found by the Monetary Board to be unfit for the position of director or officer because they were found administratively liable by another government agency for violation of banking or other relevant laws, rules and regulations, or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court; or

- (12) Directors and officers of banks, quasi-banks, trust entities found by the Monetary Board as administratively liable for violation of banking or other relevant laws, rules and regulations where a penalty of suspension from office or fine is imposed, regardless whether the finding of the Monetary Board is final and executory or pending appeal before the appellate court, unless execution or enforcement thereof is restrained by the court. The disqualification shall be in effect during the period of suspension or so long as the fine is not fully paid.

#### **§4143P.2 Persons disqualified to become officers**

- a. The disqualification for directors mentioned in Subsection 4143P.1 shall likewise apply to officers, except those stated in Item "b(2)";
- b. Except as may be authorized by the Monetary Board or the Governor, the spouse or a relative within the second degree of consanguinity or affinity of any person holding the position of chairman, president, executive vice-president or any position of equivalent rank, general manager, treasurer, chief cashier or chief accountant is disqualified from holding or being elected or appointed to any of said positions in the same pawnshop and the spouse or relative within the second degree of consanguinity or affinity of any person holding the position of manager, cashier or accountant of a branch or office of a pawnshop is disqualified from holding or being appointed to any of said positions in the same branch or office.

#### **§4143P.3 Disqualification Procedures**

- a. The board of directors/trustees and management of every institution shall be responsible for determining the existence of the ground for disqualification of the institution's directors/officer or employee and for reporting the same to the BSP. While the concerned institution may conduct its own investigation and impose appropriate sanction/s as are allowable, this shall be without prejudice to the authority of the Monetary Board to disqualify a director/trustee/ officer/employee from being elected/ appointed as director/trustee/ officer in any FI under the supervision of the BSP. Grounds for disqualification made known to the institution shall be reported to the appropriate department of the SES of the BSP within 72 hours from knowledge thereof.
- b. On the basis of knowledge and evidence on the existence

of any of the grounds for disqualification mentioned in Subsections 4143P.1 and 4143P.2, the director/trustee or officer concerned shall be notified in writing either by personal service or through registered mail with registry return receipt card at his/her last known address by the appropriate department of the SES of the existence of the ground for his/her disqualification and shall be allowed to submit within 15 calendar days from receipt of such notice an explanation on why he/she should not be disqualified and included in the watchlisted file, together with the evidence in support of his/ her position. The head of said department may allow an extension on meritorious ground.

- c. Upon receipt of the reply/explanation of the director/trustee/officer concerned, the appropriate department of SES shall proceed to evaluate the case. The director/trustee/officer concerned shall be afforded to defend/clear himself/herself.
- d. If no reply has been received from the director/trustee/officer concerned upon the expiration of the period prescribed under item "b" above, said failure to reply shall be deemed a waiver and the appropriate department of the SES shall proceed to evaluate the case based on available records/evidence.
- e. If the grounds for disqualification is delinquency in the payment of obligation, the concerned director/trustee or officer shall be given a period of 30 calendar days within which to settle said obligation or, restore it to current status or, to explain why he/she should not be disqualified and included in the watchlisted file, before the evaluation on his disqualification and watchlisting is elevated to the Monetary Board.
- f. For directors/trustees/officers of closed banks, the concerned department of the SES shall make appropriate recommendation to the Monetary Board clearing said directors/trustees/officers when there is no pending case/complaint or evidence against them. When there is evidence that a director/trustee/officer has committed irregularity, the appropriate department of SES shall make recommendation to the Monetary Board that his/her case be referred to the OSI for further investigation and that he/she be included in the master list of temporarily disqualified persons until the final resolution of his/her case. Directors/trustee/officer with pending cases/complaints shall also be included in said master list of temporarily disqualified persons upon approval by the

Monetary Board until the final resolution of their cases, If the director/trustee/officer is cleared from involvement in any irregularity, the appropriate SES department shall recommend to the Monetary Board his/her delisting. On the other hand, if the director/trustee/officer concerned is found to be responsible for the closure of the institution, the concerned department of the SES shall recommend to the Monetary Board his/her delisting from the disqualified persons and his/her inclusion in the master list of permanently disqualified persons.

- g. If the disqualification is based on dismissal from employment for cause, the appropriate department of the SES shall, as much as practicable, endeavor to establish the specific acts or omissions constituting the offense of the ultimate facts which resulted in the dismissal to be able to determine if the disqualification of the director/trustee/ officer concerned is warranted or not. The evaluation of the case shall be made for the purpose of determining if disqualification would be appropriate and not for the purpose of passing judgment on the findings and decision of the entity concerned. The appropriate department of the SES may decide to recommend to the Monetary Board a penalty lower than disqualification (e.g., reprimand, suspension, etc.) if, in its judgment the act committed or omitted by the director/trustee/officer concerned does not warrant disqualification.
- h. All other cases of disqualification, whether permanent or temporary shall be elevated to the Monetary Board for approval and shall be subject to the procedures provided in items "a", "b", "c" and "d" above.
- i. Upon approval by the Monetary Board, the concerned directors/trustees/officer shall be informed by the appropriate department of the SES in writing either by personal service or through registered mail with registry return receipt card, at his/her last known address of his/her disqualification from being elected/appointed as director/trustee/officer in any FI under the supervision of BSP and/or of his/her inclusion in the master list of watchlisted persons so disqualified.
- j. The board of directors/trustees of the concerned institution shall be immediately informed of cases of disqualification approved by the Monetary Board and shall be directed to act thereon not later than the following board meeting. Within seventy-two (72) hours thereafter, the corporate secretary shall report to the Governor of the BSP through the appropriate department of the SES the action taken by the board on the director/trustee/officer

involved.

- k. Persons who are elected or appointed as director/trustee or officer in any of the BSP-supervised institutions for the first time but are subject to any of the grounds for disqualification provided for under Subsecs. 4143P.1 and 4143P.2 shall be afforded the procedural due process prescribed above.

Whenever a director/trustee/officer is cleared in the process mentioned under item “c” above or, when the ground for disqualification ceases to exist, he/she would be eligible to become director/trustees or officer of any bank, QB, trust entity or any institution under the supervision of the BSP only upon prior approval by the Monetary Board. It shall be the responsibility of the appropriate department of the SES to elevate to the Monetary Board the lifting of the disqualification of the concerned director/trustee/officer and his/her delisting from the masterlist or watchlisted persons.

**§4143P.4 Effect of possession of disqualifications.**

Directors/trustees/officers elected or appointed possessing any of the disqualifications as enumerated herein, shall vacate their respective positions immediately.

**§4143P.5 (Reserved)**

**§4143P.6 Watchlisting.** To provide the BSP with a central information file to be used as reference in passing upon and reviewing the qualifications of persons elected or appointed as directors/trustees or officers of an institution under the supervisory and regulatory powers of the BSP, the SES shall maintain a watchlist of disqualified directors/ trustees/officers under the following procedures:

- a. *Watchlist categories.* Watchlisting shall be categorized as follows:
- (1) Disqualification File “A” (Permanent) – Directors/trustees/officers/employees permanently disqualified by the Monetary Board from holding a director/trustee/officer position.
  - (2) Disqualification File “B” (Temporary) – Directors/trustees/officers/employees temporarily disqualified by the Monetary Board from holding a director/trustee/officer position.
- b. *Inclusion of directors/trustees/officers/employees in the watchlist.* Upon recommendation by the appropriate

department of the SES, the inclusion of directors/trustees/officers/employees in watchlist disqualification files “A” and “B” on the basis of decisions, actions or reports of courts, institutions under the supervisory and regulatory powers of the BSP, NBI or other administrative agencies shall first be approved by the Monetary Board.

- c. *Notification of directors/trustee/officers/employees.* Upon approval by the Monetary Board, the concerned director/trustee/employee shall be informed through registered mail, with registry return receipt card, at his last known address of his inclusion in the masterlist of watchlisted persons disqualified to be a director/trustee/officer in any institution under the supervisory and regulatory powers of the BSP.
- d. *Confidentiality.* Watchlisting shall be for internal use only and may not be accessed or queried upon by outside parties including such institutions under the supervisory and regulatory powers of the BSP, except with the authority of the person concerned and with the approval of the Deputy Governor, SES, the Governor, of the Monetary Board.

The BSP will disclose information on its watchlist files only upon submission of a duly accomplished and notarized authorization from the concerned person and approval of such request by the Deputy Governor, SES or the Governor or the Monetary Board. The prescribed authorization form to be submitted to the concerned department of the SES is in *Appendix Q-45*.

Pawnshops can gain access to information in the said watchlist for the sole purpose of screening their applicants for hiring and/or confirming their elected directors/trustees and appointed officers. Pawnshops must obtain the said authorization on an individual basis.

- e. *Delisting.* All delistings shall be approved by the Monetary Board upon recommendation of the appropriate department of the SES except in cases of persons known to be dead where delisting shall be automatic upon proof of death and need not be elevated to the Monetary Board. Delisting may be approved by the Monetary Board in the following cases:

- (1) Watchlist – Disqualification File “B” (Temporary) –

- a. After the lapse of the specific period of disqualification;

- b. When the conviction by the court for crimes involving dishonesty, breach of trust and/or violation of banking laws becomes final and executor, in which case the director/trustee/officer/employee is relisted to watchlist – Disqualification File “A” (Permanent); or
- c. Upon favorable decision or clearance by the appropriate body, i.e., court, NBI, institutions under the supervisory and regulatory powers of the BSP, or such other agency/body where the concerned individual had derogatory record.

Directors/trustees/officers/employees delisted from the Watchlist – Disqualification File “B” other than those upgraded to watchlist – Disqualification File “A” shall be eligible for re-employment with any institution under the supervisory and regulatory powers of the BSP.

**§4143P.7 Applicability of Section 4143P to the proprietor and managing partner of a pawnshop (in the case of a sole proprietorship/partnership).** The foregoing disqualification and watchlisting provisions of this Section shall apply, where practicable, to the managing proprietor or managing partner of a pawnshop that is a sole proprietorship or partnership, in which case, the BSP shall initiate the disqualification proceedings against the managing proprietor/managing partner. For purposes of this subsection, a managing proprietor or managing partner shall refer to a person directly involved in the operation of a pawnshop business.

In case the disqualification shall cause the dissolution of the proprietorship or partnership, the AOR and AO, if any, shall be cancelled and the pawnshop shall be removed from the BSP List of Registered Pawnshops.

### **Sections 4144P – 4150P (Reserved)**

## **H. BRANCH OFFICES**

**Section 4151P Establishment of Branch Offices.** In line with Section 6 of P.D. No. 114 which requires pawnshops to register with the BSP before commencing actual business operations, no pawnshop shall open, maintain or operate a branch office without first applying for and obtaining from the BSP, through

the appropriate supervising and examining department, an Authority to Operate (AO) such branch which shall be processed in accordance with the following guidelines. A new pawnshop applying for an AOR that has complied with the minimum paid-in capital of P100,000.00 may open one (1) branch if it so desires, subject to compliance with the applicable branching requirements.

**§4151P.1 Definition of Terms.** As used in these rules, the term branch office refers to any place of business outside the head or main office of a pawnshop where pawnshop operations and transactions are conducted under the control and supervision of the head or main office.

**§ 4151P.2 Operations and functions.** The operations and transactions of a branch office shall likewise be subject to the provisions of P.D. No. 114 governing the operations and transactions of a head or main office, as well as by other pertinent laws, BSP rules and regulations.

The primary purpose of branching is to provide additional source of credit to small borrowers not served by banks and other financial institutions.

**§4151P.3 Basis for Establishment.** Branch offices shall be allowed on the basis of the head office's ability to conduct operations in accordance with PD 114 and BSP rules and regulations. The BSP department concerned shall not process an application for branching of a pawnshop if any of the following conditions:

- a. has an approved but unopened branch;
- b. has unpaid annual fee or penalty assessed by the BSP;
- c. has not complied with the required prudential capital ratio as prescribed in Section 4107P; or
- d. has not submitted any of the periodic reports listed in Appendix P-2.

**§4151P.4 Documentary requirements.** A pawnshop that intends to open a branch office shall submit to the BSP an Application (using a BSP-prescribed form) duly accomplished and signed by the proprietor/managing partner/ president under oath that shall be the basis for the issuance by the BSP an Authority to Operate (AO). The following documents shall be submitted together with every application for a branch office:

- a. Duly notarized certification from the head office as to its compliance with the minimum amount of capital under Sections 4106P and 4107P;
- b. Certified true copy of the board resolution authorizing the establishment of the branch (in case of corporation);
- c. City/municipal license/business license/ mayor's permit from the city or municipality where the pawnshop branch is to be established;
- d. Personal data sheet (using BSP-prescribed form for pawnshops) with passport size picture duly accomplished by the proposed branch manager or officer-in-charge; and
- e. Such other documents that may be required by the BSP for the evaluation of the branch application as enumerated in a list attached to the Application form.

**§4151P.5 Processing and Annual Fees.** Every branch of a pawnshop shall pay a one-time processing fee of P1,000.00, and P500.00 annual fee upon approval of application for registration. Thereafter, the annual fee shall be paid not later than 31 March of every year.

Transitory Provisions. a. The annual fee shall commence for the year 2010. It shall be collected from all pawnshop branches registered as of 31 December 2009. The deadline for payment of the annual fee for 2010 is 31 March 2010.

b. Pawnshop branches that have paid the registration fee/renewal of registration fee of P3,000.00 pursuant to subsections 4101P.6 of BSP Circular No. 656 which took effect on 25 June 2009, shall be considered to have paid the annual fee for six (6) years starting 2010.

**§4151P.6 Date of opening for business.** The pawnshop branch shall commence actual operations within six (6) months from the date of issuance of the AO. Failure to commence actual operations within the aforementioned six (6) months period shall render the BSP AO as automatically cancelled.

The pawnshop head office shall notify the BSP in writing of the start of operations of the branch within five (5) business days from the actual start of the operations of the branch.

**§4151P.7 Pawnshop branches without business permit and AO considered operating illegally.** Any pawnshop branch that is found operating that does not have a current business permit issued by the city or municipality where it is

located and an AO issued by the BSP is considered operating illegally. Such pawnshop shall be reported to the Office of the Mayor of the concerned city or municipality, for appropriate action, without prejudice to whatever legal action the BSP may pursue under Section 18 of PD No. 114 and other applicable laws against the pawnshop, its proprietor, partners, stockholders, directors and president or officer of equivalent rank.

### **Sections 4152P to 4155P (Reserved)**

#### **I. BUSINESS DAYS AND HOURS**

**Section 4156P Business Days and Hours.** Pawnshops, including their branches, shall transact business at a minimum of five (5) days a week, for a minimum of six (6) hours a day to be selected by them. They may, at their discretion, remain open beyond the aforesaid requirement as they deem it necessary.

The business hours and business days shall be printed on the face of the pawn ticket and shall be posted together with the original BSP AOR/AO conspicuously at all times within the premises of the pawnshop, preferably at the window or door that is clearly visible to the pawning public.

Pawnshops shall only transact business in the pawnshops' registered place of business or premises of the head office and branches, if any.

During business days and hours, the pawnshop head office and every branch shall have at least one (1) personnel, (manager or officer-in-charge, if any), that has attended the briefing on pawnshop regulations and AMLA seminar mentioned in Subsection 4101P.5.

### **Sections 4157P to 4160P (Reserved)**

#### **J. RECORDS AND REPORTS**

**Section 4161P Records.** The accounting period of pawnshops shall be on a calendar year basis.

The accounting records of pawnshops shall consist of records of original entry and books of final entry.

The records of original entry shall consist of pawn tickets,

official receipts, vouchers and other supporting documents. The books of final entry shall consist of the general ledger, subsidiary ledgers and registers of loans extended and loans paid.

Pawnshops may use any form of loans extended and loans paid registers as long as they contain spaces and columns for information enumerated in Section 11 of P.D. No. 114.

A pawnshop that uses a computerized system may record its loan transactions in individual loan extended vouchers which shall contain the same information necessary to comply with Section 11 of PD No. 114 in lieu of the loan extended and loans paid registers. Such pawnshops shall periodically compile or bind the loan extended vouchers and shall be made available for BSP examination upon request.

The Description of Loan Registers of Pawnshops provided in Appendix P-1 shall be followed.

**§4161P.1 Uniform System of Accounts.** Pawnshops shall strictly adopt/implement the Uniform System of Accounts prescribed for pawnshops in the recording of daily transactions including reportorial requirements.

The Uniform Chart of Accounts for Pawnshops is provided in Appendix P-1.

**§4161P.2 Philippine Financial Reporting Standards/ Philippine Accounting Standards.** Statement of policy. It is the policy of the BSP to promote fairness, transparency and accuracy in financial reporting. It is in this light that the BSP aims to adopt all Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS) issued by the Accounting Standards Council (ASC) to the greatest extent possible.

Pawnshop shall adopt the PFRS and PAS which are in accordance with generally acceptable accounting principles in recording transactions and in the preparation of financial statements and reports to BSP. However, in cases where there are differences between BSP regulations and PFRS/PAS as when more than one (1) option are allowed or certain minimum limits are prescribed by the PFRS/PAS, the option or limit prescribed by BSP regulations shall be adopted by all banks/financial institutions.

For purposes hereof, the PFRS/PAS shall refer to issuances of the Accounting Standards Council and approved by the Professional Regulation Commission (PRC).

*Accounting treatment for prudential reporting.* For prudential reporting, financial institutions shall adopt in all respect the PFRS and PAS except as follows:

- a. In preparing consolidated financial statements, only investments in financial allied subsidiaries except insurance subsidiaries shall be consolidated on a line-by-line basis; while insurance and non financial allied subsidiaries shall be accounted for using the equity method. Financial/non-financial allied/non-allied associates shall be accounted for using equity method in accordance with the provisions of PAS 28 "Investments in Associates".
- b. For purposes of preparing separate financial state-ments, financial/non-financial allied/non-allied subsidiaries/ associates, shall also be accounted for using the equity method; and
- c. Financial institutions shall be required to meet the BSP recommended valuation reserves.

Notwithstanding the exceptions in Items "a", "b" and "c", the audited annual financial statements required to be submitted to the BSP in accordance with *Appendix P-2* shall in all respect be PFRS/PAS compliant: *Provided*, That financial institutions shall submit to the BSP adjusting entries reconciling the balances in the financial statements for prudential reporting with that in the audited annual financial statements.

**§4161P.3 - Accounting for Pawnshops Premises; Other Fixed Assets.** Pawnshop premises, furniture, fixture and equipment shall be accounted for using the cost model under PAS 16 "Property, Plant and Equipment".

**§4161P.4 Retention of Records.** Pawnshop records, ledgers, books and documents (including those in electronic media): (a) shall not be destroyed or disposed of for at least five (5) years; (b) shall have back-up hard and/or soft copy to allow reconstruction of records in case of loss or destruction due to fire and other fortuitous events; and (c) shall be made available for BSP examination upon request.

A pawnshop that does not have records, ledgers, registers, books or documents or that refuses to permit access to its records, ledgers, registers, books or documents to an authorized BSP officer/examiner may be considered as refusal to permit an examination.

**Section 4162P Reports.** Pawnshops shall submit to the appropriate SED of the BSP the reports listed in Appendix P-2 in the forms as may be prescribed by the Deputy Governor, SES, BSP.

Any change in, or amendment to, the articles of incorporation/co-partnership, by-laws or material documents required to be submitted to the BSP shall be reported by submitting copies of the amended articles of incorporation, by-laws or material document to the appropriate supervision and examination department of the BSP within fifteen (15) days following such change.

**§4162P.1 Categories of and signatories to reports.**

Reports required to be submitted to the BSP are classified into Categories A-1, A-2, A-3 and B reports as indicated in the list of reports required to be submitted to the BSP in Appendix P-2.

Appendix P-3 prescribes the signatories for each report category and the requirements on signatory authorization. Reports submitted in computer media shall be subject to the same requirements.

A report submitted to the BSP under the signature of an officer who is not authorized in accordance with the requirements in this Subsection shall be considered as not having submitted.

**§4162P.2 Manner of filing.** The submission of the reports shall be effected by filing them personally with the appropriate supervising and examining department of the BSP or with the BSP Regional Offices/Units, or by sending them by registered mail or special delivery through private couriers, unless otherwise specified in the circular or memorandum of the BSP.

**§ 4162P.3 Definition Relevant to Reports to BSP.**

Definition of terms. For purposes of these rules, the following definitions shall apply:

1. Report shall refer to any report or statement required of a pawnshop to be submitted to the BSP periodically or within a specified period.
2. Faulty report shall refer to an inaccurate/ improperly accomplished report.
3. Willful delay or default in the submission of reports shall refer to the failure of a pawnshop to submit a report on time. Failure to submit a report on time due

to fortuitous events, such as fire and other natural calamities and public disorders, including strike or lockout affecting a pawnshop as defined in the Labor Code or a national emergency affecting operations of pawnshops, shall not be considered as willful delay.

4. False Statement shall refer to any untruthful data or information or falsehoods made in a report to the BSP or its authorized agents, with intent to deceive or mislead. Any false statement which tends to favor the pawnshop submitting the report shall be *prima facie* evidence of intent to deceive or mislead.
5. Repeated violation shall mean the commission of the same offense for at least two (2) times.
6. Persistent violation shall mean the commission of the same offense for at least three (3) times.
7. Offense shall refer to submission of faulty report, willful delay in submission of reports, or making of false statements in reports.
8. Continuing offenses/violations are acts, omissions or transactions entered into, in violations of laws, BSP rules and regulations, MB directives, and orders of the Governor which persist from the time the particular acts were committed or omitted or the transactions were entered into until the same were corrected/rectified by subsequent acts or transactions. They shall be penalized on a per calendar day basis from the time the acts were committed/omitted or the transactions were effected up to the time they were corrected/rectified.
9. Transactional offenses/violations are acts, omissions or transactions entered into in violation of laws, BSP rules and regulations, MB directives, and orders of the Governor which cannot be corrected/ rectified by subsequent acts or transactions. They shall be meted with one-time monetary penalty on a per transaction basis.
10. Continuing penalty refers to the monetary penalty imposed on continuing offenses/violations on a per calendar day basis reckoned from the time the offense/violation occurred or was committed until the same was corrected/rectified.
11. Transactional penalty refers to a one-time penalty

imposed on transactional offense/violation.

**Section 4163P - Report on crimes/losses.** Pawnshops shall submit a report on crimes and losses in accordance with Appendix P-2 together with the following:

- a. Notarized list of lost pawned articles, indicating the pawn ticket number, name of the pawner, date loan granted, brief description of pawn, and amount of loan;
- b. Police report on the investigation of the fire/robbery incident;
- c. Proof of notification in writing to all concerned pawners about the incident; and
- d. Plan of settlement of pawners' claim for lost pawned items, if any.

Should a crime or loss result in a deficiency in the minimum capital and/or prudential capital required under Sections 4106P and 4107P, the pawnshop shall submit a capital build up program in accordance with Section 4107P.1.

**Section 4164P Audited Financial Statements (AFS).** Pawnshops shall submit a copy of the AFS, as duly received by the BIR, to the BSP not later than 30 June following the reference calendar year. This requirement will apply only to pawnshops whose total assets is at least P50.0 million as of reference year.

#### **Sections 4165P to 4170P (Reserved)**

### **K. INTERNAL CONTROL**

**Section 4171P Internal Control System.** The following provisions are the minimum internal control standards for pawnshops to help promote effective control system.

#### **§4171P.1 Proper accounting records**

- a. All pawnshops shall maintain proper and adequate accounting records which include reconciliation of due to/from head office/branches, if the pawnshop has several offices.
- b. Records should be kept up-to-date and shall contain sufficient detail so that an audit trail is established.

**§4171P.2 Number control.** The following are the forms, instruments and accounts that shall be number-controlled:

- a. Pawn tickets;
- b. Official receipts; and
- c. Expense vouchers.

**§4171P.3 Safekeeping of Records and Insurance of Premises.** Vital records for the current year must be kept inside the safe or vault when not in use. Vital records are pawn ticket duplicates, loan paid and loan extended registers or loan paid and extended vouchers. Other pawnshop records/ documents may be placed in filing cabinets/shelves outside the vault or safe but within the pawnshop premises.

For this purpose, a pawnshop's vault, i.e., its walls, ceiling and floor shall be made of steel-reinforced concrete or such other equally safe materials/ specifications. Vault doors shall be made of steel or other drill and torch-resistant materials.

Safes should be sufficiently heavy or be securely anchored to the floor of the premises.

Vital records kept in electronic media including back-up copies thereof shall be kept in safes or vaults designed to protect them from damage due to fire or other fortuitous events.

The pawnshop premises and furniture, fixtures and equipment of pawnshops must be insured against fire.

**§4171P.4 Miscellaneous.** Every pawnshop shall adopt minimum internal control measures to safeguard the assets of the pawnshop. Such measures may include but is not limited to, dual control, check and balance and internal audit. No employee shall be permitted to process a transaction affecting his own account.

**Section 4172P Separation of Pawnshop Business from Other Business.** A pawnshop that is at the same time engaged in another business not directly related to the business of a pawnshop, shall keep such business distinct and separate from the pawnshop operation.

Allowable corollary business activities of pawnshops shall include acting as foreign exchange dealer/money changer and/or as remittance agent, acting as bills payment agent for utility companies and other entities and such other activities as may be allowed by the BSP.

A pawnshop must secure the necessary business permit from the city or municipality for the corollary business. A pawnshop that will engage in the business of a foreign exchange dealer/money changer or act as a remittance agent shall register with the BSP before engaging in such business pursuant to Circular No. 471 dated 24 January 2005.

The pawnshop should be able to show in its financial statements the appropriate accounts as well as the income or loss pertaining to the corollary business.

## **Sections 4173P to 4180P (Reserved)**

### **L. MISCELLANEOUS PROVISIONS**

**Section 4181P Registered/Business Name.** The registered name of a pawnshop shall refer to the name appearing in the Certificate of Registration (COR) of business name from the DTI, in the case of a sole proprietorship, or in the Articles of Partnership/ Incorporation and By-Laws duly registered with the SEC, in the case of a partnership or corporation. In any case, the registered name shall include the word "pawnshop" to reflect the nature of business it is engaged in.

Conversely, no person or entity shall advertise, use signage or hold itself out as being engaged in the business of a pawnshop or use in its business name the words "pawnshop", "pawnbrokerage", or words of similar import, or transact in any manner the business of a pawnshop without having first complied with the provisions of P.D. 114 and these regulations.

A pawnshop that shall use/uses a name that is different from its registered name with DTI or SEC shall cause to have such name to also appear parenthetically under its registered name in the certificate of registration with DTI or articles of partnership/incorporation and by-laws with SEC, as well as in the business permit issued by the city or municipality.

**§4181P.1 Change of Registered/Business Name.** A pawnshop shall not change its registered/business name without submitting the following documents to the appropriate supervising and examining department:

- a. Certificate of Registration from DTI or SEC, as the case may be, indicating the new business/ registered name;
- b. Mayor's/municipal license/permit; and

- c. Original BSP Acknowledgement of Registration of Head Office (AOR) and/or Authority to Operate (AO) issued under the old name.

A new BSP AOR and/or AO shall be issued indicating the new registered/business name of the pawnshop.

**§4181P.2 Use of Registered/Business Name in Signage, Pawn Tickets and Other Forms.** The following regulations shall be observed with respect to the use of the business/registered name in the signage, pawn ticket and other forms of a pawnshop:

- a. As a general rule, the registered name appearing in the Certificate of Registration from the DTI or SEC, as the case may be, shall be used consistently in the pawnshop's signage and in all documents including pawn tickets, official receipts, stationery and other similar documents of the pawnshop.
- b. A pawnshop that uses or will use a name that is different from its registered name as mentioned in Section 4181P above or that uses or will use a name already registered and being used by another pawnshop shall indicate parenthetically under such name, the registered name of the pawnshop with the DTI or SEC, as the case may be, with the words "owned and operated by" before the registered name in the pawnshop's s pawn tickets, official receipts, stationery and other similar documents.
- c. A pawnshop that is a subsidiary or affiliate of another pawnshop shall likewise indicate such relationship in the pawn tickets, official receipts, stationery and other similar documents.

A subsidiary is a corporation more than fifty percent (50%) of the voting stock of which is owned by another corporation; while an affiliate is a corporation less than fifty (50%) of the voting stock of which is owned by another corporation.

- d. The exact address of the pawnshop shall be indicated consistently in all pawnshop documents (e.g., pawn tickets, official receipts, stationery and other similar documents) and in the business permit issued by the city or municipality.

**Section 4182P Transfer/Relocation of Business.** The following shall govern the transfer/relocation of pawnshops.

No pawnshop shall transfer or relocate its place of business within three (3) months following the maturity of any loan or pledge, or before any pawn shall have been sold or disposed of as provided under existing regulations. A notice of transfer shall be submitted to the appropriate supervising and examining department within ten (10) days before the effectivity of such transfer.

A pawnshop may transfer its place of business from one location to another within the territorial limits of the city or municipality upon compliance with the following requirements:

- a. Notice of transfer shall be published in English and in Filipino or in the local dialect in two (2) daily newspapers of general circulation in the city or municipality where the pawnshop is closing business, and posted in English and Filipino or in the local dialect for one (1) month after date of publication in a conspicuous place in the premises to be vacated and to be transferred to;
- b. The notice shall be published for at least three (3) consecutive days, the last day of which shall be five (5) days before the actual transfer; and
- c. Notice shall contain the following information:
  - (1) Date of transfer;
  - (2) Address of the premises to be vacated; and
  - (3) Address of the premises to which pawnshop intends to transfer.

In remote areas where newspapers are not available, the publication requirement shall be complied with by posting notices at the city hall or municipal building of the city or municipality where the pawnshop has its place of business.

**§4182P.1 Documentary requirements for transfer within the same city/municipality.** The following documents shall be filed with the appropriate supervising and examining department of the BSP in connection with transfer of location within the same city or municipality:

- a. A certification signed by the proprietor/ managing partner/president informing the appropriate supervising and examining department of the BSP of the intended transfer and that the requirements prescribed under Section 4182P have been complied with;

- b. Copy of notice of transfer duly acknowledged by the DTI and by the licensing authority of the locality where the pawnshop is operating;
- c. Sample copy of the pawn ticket bearing the new address;
- d. Sketch of pawnshop's new location;
- e. Original BSP AOR and/or AO issued to the pawnshop, or an affidavit in case of loss;
- f. Board Resolution authorizing the transfer of the pawnshop (in case of corporations)

**§4182P.2 Documentary requirements for transfer outside the city/municipality.** A pawnshop that intends to transfer/relocate its business outside the city or municipality where it is located shall comply with the following:

- a. requirements on closure of business under Section 4183P; and
- b. requirements for the establishment and registration of a pawnshop branch under Subsection 4151P, where applicable.

**Section 4183P Closure of Pawnshops.** The following rules shall govern the closure of pawnshops:

**§4183P.1 Voluntary Closure.** Voluntary closure of a pawnshop may be effected only after three (3) months following the maturity of any loan or pledge, or before any pawn shall have been sold or disposed of and after it has complied with the following requirements:

- (1) Submission of the following documentary requirement within thirty calendar (30) days after the provision of Subsection 4183P.1:
  - a. Notarized statement stating that:
    - i. The pawnshop's books of accounts, reports, records and documents shall be preserved for at least five (5) years from date of last entry;
    - ii. All unused accountable forms have been destroyed to prevent their unauthorized use;
    - iii. Proprietor/Partners/President of the pawn-shop shall be held liable for present or future claims arising from its pawnbroking transactions; and
    - iv. All outstanding pawns have been redeemed/ sold at

public auction, or otherwise disposed of, in accordance with law.

- b. Copy of the pawnshop's application for retirement of business approved by the licensing authority of the city or municipality where the pawnshop operated.
  - c. Original BSP AOR and/or AO issued to the pawnshop.
- (2) Remittance of penalties or BSP assessments on the pawnshop, if any, such as for non-submission/ delayed submission of required reports.

**Section 4184P – Transfer of Ownership.** No Pawnshop proprietor/partners/stockholders shall transfer owner-ship over the pawnshop business without securing prior BSP approval.

**§4184P.1 Requirements for Transfer of Ownership.** The owner(s) shall file the following documents ten (10) days before transferring the ownership of the pawnshop:

- (1) Notarized statement by owner/managing partner/president or its equivalent rank stating that:
  - a. The pawnshop's books of accounts, records and documents shall be preserved for five (5) years from date of last entries before the transfer of ownership;
  - b. All unused accountable forms such as official receipts and pawn tickets have been destroyed to prevent their unauthorized use.
  - c. The owner/managing partner/president shall be held accountable for present and future claims arising from transactions of the pawnshop under the former owner (new owner may assume this liability, in which case, he/she shall submit a notarized statement to that effect).
  - d. All outstanding pawns have been redeemed or sold at public auction, or otherwise disposed of in accordance with law; or the owners of outstanding pawns have been notified by registered mail on the transfer of ownership of the pawnshop.
- (2) Copy of pawnshop's notice of retirement of business acknowledged by the licensing authority where the pawnshop operated.
- (3) Original BSP AOR and/or AO issued to the pawnshop, or an affidavit in case of loss.

- (4) Payment of Bangko Sentral assessment on the pawnshop, if any, such as for non-submission or delayed submission of required reports.

If the vendee shall continue the operation of the pawnshop, he shall comply with the provisions of Subsections 4101P.3 and §4142P.2. The vendee shall also submit a copy of the duly executed contract affecting the transfer of ownership.

**§4184P.2 Processing and Annual Fees.** A pawnshop that is the subject of change of ownership shall be subject to the BSP processing and annual fees under Subsection 4101P.6.

**Section 4185P – Processing Fee for Replacement of AOR/AO.** A non-refundable processing fee of ₱300.00 shall be collected from each pawnshop that will request for a replacement AOR or AO due to: (a) loss of AOR/AO; (b) change of business/registered name under Sub-section 4181P.1; and (c) transfer of location or address under Subsection 4182P.1.

#### **Sections 4186P – 4189P (Reserved)**

**Section 4190P Duties and Responsibilities of Pawnshops and their Directors/Officers in Cases of Outsourcing of Pawnshop Functions.** The rules on outsourcing of banking functions as shown in Appendix Q-37 shall be adopted in so far as they are applicable to pawnshops.

#### **Sections 4191P to 4198P (Reserved)**

**Section 4199P General Provisions on Sanctions.** Unless otherwise provided, violations of any provision hereof may subject a pawnshop, its proprietor, directors, trustees, partners, president, managers or officers-in-charge, where applicable, to sanctions which may include the following:

- A. Warning/Reprimand;
- B. Suspension of AOR/AO;
- C. Suspension of branching privilege;
- D. Disqualification of proprietor, partner, director, president, manager or officer-in-charge;
- E. Monetary penalty not to exceed P1,000.00 per violation, per office, per day; and
- F. Revocation of AOR/AO

The imposition of the above sanctions is without prejudice to whatever legal action the BSP may pursue under Section 18 of Presidential Decree No. 114 (Pawnshop Regulations Act), and other applicable laws against the pawnshop, its proprietor, partners, incorporators, stockholders, directors, president and officers.

A pawnshop whose AOR/AO is suspended or revoked shall be reported to the office of the mayor of the concerned city or municipality, for appropriate action. It is understood that in case the AOR of a head office is revoked, the AO of all branches of said pawnshop are likewise revoked.

Any pawnshop that is found operating as a foreign exchange dealer/money changer and/or remittance agent that does not have a COR issued by the BSP for such activity is considered operating such activities illegally and shall be reported to the office of the mayor in accordance with the rules above.

**P A R T II**  
**BORROWING OPERATIONS**

**A. – J. (RESERVED)**

**Sections 4201P – 4284P (Reserved)**

**K. OTHER BORROWINGS**

**Section 4285P SEC Registration of Borrowing.** Borrowing by any pawnshop through the issuance of any instrument shall be subject to the registration provisions of Section 8 of the Securities Regulation Code (SRC) and the applicable implementing rules and regulations of the Securities and Exchange Commission. While borrowing from 19 individuals or less is exempt from the registration requirement under Sec. 10 of the SRC, Rule 10-1 of the SEC implementing rules and regulations still requires SEC to be notified of the issuance of the debt instrument.

**Section 4286P Borrowing Constituting Quasi-Banking Functions.** Borrowing from twenty (20) or more lenders for the purpose of relending or purchase of receivables or other obligations constitutes quasi-banking. A pawnshop cannot engage in quasi-banking unless it meets the pre-qualification requirements under the Manual of Regulations for Non-Bank Financial Institutions (MORNBF) - Quasi-Banks and obtains authority or a separate license to engage in quasi-banking from the BSP.

**Sections 4287P – 4299P (Reserved)**

# P A R T III

## LOANS AND INVESTMENTS

### A. LOANS IN GENERAL

**Section 4301P Grant of Loans.** The following regulations shall be observed in the grant of loans by pawnshops.

**§4301P.1 General guidelines.** A pawnshop shall extend a loan only if such is secured by personal property that could be physically delivered to the control and possession of the pawnshop.

Before accepting articles as pawn, the pawnshop must ascertain whether the pawner is the true owner of the article offered as pawn. In the conduct of business, a pawnshop shall be guided by the standard of diligence that is expected of “a good father of a family”, ensuring always that there is no ground to suspect that the article/s offered as pawn was an object of robbery or theft.

**§4301P.2 Pawnshop Prohibitions.** Pawnshop owners/managers/officers/directors/employees shall not:

- a. Use pawned articles for themselves or allowing employees to use said articles for any purpose without the express consent or authority of the pawner unless continued use is necessary to preserve the pawn;
- b. Grant loans to minors or incompetent persons; or
- c. Re-pledge/re-pawn the pawned article.

**§4301P.3 Know Your Pawner.** Pawnshops who transact with any pawner for the first time shall require the pawner to present the original and submit a clear copy of at least one (1) valid photo-bearing identification document (ID) issued by an official authority.

The valid ID should indicate the address where the pawner resides, otherwise, pawner shall be required to present, together with the valid ID, a barangay certification or a copy of a billing statement that indicates the address where the pawner resides.

For this purpose, the term “official authority” shall refer to any of the following:

- (i) Government of the Republic of the Philippines;
- (ii) its political subdivisions and instrumentalities;
- (iii) Government-owned and/or controlled corporations (GOCCs); and
- (iv) private entities or institutions registered with or supervised or regulated either by the BSP or the SEC or the Insurance Commission (IC).

Valid IDs include the following:

- Passport, including those issued by foreign governments
- Driver’s License
- Professional Regulation Commission (PRC) ID
- National Bureau of Investigation (NBI) Clearance
- Police Clearance
- Postal ID
- Voter’s ID
- Barangay Certification
- Government Service Insurance System (GSIS) e-Card
- Social Security System (SSS) Card
- Senior Citizen Card
- Overseas Workers Welfare Administration (OWWA) ID
- OFW ID
- Seaman’s Book
- Alien Certification of Registration/Immigrant Certificate of Registration
- Government Office and GOCC ID, e.g., Armed Forces of the Philippines (AFP ID), Home Development Mutual Fund (HDMF ID)
- Certification from the National Council for the Welfare of Disabled Persons (NCWDP)
- Department of Social Welfare and Development (DSWD) Certification
- Integrated Bar of the Philippines ID

- Company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or IC

The foregoing shall be in addition to the customer identification requirements under Rule 9.1.c of the Revised Implementing Rules and Regulations (RIRRS) of R.A. No. 9160, as amended (Anti-Money Laundering Act), which requires pawnshop to obtain the following minimum information/documents from pawners:

- (1) Name;
- (2) Present address;
- (3) Permanent address;
- (4) Date and place of birth;
- (5) Nationality;
- (6) Nature of work and name of employer or nature of self-employment/business;
- (7) Contact numbers; and
- (8) Specimen signature.

A copy of the ID, barangay certificate and/or billing statement shall be kept by pawnshops for convenience of the pawner who continues to transact with the pawnshop but said documents should be updated at least every three (3) years.

Pawnshops shall post excerpts of the above requirements conspicuously in its principal place of business and branches. The poster (shown as Appendix 7) shall not be smaller than 8.5 x 11 inches.

Every pawnshop shall maintain records containing all the information required under this Subsection and Section 11 of Presidential Decree No. 114 for each of their clients.

**Section 4302P Loan Limit.** Pawnshops may grant such amount of loans as may be agreed upon between the parties. The amount of loan shall in no case be less than thirty percent (30%) of the appraised value of the security offered, unless the pawner manifests in writing that he is applying for a lesser amount. Pawnshops shall not under-appraise the security offered for the loan to circumvent the restriction prescribed by this Section.

**Section 4303P Interest and Surcharges.** The rate of interest including surcharges on any loan or forbearance

of money extended by a pawnshop shall not be subject to any ceiling. However, pursuant to a decision of the Supreme Court (case of Medel, et al vs Court of Appeals, GR No. 131622 dated 27 November 1998) the interest rate shall not be iniquitous, unconscionable, or contrary to morals, if not against the law as may be determined by the Court.

No pawnshop shall collect interest on loans in advance for a period longer than the original term agreed upon as indicated in the pawn ticket.

**§4303P.1 Rate of interest in the absence of stipulation.** The rate of interest for a loan or forbearance of money in the absence of an expressed contract as to such rate of interest, shall be twelve percent (12%) per annum.

**§4303P.2 Other Charges.** In addition to interest, pawnshops may impose a maximum service charge of five pesos (₱5.00), but in no case to exceed one percent (1%) of the principal loan. No other charges, such as but not limited to insurance premium for the safekeeping and conservation of the pawned item, shall be collected.

**§4303P.3 Posting of Interest Rate and Other Charges.** Pawnshops shall post conspicuously in its principal place of business and branches the interest rate in percent, specifying therein if such interest rate is yearly, monthly or daily, as well as the other charges, if any, to be charged by the pawnshop. The poster shall not be smaller than 8.5 x 11 inches.

#### **Section 4304P (Reserved)**

**Section 4305P Past Due Accounts; Renewal.** A loan may be renewed for such amount and period as may be agreed upon between the pawnshop and the pawner, subject to the same conditions provided in this Part for new loans.

No loan shall be renewed or its maturity date extended unless a new pawn ticket as defined in Section 4102 shall be issued indicating the new term of the loan agreed upon by the pawnshop and the pawner.

**§4305P.1 Right of pawner to redeem pawn within 90 days from maturity.** A pawner who fails to pay or renew his loan with a pawnshop on the date it falls due

shall have ninety (90) days from the date of maturity of the loan within which to redeem the pawn by paying the principal amount of the loan plus the amount of interest that shall have accrued thereon. The amount of interest due and payable after the maturity date of the loan shall be computed upon redemption based on the sum of the principal loan and interest earned as of the date of maturity. The procedures to be followed in case the pawner fails to redeem his pawn are prescribed in Sec. 4324P.

If the maturity date of the loan or expiry date of redemption period falls on the pawnshop's non-business day, a regular holiday or a special non-working holiday in the locality, then the maturity date of the loan or expiry date of redemption period shall be on the next business day.

If the pawnshop is closed on the maturity date of the loan or expiry of the redemption period, with or without prior notice to the pawner, then the maturity date of the loan or expiry of redemption period shall be on the next business day and the pawnshop shall not charge additional interest or surcharge to the pawner.

If the pawnshop is closed due to a robbery, then the maturity date of the pledge or expiry of redemption period shall be on the next business day when the pawnshop opens for business and the pawnshop shall not charge additional interest or surcharge to the pawners.

**Section 4306P Interest Accrual on Past Due Loans.** Interest income on past due loans arising from discount amortization (and not from the contractual interest of the account) shall be accrued as provided in PAS 39. (Circular No. 494 dated 20 September 2005).

#### **Sections 4307P – 4320P (Reserved)**

### **B. LOAN COLLATERAL/SECURITY**

**Section 4321P Acceptable Security and Safekeeping of Pawns.** Only personal property that is capable of being physically delivered to the control and possession of the pawnshop shall be accepted as security for loans. Certain specified chattels, such as guns, knives, or similar weapons, whose reception in pawn is expressly

prohibited by other laws, decrees, or regulations, shall not be accepted by pawnshops as security for loans.

Except for bulky pawns, pawns shall be placed in a tamper-proof sealed plastic envelop or bag which must be kept inside the safe or concrete vault. Bulky pawns may be placed outside the safe or vault but within the pawnshop premises. All pawns, except those which are kept inside the vault or safe, must be insured against fire.

Pawnshop owners shall be liable for any pawned item lost or destroyed arising out of their negligence, fault, delay in delivery or willful violation of the loan agreement.

**Section 4322P Redemption of Pawns.** A pawnshop shall not release any pawn without first requiring the pawner to present and surrender the corresponding pawn ticket. If the pawn ticket was lost and could not be presented or surrendered, the pawnshop shall require the owner-pawner to execute and submit an affidavit of loss and shall ascertain the identity of the pawner, to ensure that the pawned item is released only to the owner-pawner.

The pawnshop shall return the pawn in the same condition when they were first pawned by pawner, upon full settlement of the loan.

**Section 4323P Pawn Ticket.** Pawnshops shall at the time of the loan, deliver to each pawner a pawn ticket which shall contain the following:

- a. The business/registered name, address, telephone number, tax identification number, business days and hours, of the pawnshop. The business name indicated in the pawn ticket shall be in accordance with the provision of Section 4181P.2;
- b. Name of pawner;
- c. Pawner's residential address;
- d. Pawner's contact number;
- e. Date the loan was granted;
- f. Amount of the principal loan and net proceeds;
- g. Interest rate in percent, indicating if daily, monthly or annually;
- h. Interest in absolute amount;

- i. Service charge in amount;
- j. Penalty interest in percent, if any;
- k. Appraised value of pawn;
- l. Period of maturity;
- m. Description of the pawn;
- n. Expiry date of the redemption period;
- o. Signature of the pawnshop's authorized representative;
- p. Signature or thumbmark of the pawner; and
- q. ID presented.

No other document or instrument shall be used/issued by a pawnshop for any loan granted by it to a pawner/borrower.

**§4323P.1 Stipulations in Pawn Ticket.** The contents of the standard pawn ticket, prescribed for pawnshops pursuant to the requirements of P.D. No. 114, and the "Standard Terms and Conditions" thereof, are in Appendices P-4 (FRONT) and P-4a (BACK).

Additional stipulations/ information enumerated under Appendix P-4b, which pawnshops may wish to incorporate in their pawn tickets, may be included without prior approval from the BSP.

The font size for the stipulations at the back of the pawn ticket shall not be smaller than "Arial Narrow 8". Additional stipulations which may be included at the back of the pawn ticket shall also be printed in the prescribed font size.

Pawn ticket shall not be smaller than 8 inches x 5 inches. The size of the pawn ticket may have to be larger to accommodate additional stipulations that should also be printed not smaller than "Arial Narrow 8".

Pawn tickets shall at least be in duplicate. The first copy shall contain the word "Original" which shall be given to the pawner when the loan is granted and surrendered upon redemption of pawn, while the second copy shall be marked "Duplicate" which shall remain on file with the pawnshop.

Pawn tickets shall be serially numbered.

Pawnshops may choose the color or quality of the paper used as pawn ticket.

Transitory Provision. A pawnshop may use pawn tickets bearing a rubber-stamp of its registered and trade name on the pawn ticket until 30 June 2011. Starting 1 July 2011, all pawnshops shall only use pre-printed pawn tickets in accordance with these rules.

**Section 4324P Notices to the Pawner and to the Public.** a. On or before the expiration of the ninety (90) – day grace period, a pawnshop shall notify a pawner in writing that the pawn shall be sold, or otherwise be disposed of, in the event the pawner fails to redeem the pawn within the ninety (90)-day grace period, specifying in the same notification the date, hour, and place where the sale shall take place.

The notice shall be sent through the mode of notification agreed upon by the pawner and the pawnshop as indicated at the back of the pawn ticket at the time the loan was granted which may be through text/SMS message, electronic mail, fax or by mail to the residential address. If sent through text/SMS, the pawnshop shall obtain a report from the appropriate Telecommunications Company (TELCO) indicating that a text/SMS message was sent to the mobile phone number given by the pawner. The report of the TELCO shall be made available to BSP upon request.

In case no specific mode of notification is agreed upon and indicated at the back of the pawn ticket, the mode of notification shall be by ordinary mail. Pawnshops shall exert reasonable effort to notify the pawner and put on record if it is unable to do so. Pawnshops shall maintain proof of the notice to pawner.

b. If upon the expiration of the ninety (90)-day grace period, the pawner fails to redeem his pawn, the pawnshop may sell or dispose of the pawn only after it has published a notice of public auction of unredeemed articles held as security for loans in at least two (2) newspapers circulated in the city or municipality where the pawnshop has its place of business, six (6) days prior to the date set for the public auction.

The notice shall be in English, and in either Filipino or the local dialect and shall contain the following:

- a. Name and address of the owner of the pawnshop;  
and
- b. Date, hour and place of the auction sale.

In remote areas where newspapers are neither published nor circulated, the publication requirement shall be complied with by posting notices at the city hall or municipal building of the city or municipality and in two (2) other conspicuous public places where the pawnshop has its place of business.

**§4324P.1 Poster.** Pawnshops shall post conspicuously at the principal place of business and branches an abstract (Appendix P-8) which shall not be smaller than 8.5 x 11 inches.

**Section 4325P Public Auction of Pawns.** No pawnshop shall sell or otherwise dispose of any article or thing received as security for a loan except by public auction at any of the following places:

- a. Pawnshop's place of business; or
- b. Any public place within the territorial limits of the municipality or city where the pawnshop conducts its business.

The auction shall be conducted under the control and direction of a duly licensed auctioneer. In cities and municipalities where there is no duly licensed auctioneer, the public auction may be conducted by a notary public of the city or province where the pawnshop has its place of business.

The Auction Sheet/Book containing entries of auctioned pawned articles duly signed by the auctioneer or notary public under oath shall be maintained by the pawnshop.

**§4325P.1 Auction of pawned items covered by a single pawn ticket.** If one pawn ticket covers two or more pledged articles, and only one of the articles was sold during the auction, the pawnshop shall allocate the loan value for each article based on their appraised value.

**Sections 4326P – 4335P (Reserved)**

**C. – J. (RESERVED)**

**Sections 4336P – 4395P (Reserved)****K. MISCELLANEOUS****Sections 4396P – 4398P (Reserved)****Section 4399P General Provisions on Sanctions.**

Unless otherwise provided, violations of any provision hereof may subject a pawnshop, its proprietor, directors, trustees, partners, president, managers or officers-in-charge, where applicable, to sanctions which may include the following:

- a. Warning/reprimand;
- b. Suspension of AOR/AO;
- c. Suspension of branching privilege;
- d. Disqualification of proprietor, partner, director, president, manager or officer-in-charge;
- e. Monetary penalty not to exceed P1,000.00 per violation, per office, per day; and
- f. Revocation of AOR/AO

The imposition of the above sanctions is without prejudice to whatever legal action the BSP may pursue under Section 18 of Presidential Decree No. 114 (Pawnshop Regulations Act), and other applicable laws against the pawnshop, its proprietor, partners, incorporators, stockholders, directors, president and officers.

A pawnshop whose AOR/AO is suspended or revoked shall be reported to the Office of the Mayor of the concerned city or municipality, for appropriate action. It is understood that in case the AOR of a head office is revoked, the AO of all branches of said pawnshop are likewise revoked.

Any pawnshop that is found operating as a foreign exchange dealer/money changer and/or remittance agent that does not have a COR issued by the BSP for such activity is considered operating such activities illegally and shall be reported to the office of the mayor in accordance with the rules above.

# **P A R T I V**

**Sections 4401P – 4499P (Reserved)**

# **P A R T V**

**Sections 4501P – 4599P (Reserved)**

# P A R T V I

## MISCELLANEOUS

### A. (RESERVED)

#### Section 4601P – 4650P (Reserved)

### B. SUNDRY PROVISIONS

**Section 4651P Visitatorial Powers of the Bangko Sentral.** Pursuant to Section 17 of PD No. 114 granting the BSP visitatorial powers, the head of the appropriate supervising and examining department of the BSP and his duly designated representatives are authorized to conduct an examination, spot-checking, inspection, or investigation of the books, records, business affairs, administration, and financial condition of any pawnshop, whenever said official deems it necessary for the effective implementation of PD No. 114, and other pertinent rules and regulations. Said official and his duly designated representatives may administer oaths to any director, officer, or employee of the pawnshop.

For purposes of this Section and its Subsections, the words “examination”, “spot-checking”, “inspection” and “investigation”, may be used interchangeably.

If, upon such examination, the official or deputies shall establish that the pawnshop is violating or is not complying with the requirements of PD No. 114 and of the provisions of other pertinent rules and regulations, said official shall immediately inform the Monetary Board of his findings and recommendations, and the Monetary Board shall take appropriate action to stop such violation or non-compliance, and punish the pawnshop and/or the persons responsible.

Any business establishment which represents itself as a pawnshop and/or regularly grants loans against pawns/collaterals physically delivered to the establishment or is suspected to be a pawnshop may be subject to the visitatorial authority of the BSP to determine whether the establishment is engaged in the business of a pawnshop or in pawnbrokering.

Any establishment that is found to be operating as a pawnshop illegally shall be reported to the office of the city or municipal mayor where the establishment is

located, for appropriate action, without prejudice to whatever legal action that the BSP may take against the owners and operators of the establishment.

**§4651P.1 Refusal to Permit Examination.** Refusal to permit examination shall mean any act or omission which impedes, delays or obstructs the duly authorized BSP officer/examiner/employee from conducting an examination, including the act of refusing to accept or honor a letter of authority to examine presented by any officer/examiner/employee of the BSP and the act of refusing to present pawnshop's vital records referred to in Section 4102 upon request by any officer/examiner/employee of the BSP.

#### **Sections 4652P - 4656P (Reserved)**

**Sec. 4657P Batas Pambansa Blg. 344 – An Act to Enhance the Mobility Of Disabled Persons by Requiring Certain Buildings, Institutions, Establishments and Public Utilities to Install Facilities and Other Devices.** In order to promote the realization of the rights of disabled persons to participate fully in the social life and the development of the societies in which they live and the enjoyment of the opportunities available to other citizens, no license or permit for the construction, repair or renovation of public and private buildings for public use, educational institutions, airports, sports and recreation centers and complexes, shopping centers or establishments, public parking places, workplaces, public utilities, shall be granted or issued unless the owner or operator thereof shall install and incorporate in such building, establishment or public utility, such architectural facilities or structural features as shall reasonably enhance the mobility of disabled persons such as sidewalks, ramps, railings and the like. If feasible, all such existing buildings, institutions, establishments, or public utilities may be renovated or altered to enable the disabled persons to have access to them.

Sections 4658P - 4659P (Reserved)

#### **Sections 4658P – 4690P (Reserved)**

**Section 4691P Anti-Money Laundering Regulations.** Banks, offshore banking units (OBUs), quasi-banks (QBs), trust entities, non-stock savings and loan

associations (NSSLAs), pawnshops, and all other institutions, including their subsidiaries and affiliates supervised and/or regulated by the BSP, otherwise known as “covered institutions” shall comply with the provisions of R.A. No. 9160, as amended, otherwise known as the “Anti-Money Laundering Act of 2001” and its Implementing Rules and Regulations (IRRs) in Appendix P-6 and those in Appendix P-5.

**§4691P.1 Required Seminar/Training.** Pawnshop personnel directly involved in pawnshop operations shall attend a seminar on the requirements of the anti-money laundering law, particularly on customer identification, record keeping and reporting of covered and suspicious transactions, to be conducted by the Anti-Money Laundering Council (AMLC) or by any of its recognized accredited service providers. The provisions of this subsection shall also apply to officer(s) of the branch(es).

The officer(s) in-charge and the personnel who have attended the required seminar may echo the said training to all employees within thirty (30) calendar days from such attendance or as new employees are hired.

In case of pawnshops belonging to the same group of related companies, the training/seminars may be cascaded to other pawnshops within the group, subject to the following conditions:

- 1) training officers shall have attended the AMLA lectures conducted by the AMLC;
- 2) lecture materials to be used by training officers should be approved by the AML Examination Group of the BSP; and
- 3) training officers shall submit to the BSP, the list, under oath, of pawnshop personnel who have attended the lectures.

**§4691P.2 Anti-Money Laundering Program.** Every pawnshop is required to formulate an anti- money laundering prevention program as prescribed in Appendix 5.

**Sections 4692P - 4699P (Reserved)**