

o Ownership Ceilings

The MB in its Resolution No. 1768 dated 2 December 2004, amended the definition of “Stockholder” under Subsec. X326.1 of the MORB and Subsec.4356Q.1 of the MORNBFI (*Circular No. 464 dated 4 January 2005*):

“Stockholder shall refer to any stockholder of record in the books of the bank/quasi-bank/trust entity, acting personally, or through an attorney-in-fact, or any other person duly authorized by him or through a trustee designated pursuant to a proxy or voting trust or other similar contracts, whose stockholdings in the lending bank/quasi-bank/trust entity, individually and/or collectively with the stockholdings of: (i) his spouse and/or relative within the first degree of consanguinity or affinity or legal adoption; (ii) a partnership in which the stockholder and/or the spouse and/or any of the aforementioned relatives is a general partner; and (iii) corporation, association or firm of which the stockholder and/or his spouse and/or the aforementioned relatives own more than 50% of the total subscribed capital stock of such corporation, association or firm, amount to 1% or more of the total subscribed capital stock of the bank/quasi-bank/trust entity.”

Ownership ceilings on foreign and Filipino nationals are provided for in the General Banking Law of 2000 and other special laws: R. A. No. 7353 – Rural Banks Act; R. A. No. 7906 – Thrift Banks Act of 1995; and R. A. No. 7721 – An Act Liberalizing the Entry of Foreign Banks in the Philippines.

Foreign Stockholdings

- Foreign individuals and non-bank corporations may own or control up to 40% of the voting stock of a domestic bank. This shall apply also to Filipinos and domestic non-bank corporations. (*Circular No. 256 dated 15 August 2000 which implemented Section 11 of R. A. No. 8791 [The General Banking Law of 2000]*)
- The general rules on aggregate foreign ownership ceilings are as follows: 40% on UBs/KBs; 60% on TBs; and zero on RBs.
- The MB may authorize a foreign bank to acquire 100% of the voting stock of only one bank within a seven-year period from date of effectivity of the General Banking Law of 2000 and subject to the

implementing guidelines issued pursuant to the Foreign Banks Liberalization Act. Within the same period, foreign banks which acquired 60% of a voting stock of a bank prior to the effectivity of R. A. No. 8791, can further acquire up to 100% of the voting stock thereof (with prior approval of the MB).

Individual/Family/Corporate Stockholdings

- The stockholdings of individuals related to each other within the fourth degree of consanguinity or affinity, legitimate or common-law, are considered family groups or related interests and must be fully disclosed in all transactions by such an individual with the bank. [*Circular No. 332 dated 13 May 2002 which implemented Section 12 of R.A. No. 8791 (The General Banking Law of 2000)*].
- Two or more corporations owned or controlled by the same family group or same group of persons shall be considered related interests and must be fully disclosed in all transactions by such corporations or related groups of persons with the bank. (*Circular No. 332 dated 13 May 2002 which implemented Section 13 of R.A. No. 8791 [The General Banking Law of 2000]*)
- Prior approval of the MB shall be required on the following (*Circular No. 309 dated 16 November 2001*):
 - a) Any sale or transfer or series of sales or transfers which will result in ownership or control of more than 20% of the voting stock of a bank by any person whether natural or juridical or which will enable such person to elect, or be elected as, a director of such bank; and
 - b) Any sale or transfer or series of sales or transfers which will effect a change in the majority ownership or control of the voting stock of the bank from one group of persons to another group: Provided, That in no case shall such sale or transfer be approved unless the bank concerned shall immediately comply with the prescribed minimum capital requirement for new banks, notwithstanding any approved capital build-up program.