



BANGKO SENTRAL NG PILIPINAS

CIRCULAR NO. ____
Series of 2021

OFFICE OF THE GOVERNOR

Subject: Amendment of Licensing Prudential Criteria on the Grant of Licenses/Authorities and other Pertinent Regulations in view of the Adoption of the Supervisory Assessment Framework (SAFR)

The Monetary Board, in its Resolution No. ____ dated _____ 2021 approved the: (i) inclusion of permissible activities under Type A, B and C licenses in accordance with Section 111 of the Manual of Regulations for Banks (MORB) and Section 111-Q of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFi); and (ii) corresponding amendments to the pertinent provisions of the MORB/MORNBFi in view of the adoption of Bangko Sentral ng Pilipinas (BSP)'s Supervisory Assessment Framework (SAFr) which replaces the various rating systems currently employed by the BSP, including the CAMELS and ROCA rating systems.

Section 1. The following sections are revised to read as follows:

Section 111/111-Q/111-S/111-T/101-N/111-P. LICENSING

Prudential Criteria. The prudential criteria set forth in this Section shall be used in determining the eligibility of applicants to the licenses and/or authorities granted by the Bangko Sentral. Accordingly, the following minimum conditions must be met:

- a. Applicant domestic banks must have a ~~CAMELS~~ SAFr composite rating of at least "3" ~~and a "Management" rating of not lower than "3", branches of foreign banks must have a ROCA rating of at least "3", and BSFIs must have a RAS rating of at least "Acceptable". Whenever applicable, ratings equivalent to cited minimum rating grade requirements under appropriate rating systems (i.e., IT Rating Systems, Trust Rating Systems, among others) shall apply for certain licenses and/or authorities;~~
- b. Applicants have no major supervisory concerns in governance, risk management systems, ~~and~~ internal controls and

46 compliance system that may warrant escalated
47 enforcement action/s, and characterize/demonstrate the
48 following:

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50 (1) Governance xxx

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52 c. Applicants have complied with directives and/or not subject of
53 specific directives and/or enforcement actions by the Bangko
54 Sentral

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58 No application shall be accepted until such time that
59 enforcement actions are formally lifted by the Bangko Sentral
60 and/or other relevant regulatory bodies after the applicant
61 has ve demonstrated to the Bangko Sentral that safety and
62 soundness concerns are satisfactorily addressed and/or until
63 such time that the applicant~~s~~ becomes eligible.

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66 BSFIs which do not comply with foregoing minimum
67 conditions/prudential criteria but with SAFr
68 composite rating of at least "2", may still be
69 considered eligible, on a case to case basis, upon
70 showing valid justifications and/or verifiable
71 evidence that the BSFI has the capability to manage
72 the risks related to the significant activities of
73 licenses being applied for.

74
75 BSFIs under PCA or rehabilitation may still be
76 considered eligible upon showing valid
77 justifications and/or verifiable evidence of
78 significant compliance with the comprehensive PCA
79 plan (PCAP)/rehabilitation plan approved by the
80 Bangko Sentral and/or if licenses and/or
81 authorities applied for are vital to the
82 implementation of the PCAP/rehabilitation plan.

83
84 ~~Applications of banks under rehabilitation and/or enhanced~~
85 ~~supervision status² shall be dealt with in accordance with the~~
86 ~~eligibility test described in Section II.1(a) of Appendix 124.~~

87
88 BSFIs granted with licenses/authorities shall continuously
89 comply with the abovementioned standards and requirements

90 even after the license/authority has been granted; otherwise, any
91 deviation or non-compliance may be a basis for the imposition of
92 appropriate enforcement actions described in this Section.
93

94 Guidelines and Procedures on processing of licensing
95 applications shall be inserted in Section 111 the MORB, which shall
96 read as follows.
97

98 **Guidelines and Procedures.** To promote
99 transparency and facilitate efficient submission and
100 processing of licensing applications, BSFIs must
101 conduct self-assessment of its compliance with the
102 prudential criteria and/or pertinent regulation of a
103 specific license/authority it intends to apply. The
104 board of directors shall ensure that the
105 license/authority being applied for is aligned with
106 the strategic objectives of the BSFI. Further, the CCO
107 shall ensure completeness, integrity and accuracy of
108 all documentary submissions to the Bangko Sentral.
109

110 BSFIs applying for a license/authority shall
111 submit an application letter signed by the president
112 or officer of equivalent rank which shall include
113 justifications on how the license/authority is aligned
114 with the BSFI's business model and strategic
115 direction, and authority to debit the demand deposit
116 account with the Bangko Sentral for the applicable
117 fees to the license/authority being applied for. In
118 case the BSFI has no demand deposit account, an "Order
119 of Payment" shall be prepared to facilitate
120 settlement.
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122 The BSP may conduct onsite evaluation/ inspection
123 for the purpose of ascertaining compliance with
124 relevant laws, rules, regulations and/or directives,
125 and/or applicant's risk management capabilities, when
126 warranted. For this purpose, the applicant shall
127 include in its application letter the authorization
128 in favor of the Bangko Sentral giving its consent to
129 the conduct of on-site verification of the documents
130 and/or representations stated in the application filed
131 in connection with the license or authority applied
132 for. Further, the BSFI may be required to submit other

133 information and/or documents relative to the
134 license/authority being applied.

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136 Applications with incomplete and inaccurate
137 documentation shall be returned without prejudice to
138 re-submission of a complete application and payment
139 of applicable fees. Withdrawn and denied applications
140 shall be subject to a cooling-off period of six (6)
141 months reckoned from the date of denial/withdrawal.

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143 The specific guidelines and procedures on the Bangko Sentral's
144 licensing framework are shown in Appendix 124/Q-77/S-10/P-5/N-14/T-
145 5.

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147 **Section 2.** Section 111 of the MORB shall be amended to
148 include the following licenses in the list of permissible activities
149 under Types A, B and C licenses of Bangko Sentral-Supervised
150 Institutions (BSFIs).

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152 **Section 111. LICENSING**

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156 ***Enforcement actions. Xxx***

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158 ***Type of License of Permissible Activities.*** The type of license
159 attached to permissible activities of Bangko Sentral supervised
160 financial institutions (BSFIs) shall be as follows:

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| Type of License | Permissible Activity | Related Sections of the MORB |
|------------------------|---|---------------------------------------|
| A | Operate an FCDU/EFCDU | Part IV, Chapter III of the FX Manual |
| | Authority of Thrift Banks to Issue Foreign Letters of Credit and Pay/Accept/ Negotiate Import/Export Drafts/Bills of Exchange | 101-B |
| | Conversion Upgrade of Bank Licenses | 102 |
| | Establishment of offices abroad | 105 |

| Type of License | Permissible Activity | Related Sections of the MORB |
|------------------------|--|--|
| | Establishment of Sub-branches of Foreign Bank Branches | 106 |
| | Personal Equity and Retirement Account (PERA) Market Participants and PERA Investment Products | 1121 |
| | Creation and Acceptance of Demand Deposit | 201 |
| | Acceptance and Servicing of Negotiable Order of Withdrawal Accounts | 221, 222, 223, 802 |
| | Acceptance of Government Deposits | 231, Circular Letter dated 14 March 2006 |
| | Quasi-Banking Activities for Banks except universal and commercial banks (UKBs) | 241 |
| | Joint Venture of Banks with Real Estate Development Companies (New Jointly-Controlled Entity) | 382 |
| | Qualification and accreditation of private banks acting as trustee on any mortgage or bond issuance by any municipality, government-owned or controlled corporation, or any body politic | 413 |
| | Performance of Investment Management Activities | 421 |
| | Derivatives Activities | 613 |
| | a) Type 1 Expanded Dealer Authority | |
| | b) Type 2 Limited Dealer Authority | |
| | c) Type 3 Limited End-User Authority | |
| | d) Type 4 Special Broker Authority | |
| | Advanced Electronic Payment and Financial Service (EPFS) | 701 |
| | Issuance and Operations of Electronic Money | 702 |

| Type of License | Permissible Activity | Related Sections of the MORB |
|------------------------|---|-------------------------------------|
| B | Relocation of Head Offices | 105 |
| | Advanced Electronic Payment and Financial Service (EPFS) (for new banks) | 701 |
| C | Securities Custodianship Operations Securities Registry Operations | 631 |
| | Derivatives Activities requiring Notification | 613 |
| | Basic Electronic Payment and Financial Service (EPFS) | 701 |

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Section 3. Section 111-Q/111-S/111-T/101-N/111-P of the MORNBF shall be amended to include the following licenses in the list of permissible activities under Types A, B and C licenses of BSFIs.

Section 111-Q/111-S/111-T/101-N/111-P . LICENSING

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Guidelines on Outsourcing. The guidelines on outsourcing of banking functions as shown under Sec. 112 and Appendix Q-35 shall likewise apply to QBs.

Type of License of Permissible Activities. The type of license attached to permissible activities of Bangko Sentral supervised financial institutions (BSFIs) shall be as follows:

| Type of License | Permissible Activity | Related Sections of the MORNBF |
|------------------------|---|--|
| A | Trust and Other Fiduciary Business | 411-Q, 1003-N, 302-T, Appendix Q-39 |
| | Personal Equity and Retirement Account (PERA) Market Participants and PERA Investment Products | 1121-Q, 803-N |
| | Joint Venture of Quasi-Banks with Real Estate Development Companies (Jointly-Controlled Operations/Undertaking) | 362-Q |

| Type of License | Permissible Activity | Related Sections of the MORNBFI |
|------------------------|--|--|
| | Qualification and accreditation of quasi-banks acting as trustee on any mortgage or bond issuance by any municipality, government-owned or controlled corporation, or any body politic | 413-Q, 1005-N, Appendices Q-31 and N-6 |
| | Performance of Investment Management Activities | 421-Q |
| | Derivatives Activities | 613-Q |
| | Establishment of Branches of Trust Corporations | 105-T |
| | Advanced Electronic Payment and Financial Service (EPFS) | 701-Q, 401-S, 114-P, 401-N, ___-T |
| | Issuance and Operations of Electronic Money | 702-Q, 402-S, 402-N |
| B | Xxx | Xxx |
| | Advanced Electronic Payment and Financial Service (EPFS) (for new NBFIs) | 701-Q, 401-S, 114-P, 401-N, ___-T |
| | Issuance and Operations of Electronic Money (for new NBFIs) | 702-Q, 402-S, 402-N, 901-N |
| C | Securities Custodianship Operations Securities Registry Operations | 631-Q/1002-N |
| | Management Contracts and Outsourcing of Other Functions of Trust Corporation | 112-T |
| | Derivatives Activities requiring Notification | 613-Q |
| | Basic Electronic Payment and Financial Service (EPFS) | 701-Q, 401-S, 114-P, 401-N, ___-T |

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Section 4. Sections 101-B/102/105/106/1121/201/221/231/241/382/413/421/613/701 of the MORB are hereby amended to apply the

186 prudential criteria set out under Section 111 to certain applications and
187 to amend the licensing requirements as follows:

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189 **Authority of Thrift Banks to Issue Foreign Letters of Credit and**
190 **Pay/Accept/ Negotiate Import/Export Drafts/Bills of Exchange**

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192 **101-B AUTHORITY OF THRIFT BANKS TO ISSUE FOREIGN LETTERS OF**
193 **CREDIT AND PAY/ACCEPT/NEGOTIATE IMPORT/EXPORT**
194 **DRAFTS/BILLS OF EXCHANGE**

195

196 With prior Monetary Board approval, TBs may be authorized to
197 issue foreign letters of credit (LCs) and pay/accept/negotiate
198 import/export drafts/bills of exchange, subject to compliance with the
199 prudential criteria provided under Sec. 111 and that
200 the following conditions (at the time of application unless otherwise
201 indicated) are met:

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a. Xxx;

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~~b. Ten percent (10%) risk-based capital adequacy ratio (CAR);~~

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~~c. CAMELS composite rating not lower than "3", with Management
component score not lower than "3" in the latest examination of
the bank;~~

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~~d. Risk management system appropriate to its operations;
characterized by clear delineation of responsibility for risk
management, adequate risk measurement system,
appropriately structured risk limits, effective internal control
system and complete, timely and efficient risk reporting system;~~

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~~e. b. Articles of incorporation xxx; and~~

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~~f. c. Correspondent banking xxx~~

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~~g. Appointment of the officer with actual experience of at least two
(2) years as in charge or at least as assistant in charge of import
and export financing operations in a UB/KB who will be in charge
of the said operations (prior to engaging in said activities);~~

209

~~h. Appointment of bank personnel with actual experience and/or
specific training in import and export financing operations who
will handle the said operations (prior to engaging in said
activities);~~

210

~~i. No net weekly regular and liquidity reserve deficiencies during
the twelve (12) week period immediately preceding the date of
application;~~

211

~~j. No deficiency in asset and liquid asset cover for FGDU liabilities
for three (3) months immediately preceding the date of
application;~~

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~~k. No deficiency in liquidity floor requirement for government
funds held during the twelve (12) week period immediately
preceding the date of application;~~

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- 231 ~~l. No float items outstanding for more than sixty (60) calendar days~~
232 ~~in the "Due From/To Head Office/Branches/Offices" and "Due from~~
233 ~~Bangko Sentral" accounts exceeding one percent (1%) of the total~~
234 ~~resources as of end of month preceding the date of application;~~
235 ~~m. No unbooked allowance for credit losses;~~
236 ~~n. Compliant with ceilings on loans, other credit accommodations~~
237 ~~and guarantees to directors, officers, stockholders, and their~~
238 ~~related interests (DOSRI) for the quarter immediately preceding~~
239 ~~the date of application;~~
240 ~~o. Compliant with the single borrower's limit (SBL);~~
241 ~~p. Compliant with the limit on real estate and improvements,~~
242 ~~including bank equipment;~~
243 ~~q. No uncorrected findings of unsafe or unsound banking;~~
244 ~~r. Generally compliant with banking laws, rules and regulations,~~
245 ~~orders or instructions of the Monetary Board and/or Bangko~~
246 ~~Sentral Management; and~~
247 ~~s. No past due obligations with the Bangko Sentral or with any FI.~~
248

249 ***Application for authority of TB to issue foreign letters of credit***
250 ***and pay/ accept negotiate import/export drafts/bills of exchange.***
251 ~~An application for authority to issue foreign LCs and~~
252 ~~pay/accept/negotiate import/ export draft bills of exchange shall be~~
253 ~~signed by the president of the bank or officer of equivalent rank and~~
254 ~~shall be accompanied by a certified true copy of the resolution of the~~
255 ~~bank's board of directors authorizing the application:~~
256

257 A TB applying for authority to issue Foreign
258 Letters of Credit and Pay/Accept/Negotiate
259 Import/Export Drafts/Bills of Exchange shall submit
260 to the appropriate supervising department of the
261 Bangko Sentral an application letter pursuant to
262 Section 111 together with the following documents:
263

- 264 1. Secretary's certificate on the approval by the
265 board of directors (or equivalent management
266 committee in case of foreign bank branches); and
267
268 2. Certification signed by the president or officer
269 of equivalent rank and the chief compliance
270 officer certifying that bank has complied with
271 the following:
272
273 a. prudential criteria prescribed under Sec.
274 111; and

275 b. other conditions provided for the issuance
276 of LCs and pay/accept/negotiate
277 import/export drafts/bills of exchange
278 under this Section.

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280 **Conversion Upgrade of Bank Licenses¹**

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282 **102 BASIC GUIDELINES IN ESTABLISHING DOMESTIC BANKS**

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286 **Establishment of microfinance-oriented banks. Xxx**

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288 **Grant of Authority to Convert/Upgrade into a**
289 **Higher Category.** Existing domestic and foreign banks
290 may apply for authority to convert/upgrade to the next
291 higher category subject to (1) prior approval of the
292 Monetary Board, and (2) compliance with the prudential
293 criteria provided under Sec. 111 and the minimum
294 capital requirement under Sec. 121. The guidelines and
295 requirements provided under Appendices 1 and 33 shall
296 also apply.

297

298 Banks applying for authority to convert/upgrade
299 to the next higher category shall submit to the
300 appropriate supervising department of the Bangko
301 Sentral an application letter pursuant to Sec. 111
302 together with the following documents:

303

304 a. Corporate secretary's certificate on the
305 approval of the board of directors (or
306 equivalent management committee in the case of
307 foreign bank branches) to convert/upgrade to the
308 next higher category;

309

310 b. Certification signed by the president or officer
311 of equivalent rank and the chief compliance
312 officer certifying that the bank has complied
313 with the following: (i) prudential criteria
314 prescribed under Sec. 111; (ii) required minimum
315 capital under Sec. 121; and (iii) pertinent
316 banking laws, rules and regulations.

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318 Conditions for the grant of authority to convert into a lower
319 category.

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323 Establishment of Offices Abroad

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325 105 ESTABLISHMENT/RELOCATION/VOLUNTARY CLOSURE/SALE OF 326 BRANCHES/ BRANCH-LITE UNITS

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330 ***Establishment of offices abroad.*** ~~The following rules shall~~
331 ~~govern the establishment by d~~ Domestic banks may establish of
332 branches and other offices abroad subject to approval of the
333 Bangko Sentral and compliance with the prudential
334 criteria provided under Sec. 111. For purposes of this
335 Section, the term offices shall include branches, agencies,
336 representative offices, remittance centers, remittance desk offices and
337 other offices.

338

339 ***Application for authority to establish an office abroad.*** ~~An~~
340 ~~application for authority to establish an office abroad shall be signed~~
341 ~~by the president of the bank and shall be accompanied by the~~
342 ~~following information/documents~~ A bank applying for
343 authority to establish an office abroad shall submit
344 to the appropriate supervising department of the
345 Bangko Sentral an application letter pursuant to Sec.
346 111 together with the following
347 documents/information:

348

349 ~~a. Certified true copy of the resolution of the bank's board of~~
350 ~~directors authorizing the establishment of that office indicating~~
351 ~~its proposed site;~~

352

353 a. ~~b.~~ Economic justification for such establishment, indicating
354 among other things, the services to be offered, the minimum
355 outlay such as capital requirement of the host country, and
356 ~~outlay for furniture, fixture and equipment, rental and other~~
357 ~~expenses;~~ projected results of operations for the
358 first five years of operations;

359

- 360 b. Information on competitors in the host country
361 and brief description of bank's strategic and
362 competitive plan;
- 363
- 364 c. Secretary's certificate on the approval of board
365 of directors authorizing the establishment of
366 that office indicating its proposed site;
- 367
- 368 ~~e. Organizational set up of the proposed office showing the~~
369 ~~proposed positions and the names, qualifications and~~
370 ~~experience of the proposed manager and other officers;~~
- 371
- 372 d. Certification signed by the president ~~or the executive vice~~
373 ~~president that the~~ or officer of equivalent rank and
374 the chief compliance officer certifying that bank
375 has complied with the following ~~bank has complied~~
376 ~~with the standard pre-qualification requirements for the grant~~
377 ~~of banking authorities enumerated in Appendix 5; and~~
- 378
- 379 i. prudential criteria prescribed under Sec.
380 111; and
- 381 ii. other requirements provided for establishing
382 an office abroad under this Section.
- 383
- 384 ~~e. Certification from the host country that the duly authorized~~
385 ~~personnel/examiners of the BSP will be authorized to examine the~~
386 ~~proposed office.~~
- 387

388 ***Other Rrequirements for establishing an office abroad.*** In
389 addition to the prudential criteria provided under Sec.
390 111 ~~standard prequalification requirements of Appendix 5~~, the
391 applicant bank shall comply with the following:

392

- 393 a. The citizenship requirements, ownership ceilings and other
394 limitations on voting stockholdings in banks under existing law
395 and regulations;
- 396 b. Experience and expertise in international banking operations
397 of the entity as shown by:
- 398 (1) Its international banking operations for at least three
399 (3) years prior to the date of application;
- 400 (2) Substantial income derived from international
401 banking operations; and
- 402 (3) Established correspondent relationship with
403 reputable banks.

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Conditions attached to the approved application. An approved application to establish a banking office abroad shall be subject to the following conditions:

~~a. Without prejudice to the qualification requirements in the country where the office is to be established, the proposed officer(s), at the time of appointment must be at least:~~

~~(1) Twenty five (25) years of age;~~

~~(2) A college graduate, preferably with training and experience abroad;~~

~~(3) With three (3) year experience in international banking operations; and~~

~~(4) Must not possess any of the disqualification of an officer as provided for under existing regulations;~~

ba. The applicant bank shall comply with the licensing requirements of the host country and the necessary license to operate shall be secured from the appropriate government agency of the host country. In addition, the bank shall submit a certification from the host country that the duly authorized personnel/examiners of the BSP will be authorized to examine the proposed office;

eb. The outward investment representing initial capital outlay and other outlays shall be subject to existing regulations;

ec. The proposed office shall submit periodic reports on its financial condition and profitability and such other reports that may be required by the Bangko Sentral;

ed. An office not authorized to perform banking business (e.g., representative and liaison offices) shall not carry out any of the business of a bank as contemplated within the context of the Philippine banking system; and

fe. The applicant shall defray the necessary cost and expenses to be incurred by the appropriate supervising department of the Bangko Sentral.

Date of opening. The opening of any office abroad shall be subject to the provisions under this Section on Opening of branches/branch-lite units.

Requirements for opening an office abroad. After a bank's application to establish an office abroad ~~branch~~ has been approved, it may open the same subject to the submission, within

447 thirty (30) days prior to the intended date of opening,
448 **following conditions:**

449

450 ~~a. Submission of the following: by the applicant bank of~~ a written
451 ~~notice at least thirty (30) days prior to the intended date of~~
452 ~~opening,~~ of the opening of the office abroad
453 accompanied by the following:

454 (1) Proof or evidence of outward remittance needed to
455 meet the capital requirements prescribed by the host
456 country;

457 (2) List of principal and junior officers of the proposed
458 branch/es and their respective designations and salaries;
459 and

460 (3) Personal information sheet (Bio-data) for each of the
461 officers to enable the Bangko Sentral to evaluate their
462 qualifications as officers; and

463 ~~b. (4) A certification signed by the bank's president or~~
464 ~~executive vice president~~ officer of equivalent rank and
465 the chief compliance officer certifying that bank
466 has complied with the following ~~that the standard pre-~~
467 ~~qualification requirements enumerated in Appendix 5 have~~
468 ~~been complied with up to the date of the aforementioned~~
469 ~~written notice.~~

470

471 a. prudential criteria prescribed under Sec.
472 111; and

473 b. other requirements provided for
474 establishing an office abroad under this
475 Section.

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477 ~~A bank that fails to continuously comply with the requirements shall~~
478 ~~be given an extension of time to open such office after it has shown~~
479 ~~compliance for another test period of the same duration required of~~
480 ~~each requirement. Provided, That t~~ The provisions under this Section
481 on Opening of branches/branch-lite units shall be observed in
482 opening of offices abroad ~~if the branch cannot open within six~~
483 ~~(6) months from the date of approval thereof. Provided, further, That~~
484 ~~before such branch opens for business, the bank shall submit to the~~
485 ~~Bangko Sentral the requirements under this Section on Requirements~~
486 ~~for opening an office abroad together with a certification stating that~~
487 ~~the bank has complied with the standard pre-qualification~~
488 ~~requirements in Appendix 5 up to the date of the written notice within~~
489 ~~the period prescribed therein.~~

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Processing fee on establishment of offices abroad shall be inserted in Section 105 of the MORB, which shall read as follows.

Processing fee on establishment of offices abroad. Applications for authority to establish offices abroad shall be subject to a processing fee of P200,000.00 which shall be charged upon filing of application pursuant to Sec. 111 and Sec. II.3.i of Appendix 124 of the MORB.

Sanctions. Xxx

Establishment of Sub-branches of Foreign Bank Branches

106 ESTABLISHMENT OF SUB-BRANCHES OF FOREIGN BANK BRANCHES

Authority to establish sub-branches of foreign banks may be granted subject to Monetary Board approval and compliance with the prudential criteria provided under Sec. 111. The following guidelines shall govern the establishment of sub-branches of foreign banks in the Philippines pursuant to R.A. No. 7721, as amended by R.A. No. 10641.

Application for authority to establish sub-branches. ~~An application for~~ A foreign bank branch applying for authority to establish sub-branches ~~shall be signed by the country manager or the highest ranking officer in the Philippines of the applicant foreign bank, and shall be accompanied by the following information/documents~~ shall submit to the appropriate supervising department of the Bangko Sentral an application letter pursuant to Sec. 111 together with the following documents:

- a. Secretary's certificate on the approval of the management committee ~~Certified true copy of the resolution of the foreign bank's branch board of directors authorizing the foreign bank's country manager or highest ranking officer in the Philippines to apply for authority to establishment of sub-branch/es and represent the bank in connection therewith;~~ and
- b. ~~Proposed business plan for the sub-branch/es.~~ Certification signed by the highest ranking

534 officer in the Philippines and the chief
535 compliance officer certifying that the foreign
536 bank branch has complied with the prudential
537 criteria prescribed under Sec. 111.
538

539 ***Requirements for Processing fee on establishment of***
540 ***sub-branches of foreign bank branches.*** In addition to the pre-
541 requisites for the grant of authority to establish a branch/branch-lite
542 unit under Sec. 105, the applicant foreign bank branch in the
543 Philippines shall be subject to the processing fee provided in Sec. 105
544 (Processing and special licensing fees).
545

546 ***Date of Opening.*** Xxx
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548 **PERSONAL EQUITY AND RETIREMENT ACCOUNT (PERA) MARKET**
549 **PARTICIPANTS AND PERA INVESTMENT PRODUCTS**
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551 **1121 PERSONAL EQUITY AND RETIREMENT ACCOUNT (PERA)**
552 **MARKET PARTICIPANTS AND PERA INVESTMENT PRODUCTS**
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554 The following are the guidelines on the qualification/accreditation of
555 PERA Market Participants and PERA Investment Products which are
556 being issued pursuant to R.A. No. 9505, also known as the PERA Act of
557 2008 (PERA Act), and its implementing Rules and Regulations (the
558 PERA Rules).
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560 The operational guidelines on the administration of the PERA are
561 found in *Appendix 114*.
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565 ***Eligibility criteria.***
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567 a. *PERA investment products.* The following products are considered
568 as Bangko Sentral-eligible PERA investment products: *Provided*, That,
569 with respect to Items "(1)" and "(2)" below, they are issued by Bangko
570 Sentral-supervised entities ~~with CAMELS rating of not lower than "3" or~~
571 ~~its equivalent~~, that comply with the prudential criteria
572 under Sec. 111:
573

- 574 (1) Unit investment trust fund (UITF);
575 (2) Debt-instruments such as, but not limited to, long term negotiable
576 certificate of deposits and unsecured subordinated debt;
577 (3) Deposits; and

578 (4) Government-issued securities.

579

580 In the case of UITF, the existing approval process shall be observed.

581 The Bangko Sentral may allow other category of investment products

582 or outlets for PERA purposes: *Provided*, That the product is non-

583 speculative, readily marketable, and with a track record of regular

584 income payments to investors.

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586 b. *PERA market participants*

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590 ***Qualification/Accreditation requirements.***

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592 Aside from complying with the requirements of the

593 prudential criteria under Sec. 111, the following are the

594 the additional qualification/accreditation

595 requirements of each PERA participant:

596

597 Xxx

598

599 c. *As a custodian*

600

601 ~~*Cash custodian.* In addition to the standard pre-qualification~~

602 ~~requirements for the grant of banking authorities enumerated in~~

603 ~~*Appendix 5*, banks applying for authority to act as cash custodian for~~

604 ~~PERA shall also comply with the following conditions:~~

605

606 ~~(1) The applicant bank must have complied with the minimum capital~~

607 ~~required under Sec. 121 (*Minimum Capitalization*); and~~

608 ~~(2) The Bank's CAMELS composite rating in its latest examination is not~~

609 ~~lower than "3" with Management component score of not lower than~~

610 ~~"3".~~

611

612 *Securities custodian.* Only banks and other entities with trust license

613 which have complied with the requirements under Sec. 431 631 (*Pre-*

614 *qualification requirements for a securities custodian/registry*) may be

615 accredited as securities custodian.

616

617 For purposes of this Section, the Bangko Sentral may provide for such

618 other requirements or qualifications as it may deem necessary for the

619 qualification/accreditation of a supervised entity as a PERA Market

620 Participant.

621

622 **Application for qualification/accreditation.** An eligible supervised
623 entity seeking qualification/accreditation as PERA Market Participant
624 (Administrator, Investment Manager, Cash Custodian and/or
625 Securities Custodian, Investment Product Provider) ~~shall file an~~
626 ~~application for qualification/accreditation with the appropriate~~
627 ~~supervising department of the Bangko Sentral. The application shall~~
628 ~~be signed by the CEO and shall be accompanied by the following~~
629 ~~documents:~~ shall submit to the appropriate supervising
630 department of the Bangko Sentral an application letter
631 pursuant to Sec. 111 together with the following
632 documents:

633
634 ~~a. Certified true copy of the resolution of the entity's board of directors~~
635 ~~authorizing the application;~~ Corporate secretary's
636 certificate on the approval of the board of directors
637 (or equivalent management committee in the case of
638 foreign bank branches) of the participation in the
639 PERA Market (i.e., as Administrator, Investment
640 Manager, Cash Custodian and/or Securities Custodian,
641 Investment Product Provider;

642
643 b. Certification signed by the ~~CEO~~ president or officer
644 of equivalent rank and the chief compliance officer
645 that the entity has complied with the: (i) prudential
646 criteria prescribed under Section 111; and (ii) ~~the~~
647 ~~entity has complied with all the relevant qualification/accreditation~~
648 ~~requirements enumerated under this Section; and that the entity~~
649 ~~undertakes and an undertaking to comply with the aforementioned~~
650 ~~requirements while it acts as an Administrator, Investment Manager,~~
651 ~~Cash Custodian and/or Securities Custodian, Investment Product~~
652 ~~Provider, as applicable; and~~

653
654 c. Relevant PERA forms, Board-approved policy on fees and charges,
655 and proof of compliance with this Section insofar as the application of
656 the Administrator is concerned.

657
658 The qualification/accreditation of PERA Market Participants and
659 accreditation of PERA Investment Products granted by the Bangko
660 Sentral shall be valid until revoked.

661
662 Xxx
663

664 ***Grounds for suspension or revocation of***
665 ***qualification/accreditation of administrator, investment manager,***
666 ***or custodian or investment product provider. Xxx***

667
668 ***Penalty. Xxx***

669
670 The above penalties shall be without prejudice to whatever civil and
671 criminal liability provided for under applicable laws for the same act
672 or omission such as those set forth in Sections 35 and 36 of R.A. No.
673 7653.

674
675 ***Reportorial requirements. Xxx***

676
677 **Creation and Acceptance of Demand Deposit**

678
679 **201 AUTHORITY TO ACCEPT OR CREATE DEMAND DEPOSITS**

680
681 Banks may accept or create demand deposits subject to
682 withdrawal by check.

683
684 A UB/KB may accept or create demand deposits subject to
685 withdrawal by check, without prior authority from the Bangko Sentral.

686
687 A TB/RB/Coop Bank may accept or create demand deposits
688 upon prior authority of the Bangko Sentral and compliance with
689 the prudential criteria provided under Sec. 111.

690
691 **~~*Prerequisites to accept or create demand deposits for thrift*~~**
692 **~~*banks/rural banks/cooperative banks. In addition to the Standard*~~**
693 **~~*Pre-qualification Requirements for the Grant of Banking Authorities*~~**
694 **~~*enumerated in Appendix 5, a TB/RB/Coop Bank applying for authority*~~**
695 **~~*to accept or create demand deposits shall also comply with the*~~**
696 **~~*following requirements:*~~**

697
698 a. ~~The applicant TB/RB/Coop Bank must have complied with the~~
699 ~~minimum capital required under Sec. 121. The terms capital and net~~
700 ~~assets shall have the same meaning as in Sec. 121;~~

701 b. ~~It has neither unpaid assessment due nor past due obligations with~~
702 ~~the PDIC; and~~

703 c. ~~The applicant bank must have been examined by the Bangko~~
704 ~~Sentral within one (1) year prior to the date of submission of complete~~
705 ~~documentary requirements with the appropriate supervising~~
706 ~~department of the Bangko Sentral.~~

707

708 **Application for authority to accept or create**
709 **demand deposits.** A bank applying for authority to
710 accept or create demand deposits shall submit to the
711 appropriate supervising department of the Bangko
712 Sentral an application letter pursuant to Sec. 111
713 together with the following documents:

- 714
- 715 1. Secretary's certificate on the approval of board
716 of directors (or equivalent management committee
717 in case of foreign bank branches) authorizing the
718 acceptance or creation of demand deposits; and
719
 - 720 2. Certification signed by the president or officer
721 of equivalent rank and the chief compliance
722 officer certifying that bank has complied with
723 the prudential criteria prescribed under Sec.
724 111.

725

726 **Conditions attached to the approved application**
727 **Requirements for accepting demand deposits.** After a TB's/RB's/Coop
728 Bank's application to accept demand deposits has been approved, it
729 may actually accept such deposits, subject to the following conditions:

730

731 The applicant bank shall submit a written notice to
732 the appropriate supervising department of the Bangko
733 Sentral of the actual date when the demand deposit
734 service is offered to the public not later than ten
735 (10) banking days from such offering of the service,
736 accompanied by a certification signed by the president
737 or officer of equivalent rank and the chief compliance
738 officer stating that:

- 739
- 740 ~~a. Submission of a certification signed by the President/Chairman of~~
741 ~~the Board of the bank stating that the requirements enumerated in~~
742 ~~this Section on Prerequisites to accept or create demand deposits for~~
743 ~~thrift banks/rural banks/cooperative~~ the banks has ~~have been~~
744 ~~complied with the prudential criteria up to the day before the~~
745 ~~checking account services are actually offered/extended to the public;~~
 - 746 b. ~~That~~ if it is not a member of the Philippine Clearing House
747 Corporation (PCHC), it has appointed a commercial bank, or a
748 normally operating thrift bank which is a direct participant in the
749 clearing with the PCHC/Bangko Sentral and has complied with the
750 minimum capital required for commercial banks, thru which it shall
751 participate in the check clearing system; and

752 c. That it has complied with all other conditions that the Bangko
753 Sentral may impose.

754
755 ~~The applicant bank shall submit a written notice to the appropriate~~
756 ~~supervising department of the Bangko Sentral of the actual date when~~
757 ~~the demand deposit service is offered to the public not later than ten~~
758 ~~(10) banking days from such offering of the service.~~

759
760 ***Sanctions.*** Xxx

761
762 **Acceptance and Servicing of Negotiable Order of Withdrawal**
763 **Accounts**

764
765 **221 AUTHORITY TO ACCEPT NEGOTIABLE ORDER OF WITHDRAWAL**
766 **ACCOUNTS**

767
768 Negotiable Order of Withdrawal (NOW) accounts are interest-bearing
769 deposit accounts that combine the payable on demand feature of
770 checks and investment feature of savings accounts.

771
772 A UB/KB may offer NOW accounts without prior authority of the
773 Monetary Board.

774
775 A TB/RB/Coop Bank may accept NOW accounts upon prior approval of
776 the Monetary Board: and compliance with the prudential
777 criteria provided under Sec. 111.

778
779 ~~**Prerequisites to accept negotiable order of withdrawal**~~
780 ~~**accounts for thrift banks/rural banks/cooperative banks.**~~ In addition
781 ~~to the Standard Pre-qualification Requirements for the Grant of~~
782 ~~Banking Authorities enumerated in Appendix 5, a TB/RB/Coop Bank~~
783 ~~applying for authority to accept NOW accounts shall also comply with~~
784 ~~the following requirements:~~

785
786 a. ~~The applicant TB must have complied with the minimum capital~~
787 ~~required under Sec. 121.~~

788
789 ~~In the case of RB/Coop Bank, it must have net assets of at least P5.0~~
790 ~~million. Provided, That RBs which have been authorized to accept~~
791 ~~or create NOW accounts prior to the approval of R.A. No. 7353 (Rural~~
792 ~~Banks Act of 1992) shall be allowed to continue servicing such~~
793 ~~deposits. The terms capital and net assets shall have the same~~
794 ~~meaning as in Sec. 121.~~

795

796 ~~b. It has neither unpaid assessment due nor past due obligations with~~
797 ~~the PDIC.~~
798

799 ***Application for authority to accept negotiable order of***
800 ***withdrawal accounts for thrift banks/rural banks/cooperative banks.***

801 A bank applying for authority to accept negotiable
802 order of withdrawal (NOW) accounts shall submit to the
803 appropriate supervising department of the Bangko
804 Sentral an application letter pursuant to Sec. 111
805 together with the following documents:

- 806
- 807 1. Secretary's certificate on the approval of board
808 of directors (or equivalent management committee
809 in case of foreign bank branches) authorizing the
810 acceptance of NOW accounts; and
811
 - 812 2. Certification signed by the president or officer
813 of equivalent rank and the chief compliance
814 officer certifying that bank has complied with
815 the prudential criteria prescribed under Sec.
816 111.

817

818 ***Conditions attached to the approved application***
819 ***Requirements for accepting negotiable order of withdrawal***
820 ***accounts.*** After a TB's/RB's/Coop Bank's application to accept NOW
821 account has been approved, it may actually accept the same subject
822 to the following conditions:

823

824 The applicant bank shall submit a written notice to
825 the appropriate supervising department of the Bangko
826 Sentral of the actual date when the NOW account
827 deposit service is offered to the public not later
828 than ten (10) banking days from such offering of the
829 service, accompanied by a certification signed by the
830 president or officer of equivalent rank and the chief
831 compliance officer stating that:

- 832
- 833 ~~a. Submission of a certification signed by the president/chairman of~~
834 ~~the board of the bank stating that the requirements enumerated in~~
835 ~~this Section on Prerequisites to accept negotiable order of withdrawal~~
836 ~~accounts for thrift banks/rural banks/cooperative The banks have~~ has
837 ~~been complied with the prudential criteria up to the day before~~
838 ~~the NOW account services are actually offered/extended to the public;~~
839 and

840 b. ~~That it~~ It has complied with all other conditions that the Bangko
841 Sentral may impose.

842
843 ~~The applicant bank shall submit a written notice to the appropriate~~
844 ~~supervising department of the Bangko Sentral of the actual date when~~
845 ~~the NOW account deposit service is offered to the public not later than~~
846 ~~ten (10) banking days from such offering of the service.~~

847
848 Xxx

849 850 **Acceptance of Government Deposits**

851 852 **231 ACCEPTANCE OF GOVERNMENT DEPOSITS**

853
854 Xxx

855
856 **Prerequisites for the grant of authority to accept deposits**
857 **from the Government and government entities.** ~~In addition to the~~
858 ~~Standard Pre-qualification Requirements for the Grant of Banking~~
859 ~~Authorities enumerated in Appendix 5, Private banks applying for~~
860 ~~authority to accept deposits from the Government, its subdivisions~~
861 ~~and instrumentalities and GOCCs and government banks applying for~~
862 ~~authority to accept government deposits in excess of minimum~~
863 ~~working balances shall also comply with the following conditions:~~
864 ~~prudential criteria provided under Sec. 111.~~

865 ~~a. The applicant bank must have complied with the minimum capital~~
866 ~~required under Sec. 121;~~

867 ~~b. a. it has neither unpaid assessment due nor past due obligations~~
868 ~~with the PDIC; and .~~

869 ~~c. b. The bank's CAMELS composite rating in its latest examination is~~
870 ~~not lower than three (3).~~

871
872 **Application for authority.** ~~An application for authority to~~
873 ~~accept government deposits shall be signed by the president of the~~
874 ~~bank and shall be filed with the appropriate supervising department~~
875 ~~of the Bangko Sentral. The application shall be accompanied by a~~
876 ~~certification by the bank president or executive vice president that the~~
877 ~~bank has complied with all the requirements enumerated in this~~
878 ~~Section on Prerequisites for the grant of authority to accept deposits~~
879 ~~from the Government and government entities.~~

880
881 ~~Banks authorized to accept government funds as depository shall~~
882 ~~continuously comply with the conditions enumerated in this Section~~
883 ~~on Prerequisites for the grant of authority to accept deposits from the~~
884 ~~Government and government entities even after the authority to~~

885 ~~accept government deposits has been granted and during the period~~
886 ~~while the banks actually hold government deposits, otherwise, any~~
887 ~~violation may be a basis for the imposition of sanctions against the~~
888 ~~bank, its directors and officers, or revocation of the authority to accept~~
889 ~~government deposits.~~

890
891 ~~Deposits maintained by the Government, its subdivisions and~~
892 ~~instrumentalities and GOCCs shall be supported by the following~~
893 ~~documents whenever applicable:~~

894
895 A bank applying for authority to accept government
896 deposits shall submit to the appropriate supervising
897 department of the Bangko Sentral an application letter
898 pursuant to Sec. 111 together with the following
899 documents:

900

901 ~~a. A copy of the resolution of the barangay, municipal or city~~
902 ~~council (Sangguniang Bayan/Panglunsod) or the provincial board~~
903 ~~(Sangguniang Panlalawigan) authorizing the deposit of municipal,~~
904 ~~city or provincial funds;~~ Secretary's certificate on the
905 approval of board of directors (or equivalent
906 management committee in case of foreign bank
907 branches) authorizing the acceptance of government
908 deposits;

909 ~~b. A copy of the resolution of the board of directors of the GOCCs~~
910 ~~authorizing the deposit of funds of said corporations; or~~
911 Certification signed by the president or officer
912 of equivalent rank and the chief compliance
913 officer certifying that bank has complied with
914 the prudential criteria prescribed under Sec.
915 111;

916
917 ~~c. In case of the National Government, its unincorporated~~
918 ~~branches, agencies and instrumentalities, a written authority to~~
919 ~~open deposit accounts and/or deposit government funds~~
920 ~~signed by the duly authorized official of the Department of~~
921 ~~Finance/Bureau of the Treasury (DOF/BTr) and of the~~
922 ~~department, bureau, agency, or office making the deposit. In~~
923 the case of an LGU, a copy of the resolution of
924 the barangay, municipal or city council
925 (Sangguniang Bayan/Panglunsod) or the provincial
926 board (Sangguniang Panlalawigan) authorizing the
927 deposit of municipal, city or provincial funds;

928

929 d. In the case of a GOCC, a copy of the resolution
930 of the board of directors of the GOCCs
931 authorizing the deposit of funds of said
932 corporations; or

933
934 e. In the case of National Government, its
935 unincorporated branches, agencies and
936 instrumentalities, a written authority to open
937 deposit accounts and/or deposit government funds
938 from the duly authorized official of the
939 Department of Finance/Bureau of the Treasury
940 (DOF/BTr) and of the department, bureau, agency,
941 or office making the deposit.

942
943 For items c to e above, **the resolution or authority should state**
944 **the name and location of the depository bank, type and terms of the**
945 **deposit, and that the amount to be deposited represents working**
946 **balances.**

947
948 ***Conditions attached to the approved application.***
949 Banks authorized to accept government funds as
950 depository shall continuously comply with the
951 prudential criteria for the grant of authority to
952 accept deposits from the Government and government
953 entities even after the authority to accept government
954 deposits has been granted and during the period while
955 the banks actually hold government deposits,
956 otherwise, any violation may be a basis for the
957 imposition of sanctions against the bank, its
958 directors and officers, or revocation of the authority
959 to accept government deposits.

960
961 **Limits on funds of the Government and government entities**
962 **that may be deposited with banks. Xxx**

963
964 **Quasi-Banking Activities for Banks except universal and commercial**
965 **banks (UKBs)**

966
967 **241 SCOPE OF QUASI-BANKING FUNCTIONS**

968
969 Xxx

970
971 ***Pre-conditions for the exercise of quasi-banking functions. No***
972 ***bank shall engage in quasi-banking functions without authority from***

973 ~~the Bangko Sentral. Provided, however, That banks authorized by the~~
974 ~~Bangko Sentral to perform universal or commercial banking functions~~
975 ~~shall automatically have the authority to engage in quasi-banking~~
976 ~~functions. Provided, further, That the authority to obtain funds from~~
977 ~~the public, which shall mean twenty (20) or more persons under~~
978 ~~Section 8.2 of R.A. 8791, is not a condition but an authorization for the~~
979 ~~bank or quasi-bank, once the Monetary Board has granted the quasi-~~
980 ~~banking license.~~

981
982 No bank shall engage in quasi-banking functions
983 without authority from the Bangko Sentral. Banks
984 authorized to perform universal or commercial banking
985 functions shall automatically have the authority to
986 engage in quasi-banking functions. The grant of the
987 quasi-banking license by the Monetary Board includes
988 an authorization to obtain funds from the public,
989 which shall mean twenty (20) or more persons under
990 Section 8.2 of R.A. 8791.

991
992 ~~In addition to the Standard Pre-qualification Requirements for~~
993 ~~the Grant of Bank Authorities enumerated in Appendix 5, a TB~~
994 ~~securing Bangko Sentral authority to engage in quasi-banking~~
995 ~~functions must meet the following requirements:~~
996

- 997 a. comply with the prudential criteria provided under
998 Sec. 111;
- 999 b. ~~The bank must have a net worth or combined capital of at least~~
1000 ~~P650.0 million computed in accordance with Sec. 121; and~~
- 1001 ~~b. c. The bank is~~ be well capitalized with risk-based capital adequacy
1002 ratio of not lower than twelve percent (12%) at the time of filing the
1003 application;
- 1004 ~~c. The bank's operation during the preceding calendar year and for the~~
1005 ~~period immediately preceding the date of application has been~~
1006 ~~profitable.;~~
- 1007 ~~d. The bank has elected at least two (2) independent directors and all~~
1008 ~~its directors have attended the required seminar for directors of banks~~
1009 ~~conducted or accredited by the Bangko Sentral;~~
- 1010 ~~e. The bank has established a risk management system appropriate to~~
1011 ~~its operations characterized by clear delineation of responsibility for~~
1012 ~~risk management, adequate risk measurement systems, appropriately~~
1013 ~~structured risk limits, effective internal controls, and complete, timely~~
1014 ~~and efficient risk reporting system; and~~
- 1015 ~~f. The bank has a CAMELS Composite Rating of at least "3" in the last~~
1016 ~~regular examination with management rating of not lower than "3".~~

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~~Application for Certificate of Authority from the Bangko Sentral.~~ A bank securing Bangko Sentral's Certificate of Authority to engage in quasi-banking functions shall ~~file an application with the appropriate supervising department of the Bangko Sentral. The application shall be signed by the bank president or officer of equivalent rank and shall be accompanied by the following documents:~~ submit to the appropriate supervising department of the Bangko Sentral an application letter pursuant to Sec. 111 together with the following documents:

~~a. Certified true copy of the resolution of the bank's board of directors authorizing the application~~ Secretary's certificate on the approval of the board of directors (or equivalent management committee in case of foreign bank branches) authorizing the authority to engage in quasi-banking functions;

~~b. A certification signed by the president or the officer of equivalent rank that the institution has complied with all conditions/prerequisites for the grant of authority to engage in quasi-banking functions~~ Certification signed by the president or officer of equivalent rank and the chief compliance officer certifying that:

1. the bank has complied with the prudential criteria prescribed under Sec. 111;

2. the bank has a borrowing-investment program for one (1) year which should include at the minimum:

(1) planned distribution of portfolios as to:

(a) commercial paper markets;

(b) stocks and bonds;

(c) government securities;

(d) receivables financing, discounting and factoring; and

(e) direct loans; and

(2) expected sources of funds to support investment program classified as to:

(a) maturity: short, medium and long- term;

(b) interest rates; and

(c) domestic or foreign sources whether institutional or personal

1060 3. the bank has complied with the other
1061 requirements provided under this Section.

1062

1063 **c. An information sheet;**

1064

1065 ~~d. Bio data signed under oath, of the members of the managerial staff~~
1066 ~~who will undertake quasi-banking operations;~~

1067 ~~e. Borrowing investment program for one (1) year which should~~
1068 ~~include at the minimum:~~

1069 ~~(1) planned distribution of portfolios as to:~~

1070 ~~(a) underwriting;~~

1071 ~~(b) commercial paper markets;~~

1072 ~~(c) stocks and bonds;~~

1073 ~~(d) government securities;~~

1074 ~~(e) receivables financing, discounting and factoring;~~

1075 ~~(f) leasing; and~~

1076 ~~(g) direct loans; and~~

1077 ~~(2) expected sources of funds to support investment program~~
1078 ~~classified as to:~~

1079 ~~(a) maturity: short, medium and long term;~~

1080 ~~(b) interest rates; and~~

1081 ~~(c) domestic or foreign sources whether institutional or~~
1082 ~~personal.~~

1083

1084 **Sale, discounting, assignment or negotiation by banks of their**
1085 **credit rights arising from claims against the Bangko Sentral to**
1086 **clients. Xxx**

1087

1088 **Joint Venture of Banks with Real Estate Development Companies**
1089 **(New Jointly-Controlled Entity)**

1090

1091 **Section 382-ACQUIRED ASSETS IN SETTLEMENT OF LOANS**

1092

1093 Joint venture of banks with real estate development companies Xxx

1094

1095 d. Requirements and limitations in a joint venture. A bank desiring to
1096 enter into a JVA with a developer for the purpose of developing its
1097 ROPAs and/or other properties acquired as a consequence of
1098 merger/consolidation shall comply with the following:

1099

1100 (1) Xxx

1101 (6) The bank shall secure prior Monetary Board approval of the JVA.

1102 For a jointly-controlled entity, the applicant bank
1103 shall comply with the prudential criteria provided
1104 under Sec. 111.

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e. Application for authority to enter into JVA. A bank desiring to enter into a JVA with a developer for the purpose of developing its ROPAs and other properties acquired as a consequence of its merger/consolidation with another bank/FI shall secure prior Monetary Board approval of said agreement. For that purpose, the concerned bank shall ~~submit an application for Monetary Board approval to the appropriate supervising department of the Bangko Sentral. The application shall be signed by the bank's president or officer of equivalent rank and shall be accompanied by the following documents/information:~~ submit to the appropriate supervising department of the Bangko Sentral an application letter pursuant to Sec. 111 together with the following documents/information:

- (1) Secretary's certificate on the approval of board of directors authorizing the JVA;
- ~~(1)~~ (2) The name of the developer;
- ~~(2)~~ (3) Name of the principal stockholders and officers as well as members of the board of directors of said company;
- ~~(3)~~ (4) Relationship of the bank with the developer, if any;
- ~~(4)~~ (5) List and brief description of the properties to be contributed by the bank including their market values, book values and the valuation agreed upon under the proposed JVA;
- ~~(5)~~ (6) Certification by the bank's president or officer of equivalent rank and the chief compliance officer ~~that the JVA is strictly in compliance or will strictly comply with the requirements of Joint venture of banks with real estate development companies in this Section; and:~~
- a. the JVA is strictly in compliance or will strictly comply with the requirements of Joint venture of banks with real estate development companies in this Section; and
- b. for authority to enter into JVA with a jointly-controlled entity, the bank has complied with the prudential criteria prescribed under Sec. 111 for JVA; and
- ~~(6)~~ (7) Such other documents/information that the concerned appropriate supervising department of the Bangko Sentral may require.

f. Xxx

1148 **Qualification and accreditation of private banks acting as trustee on**
1149 **any mortgage or bond issuance by any municipality, government-**
1150 **owned or controlled corporation, or any body politic**

1151
1152 **Section 413 TRUST AND OTHER FIDUCIARY BUSINESS**
1153

1154 ***Qualification and accreditation of private banks acting as***
1155 ***trustee on any mortgage or bond issuance by any municipality,***
1156 ***government-owned or controlled corporation, or any body politic***
1157

1158 a. ~~*Applicability.*~~ Private banks under the supervision of the
1159 Bangko Sentral and with license to engage in trust
1160 and other fiduciary business ~~duly accredited by the~~
1161 ~~Bangko Sentral~~ may act as trustee on any mortgage or bond
1162 issued by any municipality, GOCC, or any body politic subject
1163 to the accreditation of the Bangko Sentral. Banks
1164 applying for accreditation must comply with the
1165 prudential criteria provided under Sec. 111. The
1166 private bank shall apply for accreditation per
1167 bond issuance.

1168 a. ~~*Application for accreditation.*~~ A private bank desiring to act as
1169 trustee on any mortgage or bond issued by any municipality, GOCC,
1170 or any body politic shall ~~file an application for accreditation with~~
1171 ~~the appropriate supervising department of the Bangko Sentral. The~~
1172 ~~application shall be signed by the president or officer of equivalent~~
1173 ~~rank of the bank and shall be accompanied by the following~~
1174 ~~documents:~~ submit to the appropriate supervising
1175 department of the Bangko Sentral an application
1176 letter pursuant to Sec. 111 together with the
1177 following documents:

1178
1179 (1) ~~Certified true copy of the~~ Corporate Secretary's
1180 Certificate on the approval ~~to resolution of the~~
1181 ~~institution's board of directors~~ (or equivalent management
1182 committee in the case of foreign bank branches) ~~or~~
1183 ~~authorizing the application~~ to act as trustee on any
1184 mortgage or bond issued by any municipality, GOCC,
1185 or any body politic;

1186 (2) ~~a certification~~ Certification signed by the president or
1187 officer of equivalent rank and the chief compliance
1188 officer certifying that the institution has complied with:
1189 (a) the prudential criteria prescribed under Sec.
1190 111; and (b) other pertinent banking laws, rules

1191 and regulations. ~~qualification requirements for~~
1192 accreditation.

1193
1194 ~~c. Qualification requirements. A bank applying for accreditation to act~~
1195 ~~as trustee on any mortgage or bond issued by any municipality,~~
1196 ~~government-owned or controlled corporation, or any body politic~~
1197 ~~must comply with the requirements in Appendix 6.~~

1198 ~~d. b. Independence of the trustee. Xxx~~

1199

1200 ~~e. c. Investment and management of the funds. Xxx~~

1201

1202 ~~f. d. Waiver of confidentiality. Xxx~~

1203

1204 ~~g. e. Reportorial requirements. Xxx~~

1205

1206 ~~h. f. Applicability of the rules and Regulations on Trust, Other~~
1207 ~~Fiduciary Business and Investment Management Activities. Xxx~~

1208

1209 ~~i. g. Sanctions. Xxx~~

1210

1211 **Performance of Investment Management Activities**

1212

1213 **421 AUTHORITY TO PERFORM INVESTMENT MANAGEMENT**

1214 **ACTIVITIES**

1215

1216 Banks may be authorized by the Monetary Board to act as managing
1217 agent, adviser, consultant or administrator of investment
1218 management/advisory/consultancy account under Section 53.4 of R.A.
1219 No. 8791, subject to compliance with the prudential
1220 criteria provided under Sec. 111. However, such authority
1221 shall not be construed to include the authority to engage in trust and
1222 other fiduciary business under Chapter IX of R.A. No. 8791.

1223

1224 **Xxx**

1225

1226 A bank not authorized to engage in investment management
1227 activities shall not advertise or represent itself as being engaged in
1228 investment management activities or represent itself as investment
1229 manager or use words of similar import.

1230

1231 **Application for authority to perform investment**
1232 **management activities.** Banks applying for authority
1233 to perform investment management activities shall
1234 submit to the appropriate supervising department of

1235 the Bangko Sentral an application letter pursuant to
1236 Sec. 111 together with the following documents:

1237

1238 a. Corporate secretary's certificate on the approval
1239 of the board of directors (or equivalent management
1240 committee in the case of foreign bank branches) to
1241 perform investment management activities;

1242

1243 b. Certification signed by the president or officer
1244 of equivalent rank and the chief compliance officer
1245 certifying that the institution has complied with
1246 all the: (i) prudential criteria prescribed under
1247 Sec. 111; (ii) required minimum capital under Sec.
1248 121; and (iii) pertinent banking laws, rules and
1249 regulations on the performance of investment
1250 management activities;

1251

1252 c. The articles of incorporation or governing charter
1253 of the institution which shall include among its
1254 powers or purposes, the authority to engage in
1255 investment management activities; and

1256

1257 d. The by-laws of the institution which shall include,
1258 among other things, provisions on the following:

1259 (1) The organization plan or structure of the
1260 department, office or unit which shall conduct
1261 the investment management activities;

1262 (2) The creation of an investment management
1263 committee, the appointment of an investment
1264 management officer and subordinate officers of
1265 the investment management department; and

1266 (3) A clear definition of the duties and
1267 responsibilities as well as the line and staff
1268 functional relationships of the various units,
1269 officers and staff within the organization.

1270

1271 ***Required capital. Xxx***

1272

1273 ***~~Prerequisites for engaging in investment management~~***
1274 ***~~activities. A bank, before it may engage in investment management~~***
1275 ***~~activities, shall comply with the following requirements:~~***

1276 ***~~a. The bank has been duly licensed by the Bangko Sentral or created~~***
1277 ***~~by special law or charter.~~***

1278 ~~b. The articles of incorporation or charter of the bank shall include~~
1279 ~~among its powers or purposes the authority to engage in investment~~
1280 ~~management activities.~~

1281 ~~c. The by-laws of the bank shall include, among other things:~~

1282 ~~(1) The organization plan or structure of the department, office or unit~~
1283 ~~which shall conduct the investment management activities of the~~
1284 ~~institution;~~

1285 ~~(2) The creation of an investment management committee, the~~
1286 ~~appointment of an investment management officer and subordinate~~
1287 ~~officers of the investment management department; and~~

1288 ~~(3) A clear definition of the duties and responsibilities as well as the~~
1289 ~~line and staff functional relationships of the various units, officers and~~
1290 ~~staff within the organization.~~

1291 ~~d. The applicant shall also meet the additional requirements under~~
1292 ~~Sec. 411 (*Prerequisites in trust and other fiduciary business* Item "d" to~~
1293 ~~"m").~~

1294 ~~Compliance with the foregoing as well as with other requirements~~
1295 ~~under existing regulations, shall be maintained up to the time the~~
1296 ~~investment management authority is granted. A bank that fails in this~~
1297 ~~respect shall be required to show compliance for another test period~~
1298 ~~of the same duration.~~

1299

1300 ***Pre-operating requirements.*** A bank authorized to engage in
1301 investment management activities shall; comply with the
1302 following before engaging in actual operations, ~~submit to the~~
1303 ~~Bangko Sentral the following:~~

1304 ~~a. Government securities acceptable to~~ Deposit with the Bangko
1305 Sentral eligible government securities amounting to
1306 P500,000 as minimum basic security deposit for the faithful
1307 performance of investment management duties required under Sec.
1308 424;

1309 b. Completion of the following activities and
1310 retention of corresponding supporting documents:

1311 ~~b. (1) Organization chart~~ Establishment of the investment
1312 management department, ~~which shall carry out the investment~~
1313 ~~management activities of the bank~~ development of policies
1314 and procedures related to the investment activities,
1315 risk management system and internal controls, and
1316 delineation of duties and responsibilities of the
1317 different units in investment management; **and**

1318 ~~c.~~ (2) Establishment of personnel and management
1319 positions for investment management and defining the
1320 corresponding qualification requirements and duties
1321 and responsibilities. Records of profiles of

1322 individuals holding the positions shall be maintained
1323 ~~Names and positions of individuals designated as chairman and~~
1324 ~~members of the investment management committee, investment~~
1325 ~~management officer and other subordinate officers of the investment~~
1326 ~~management department.~~

1327
1328 **Derivatives Activities**

1329

1330 **613 DERIVATIVES**

1331

1332 Xxx

1333

1334 ***Activities requiring additional derivatives authority.*** A bank shall
1335 apply for prior Bangko Sentral approval of additional derivatives
1336 authority to engage in all other financial derivatives activities not
1337 expressly allowed under this Section on Generally authorized
1338 derivatives activities and those that are not part of Activities requiring
1339 notification. A bank may apply for two (2) or more additional
1340 authorities. A bank applying for additional derivatives authorities must
1341 have complied with the prudential criteria prescribed
1342 in Sec. 111 and maintain a risk management system
1343 commensurate to the additional authorities being applied for, in
1344 accordance with the provisions of Section 612, Appendix 22 and meet
1345 other conditions specified under this Section.

1346

1347 Xxx

1348

1349 a. *Classification of additional derivatives authority*

1350

1351 (1) *Type 1 - Expanded dealer authority*

1352

1353 Xxx

1354

1355 The Bangko Sentral expects banks applying for Type 1 authority to
1356 institutionalize a: (a) comprehensive and integrated risk
1357 management system; and (b) sales and marketing practices that are
1358 deemed appropriate and adequate for the different derivatives
1359 activities it expects to engage in. It must also ~~be rated at least~~
1360 ~~CAMELS (or ROCA for branches of foreign banks)~~ have a SAFr
1361 rating of "4" ~~or better over all, notwithstanding any provision to~~
1362 ~~the contrary.~~ In cases where the bank becomes
1363 unqualified to possess the additional derivatives
1364 authority, the Bangko Sentral reserves the right to

1365 deploy any of the enforcement actions enumerated in
1366 Sec. 111.

1367

1368 **(2) Type 2 - Limited dealer authority Xxx**

1369

1370 **b. Qualification requirements. A bank applying for additional authority**
1371 **to engage in expanded derivatives activities shall:**

1372

1373 **1) Demonstrate adequate competence in its general operations as**
1374 **evidenced by:**—its compliance with the prudential
1375 criteria prescribed under Sec. 111, except for Type
1376 1 derivatives authority where the SAfr rating
1377 required is "4".

1378

1379 ~~(a) CAMELS (or ROCA for branches of foreign banks) composite~~
1380 ~~rating of at least "3" with a similar rating for Management;~~

1381 ~~(b) No unresolved major safety and soundness issues that threaten~~
1382 ~~liquidity or solvency; and~~

1383 ~~(c) Substantial compliance with regulations on anti-money~~
1384 ~~laundering, corporate governance and risk management.~~

1385

1386 **Xxx**

1387

1388 **c. Application procedures.** The applicant shall submit to the
1389 appropriate supervising department of the Bangko Sentral an
1390 application letter pursuant to Sec. 111 ~~a written~~
1391 ~~application for additional derivatives authority/ies accompanied by~~
1392 together with the following documents:

1393

1394 ~~(1) A copy of the board resolution (or equivalent management~~
1395 ~~review body in the case of branches of foreign banks or trust~~
1396 ~~committee, in case of trust entities) approving the application for a~~
1397 ~~specific type of derivatives authority~~ Corporate secretary's
1398 certificate on the approval of the board of
1399 directors (or equivalent management committee in
1400 the case of foreign bank branches) for a specific
1401 type of derivatives authority; and

1402

1403 ~~(2) A notarized certification signed jointly by the president,~~
1404 ~~treasurer and compliance officer of the applicant bank (or two (2)~~
1405 ~~authorized signatories of equivalent rank of the trust committee in~~
1406 ~~case of trust entities), stating that the bank complies with all the~~
1407 ~~requirements for the authority being applied for specified under~~

1408 ~~this Section on Activities requiring additional derivatives~~
 1409 ~~authorities; and~~ Certification signed by the president
 1410 or officer of equivalent rank and the chief
 1411 compliance officer certifying that the institution
 1412 has complied with all the: (i) applicable
 1413 prudential criteria under Sec. 111; and (ii) other
 1414 pertinent banking laws, rules and regulations.
 1415

1416 A newly established U/KB or trust department of a
 1417 U/KB may apply for additional derivatives authority
 1418 subject to the prudential criteria, except that the
 1419 required SAFr rating shall only apply to such BSFIs
 1420 that have been in operation for more than one year.
 1421

1422 (3) A list of the types of derivatives and underlying reference the
 1423 bank intends to engage in, including the following information for
 1424 each derivatives class or type:

- 1425 (a) Xxx
- 1426 Xxx
- 1427 (h) Xxx.
- 1428

1429 ~~(4)~~ Payment of a non-refundable processing fee amounting to:

1430

| Authority | Amount | |
|-----------|----------|--------------------|
| Type 1 | P200,000 | (UBs and KBs) |
| Type 2 | 100,000 | |
| Type 3 | 50,000 | |
| | 25,000 | (other applicants) |
| Type 4 | 25,000 | (all banks) |

1431

1432 ~~(5)~~ The Bangko Sentral will not accept applications lacking any of the
 1433 above-stated requirements. The Bangko Sentral, however, may
 1434 require additional documents to aid its evaluation of the application.
 1435 By virtue of the application, the applicant automatically authorizes the
 1436 Bangko Sentral to conduct an on-site evaluation of the applicant's risk
 1437 management capabilities, if this is deemed necessary.
 1438

1439 ~~(6)~~ Type 1 authority shall be subject to approval by the Governor, upon
 1440 recommendation of the Deputy Governor of the appropriate sector of
 1441 the Bangko Sentral. All other applications for additional authority/ies
 1442 shall be subject to approval by the Deputy Governor of the appropriate
 1443 sector of the Bangko Sentral.
 1444

1445 (7) A bank whose application for additional derivatives authority/ies or
1446 an upgrade thereof (e.g., from Type 2 to Type 1 authority) has been
1447 denied cannot submit a new application for additional derivatives
1448 authorities until after six (6) months from receipt of denial. The same
1449 rule applies for a bank whose authorities have been limited or
1450 downgraded.

1451

1452 (8) A bank that holds an additional derivatives authority may apply for
1453 additional derivatives authorities (e.g., currently holding Type 3
1454 authority who wish to apply for Type 4 authority) or an upgrade
1455 thereof only after the lapse of six (6) months from the grant of the
1456 previous additional derivatives authority.

1457

1458 Xxx

1459

1460 ***Sanctions.***

1461

1462 Xxx

1463

1464 *d. Curtailment of derivatives authority.* The Bangko Sentral reserves
1465 the right to suspend, modify, downgrade, limit or revoke any bank's
1466 derivatives authority (including any or all of those generally authorized
1467 activities) for prudential reasons as may be evidenced by any or all of
1468 the following:

1469

1470 1) The bank does not meet the ~~is assigned a CAMELS (or ROCA in~~
1471 ~~the case of branches of foreign banks) composite rating or component~~
1472 ~~management rating of lower than that~~ prudential criteria
1473 prescribed under Sec. 111 and the requirements
1474 prescribed under this Section on Activities requiring additional
1475 derivatives authority; ~~in the most recent regular examination.~~

1476

1477 Xxx

1478

1479 **Electronic Payment and Financial Services (EPFS)**

1480

1481 **701 ELECTRONIC PAYMENT AND FINANCIAL SERVICES**

1482

1483 **Policy Statement.**Xxx

1484

1485 **Definition of Terms.** Xxx

1486

1487 **Classification of EPFS.** Xxx

1488

1489 ~~**Requirements for the Grant of Authority to Offer EPFS.**~~
 1490 ~~Pursuant to Section XI101/41101Q and its subsections on the Bangko~~
 1491 ~~Sentral Policy and Regulations on Licensing, BSFIs that intended to~~
 1492 ~~offer EPFS shall obtain the appropriate authority/license, as follows:~~
 1493

| Classification | Category of License/Authority |
|----------------|-------------------------------------|
| Advanced EPFS | Type A ¹ /B ² |
| Basic EPFS | Type C |

1494
 1495 ~~BSFIs shall observe the “Guidelines on Licensing of Electronic~~
 1496 ~~Payment and Financial Services” shown in Appendix 125/Q 79 of the~~
 1497 ~~MORB/MORNBF1.”~~
 1498

1499 **Application for authority to offer EPFS.** Banks
 1500 intending to offer EPFS shall obtain the appropriate
 1501 authority/license, as follows:
 1502

1503 a. Type A Advanced EPFS. Existing banks may provide
 1504 advanced EPFS subject to approval of the Bangko
 1505 Sentral and compliance with the prudential
 1506 criteria provided under Sec. 111.
 1507

1508 b. Type B Advanced EPFS. Newly established banks
 1509 which cannot be assessed against the prudential
 1510 criteria may still be considered eligible upon
 1511 showing (i) valid justifications on how the
 1512 offering of advanced EPFS is aligned with the
 1513 bank’s business model and strategic direction;
 1514 and (ii) ability to manage attendant risks.
 1515

1516 c. Type C Basic EPFS. Existing banks may provide
 1517 basic EPFS subject to notification to the Bangko
 1518 Sentral.
 1519

1520 The specific guidelines, requirements and
 1521 procedures on the grant of EPFS license/authority
 1522 are shown in Appendix ____/Q-____.
 1523

1524 **Xxx**
 1525

1526 **Section 5.** Sections 113 and 246 of the MORB are hereby
 1527 amended in order to align with SAFr which shall read as follows:
 1528
 1529

1530 **113 CROSS-SELLING**

1531

1532 Xxx

1533

1534 The bank shall exercise due care and diligence in selecting
1535 financial product providers. The bank shall consider the integrity,
1536 operational capability, financial capacity and track record of the
1537 financial product provider. In particular, the bank shall ensure that the
1538 financial product provider has in place a mechanism to resolve all
1539 queries, problems, and other concerns arising from cross-selling
1540 activities and this shall form part of the agreement between the bank
1541 and the financial product provider.

1542

1543 It is the responsibility of the financial product provider to assess
1544 its representatives in terms of sufficient knowledge of the financial
1545 product, adequate training and necessary license, when required.

1546

1547 The Bangko Sentral should be satisfied that the bank and the
1548 financial product provider belong to the same financial conglomerate,
1549 as applicable, before cross- selling arrangements may be allowed.

1550

1551 When the financial product provider is under the supervision of
1552 the Bangko Sentral, the financial product provider must have a
1553 **CAMELS** composite SAFR rating of at least "3" or its equivalent.

1554

1555 Xxx

1556

1557

1558 **246 ISSUANCE OF BONDS AND COMMERCIAL PAPERS**

1559

1560 All banks with quasi-banking authority issuing bonds or
1561 commercial papers shall comply with Republic Act No. 8799 or the
1562 Securities Regulation Code (SRC) and its Implementing Rules and
1563 Regulation, and other applicable rules and regulations issued by the
1564 Securities and Exchange Commission (SEC). A bank may issue bonds
1565 and/or commercial papers without prior Bangko Sentral approval:
1566 Provided, That it meets the following prudential criteria as described
1567 in Sec. 111 (Prudential Criteria): ;

1568

1569 ~~a. The bank must have a CAMELS composite rating of at least "3" and a~~
1570 ~~"Management" rating of not lower than "3";~~

1571 ~~b. The bank has no major supervisory concerns in governance, risk~~
1572 ~~management systems, and internal controls and compliance system;~~
1573 ~~and~~

1574 ~~c. The bank has complied with directives and/or is not subject of~~
1575 ~~specific directives and/or enforcement actions by the Bangko Sentral.~~

1576
1577 Provided, further, That bonds issued are enrolled and/or traded in a
1578 market which is organized in accordance with the SEC rules and
1579 regulations.

1580
1581 Xxx

1582
1583 **Section 6.** Sections 1121-Q/362-Q/413-Q/1005-N/421-Q/613-Q/701-
1584 Q/401-S/401-N/114-P/105-T/112-T of the MORNBFI are hereby amended
1585 and, Section __-T is inserted in order to align with SAFr which shall
1586 read as follows:

1587
1588 **Personal Equity and Retirement Account (PERA) Market**
1589 **Participants and PERA Investment Products**

1590
1591 **1121-Q PERSONAL EQUITY AND RETIREMENT ACCOUNT (PERA)**
1592 **MARKET PARTICIPANTS AND PERA INVESTMENT PRODUCTS**

1593
1594 The following are the guidelines on the qualification/accreditation of
1595 PERA Market Participants and PERA Investment Products which are
1596 being issued pursuant to R.A. No. 9505, also known as the PERA Act of
1597 2008 (PERA Act), and its implementing Rules and Regulations (the
1598 PERA Rules).

1599
1600 The operational guidelines on the administration of the PERA are
1601 found in *Q-69*.

1602
1603 Xxx

1604
1605 ***Eligibility criteria.***

1606
1607 a. *PERA investment products.* The following PERA investment
1608 products are considered to be Bangko Sentral-eligible PERA
1609 investment products: *Provided*, That, with respect to Items “(1)” and
1610 “(2)” below, they are issued by Bangko Sentral-supervised entities ~~with~~
1611 ~~CAMELS rating of not lower than “3” or its equivalent~~, that have
1612 complied with the prudential criteria under
1613 Sec. 111-Q:

- 1614
1615 (1) Unit investment trust fund (UITF);
1616 (2) Debt-instruments such as, but not limited to, long term negotiable
1617 certificate of deposits and unsecured subordinated debt;
1618 (3) Deposits; and

1619 (4) Government-issued securities.

1620

1621 In the case of UITF, the existing approval process shall be observed.
1622 The Bangko Sentral may allow other category of investment products
1623 or outlets for PERA purposes: *Provided*, That the product is non-
1624 speculative, readily marketable, and with a track record of regular
1625 income payments to investors.

1626

1627 b. *PERA market participants*

1628

1629 *Xxx*

1630

1631 ***Qualification/Accreditation requirements.***

1632

1633 Aside from complying with the requirements of the
1634 prudential criteria under Sec. 111-Q, the following
1635 are the additional qualification/accreditation
1636 requirements of each PERA participant:

1637

1638 a. *As an Administrator. Xxx*

1639

1640 b. *As an Investment Manager. Xxx*

1641

1642 c. *As a custodian*

1643

1644 ~~*Cash custodian.* In addition to the standard pre-qualification
1645 requirements for the grant of banking authorities enumerated in
1646 Appendix 5, banks applying for authority to act as cash custodian for
1647 PERA shall also comply with the following conditions:~~

1648

1649 ~~(1) The applicant bank must have complied with the minimum capital
1650 required under Sec. 121 (*Minimum Capitalization*); and~~

1651 ~~(2) The Bank's CAMELS composite rating in its latest examination is not
1652 lower than "3" with Management component score of not lower than
1653 "3".~~

1654

1655 *Securities custodian.* Only banks and other entities with trust license
1656 which have complied with the requirements under Sec. 431-Q 631-Q
1657 (*Pre-qualification requirements for a securities custodian/registry*)
1658 may be accredited as securities custodian.

1659

1660 For purposes of this Section, the Bangko Sentral may provide for such
1661 other requirements or qualifications as it may deem necessary for the
1662 qualification/accreditation of a supervised entity as a PERA Market
1663 Participant.

1664 **Application for qualification/accreditation.** An eligible
1665 supervised entity seeking qualification/accreditation as PERA Market
1666 Participant (Administrator, Investment Manager, Cash Custodian
1667 and/or Securities Custodian, Investment Product Provider)
1668 shall ~~file an application for qualification/accreditation with the~~
1669 ~~appropriate supervising department of the Bangko Sentral. The~~
1670 ~~application shall be signed by the CEO and shall be accompanied by~~
1671 ~~the following documents:~~ submit to the appropriate
1672 supervising department of the Bangko Sentral an
1673 application letter pursuant to Sec. 111-Q together
1674 with the following documents:

1675
1676 **a. Certified true copy of the resolution of the entity's board of directors**
1677 ~~authorizing the application;~~ Corporate secretary's
1678 certificate on the approval of the board of directors
1679 (or equivalent management committee in the case of
1680 foreign bank branches) of the participation in the
1681 PERA Market (i.e., as Administrator, Investment
1682 Manager, Cash Custodian and/or Securities Custodian,
1683 Investment Product Provider;

1684
1685 **b. Certification signed by the CEO** president or officer of
1686 equivalent rank and the chief compliance officer **that**
1687 **the entity has complied with the:** (i) prudential criteria
1688 prescribed under Sec... 111-Q; and (ii) ~~all the relevant~~
1689 ~~qualification/accreditation requirements enumerated under Sec. 1121-~~
1690 ~~Q (Qualifications/accreditation requirements)~~ and an undertaking to
1691 comply with the aforementioned requirements while it acts as an
1692 Administrator, Investment Manager, Cash Custodian and/or Securities
1693 Custodian, Investment Product Provider; and

1694
1695 **c. Relevant PERA forms, Board-approved policy on fees and charges,**
1696 **and proof of compliance with Item "a.(5)" of Sec. 1121-Q**
1697 **(Qualifications/accreditation requirements)** insofar as the application
1698 of the Administrator is concerned.

1699
1700 The qualification/accreditation of PERA Market Participants and
1701 accreditation of PERA Investment Products granted by the Bangko
1702 Sentral shall be valid until revoked.

1703
1704 Xxx

1705

1706 ***Grounds for suspension or revocation of***
1707 ***qualification/accreditation of administrator, investment manager,***
1708 ***or custodian or investment product provider.***

1709
1710 Xxx

1711
1712 **Section 362-Q ACQUIRED ASSETS IN SETTLEMENT OF LOANS**

1713
1714 Joint venture of quasi- banks with real estate development
1715 companies. Xxx

1716
1717 d. Requirements and limitations in a joint venture. A QB desiring to
1718 enter into a JVA with a developer for the purpose of developing its
1719 ROPAs and/or other properties acquired as a consequence of
1720 merger/consolidation shall comply with the following:

1721
1722 (1) Xxx

1723 (6) The QB shall secure prior Monetary Board approval of the JVA. For
1724 a jointly-controlled entity, the applicant shall
1725 comply with the prudential criteria provided under
1726 Sec. 111-Q.

1727
1728 e. Application for authority to enter into JVA. A QB desiring to enter
1729 into a JVA with a developer for the purpose of developing its ROPAs
1730 and other properties acquired as a consequence of its merger/
1731 consolidation with another QB/FI shall secure prior Monetary Board
1732 approval of said agreement. For that purpose, the concerned QB shall
1733 ~~submit an application for Monetary Board approval to the appropriate~~
1734 ~~supervising department of the Bangko Sentral. The application shall~~
1735 ~~be signed by the QB's president or officer of equivalent rank and shall~~
1736 ~~be accompanied by the following documents/information:~~ to the
1737 appropriate supervising department of the Bangko
1738 Sentral an application letter pursuant to Sec. 111-Q
1739 together with the following documents:

1740
1741 (1) Secretary's certificate on the approval of board
1742 of directors authorizing the JVA;

1743 ~~(1)~~(2) The name of the developer;

1744 ~~(2)~~(3) Name of the principal stockholders and officers as well as
1745 members of the board of directors of said company;

1746 ~~(3)~~(4) Relationship of the QB with the developer, if any;

1747 ~~(4)~~(5) List and brief description of the properties to be contributed by
1748 the QB including their market values, book values and the valuation
1749 agreed upon under the proposed JVA;

1750 ~~(5)~~ (6) Certification by the QB's president or officer of equivalent rank
1751 and the chief compliance officer ~~that the JVA is strictly in~~
1752 ~~compliance or will strictly comply with the requirements of Joint~~
1753 ~~venture of quasi-banks with real estate development companies in~~
1754 ~~this Section; and:~~

1755 a. the JVA is strictly in compliance or will strictly
1756 comply with the requirements of Joint venture of QBs
1757 with real estate development companies in this
1758 Section; and

1759 b. for authority to enter into JVA with a jointly-
1760 controlled entity, the QB has complied with the
1761 prudential criteria prescribed under Sec. 111-Q; and

1762 ~~(6)~~ (7) Such other documents/information that the concerned
1763 appropriate supervising department of the Bangko Sentral may
1764 require.

1765

1766 f. Xxx

1767

1768

1769 **Qualification and accreditation of quasi-banks acting as trustee on**
1770 **any mortgage or bond issuance by any municipality, government-**
1771 **owned or controlled corporation, or any body politic**

1772

1773 **413-Q TRUST AND OTHER FIDUCIARY BUSINESS**

1774 Xxx

1775

1776 ***Qualification and accreditation of quasi-banks acting as trustee on***
1777 ***any mortgage or bond issuance by any municipality, government-***
1778 ***owned or controlled corporation, or any body politic.***

1779

1780 ~~a. **Applicability.**~~ QBs under the supervision of the Bangko
1781 Sentral and with license to engage in trust and
1782 other fiduciary businesses ~~duly accredited by the Bangko~~
1783 ~~Sentral~~ may act as trustee on any mortgage or bond issued by any
1784 municipality, GOCC, or any body politic subject to the
1785 accreditation of the Bangko Sentral. A QB applying
1786 for accreditation must comply with the prudential
1787 criteria provided under Sec. 111-Q. It shall apply
1788 for accreditation per bond issuance.

1789

1790 ~~b.~~ a. **Application for accreditation.** A QB desiring to act as trustee on
1791 any mortgage or bond issued by any municipality, GOCC, or any
1792 body politic shall file an application for accreditation with the
1793 appropriate supervising department of the Bangko Sentral. The

1794 ~~application shall be signed by the president or officer of equivalent~~
1795 ~~rank of the bank and shall be accompanied by the following~~
1796 ~~documents:~~ submit to the appropriate supervising
1797 department of the Bangko Sentral an application
1798 letter pursuant to Sec. 111-Q together with the
1799 following documents:

1800
1801 (1) ~~Certified true copy of the~~ Corporate Secretary's
1802 Certificate on the approval ~~to resolution~~ of the
1803 ~~institution's board of directors or authorizing the application~~ to
1804 act as trustee on any mortgage or bond issued by
1805 any municipality, GOCC, or any body politic;

1806 (2) ~~a certification signed by the president or officer of equivalent~~
1807 ~~rank that the institution has complied with all qualification~~
1808 ~~requirements for accreditation.~~ Certification signed by
1809 the president or officer of equivalent rank and
1810 the chief compliance officer certifying the entity
1811 has complied with the (a) prudential criteria
1812 prescribed under Sec. 111-Q; and (b) other
1813 pertinent laws, rules and regulations under this
1814 Section.

1815
1816 ~~e. Qualification requirements. A QB applying for accreditation to act~~
1817 ~~as trustee on any mortgage or bond issued by any municipality,~~
1818 ~~GOCC, or any body politic must comply with the requirements in~~
1819 ~~Appendix Q-31.~~

1820
1821 ~~d~~ b. *Independence of the trustee. Xxx*

1822
1823 ~~e~~ c. *Investment and management of the funds. Xxx*

1824
1825 ~~f~~ d. *Waiver of confidentiality. Xxx*

1826
1827 ~~g~~ e. *Reportorial requirements. Xxx*

1828
1829 ~~h~~ f. *Applicability of the rules and Regulations on Trust, Other*
1830 *Fiduciary Business and Investment Management Activities. Xxx*

1831
1832 ~~i~~ g. *Sanctions. Xxx*

1833
1834 **1005-N ACTING AS TRUSTEE ON ANY MORTGAGE OR BOND**
1835 **ISSUANCE BY ANY MUNICIPALITY, GOCC, OR ANY BODY POLITIC**
1836

1837 ~~a. **Applicability.** NBFIs duly accredited~~ authorized by the Bangko
1838 **Sentral** to engage in trust and other fiduciary
1839 businesses **may act as trustee on any mortgage or bond issued**
1840 **by any municipality, GOCC, or any body politic** subject to the
1841 accreditation of the Bangko Sentral. NBFIs applying
1842 for accreditation must comply with the prudential
1843 criteria provided under Sec. 101-N.
1844
1845 ~~b. a. **Application for accreditation.** An NBFI with trust authority~~
1846 **desiring to act as trustee on any mortgage or bond issued by any**
1847 **municipality, GOCC, or any body politic shall file an application for**
1848 **accreditation with to the appropriate supervising department of**
1849 **the Bangko Sentral. The application shall be signed by the**
1850 **president or officer of equivalent rank of the NBFI and shall be**
1851 **accompanied by the following documents:** submit to the
1852 appropriate supervising department of the Bangko
1853 Sentral an application letter pursuant to Sec. 101-
1854 N together with the following documents:
1855
1856 (1) ~~Certified true copy of the~~ Corporate Secretary's
1857 Certificate on the approval ~~to resolution of the~~
1858 **institution's board of directors or authorizing the application** to
1859 act as trustee on any mortgage or bond issued by
1860 any municipality, GOCC, or any body politic;
1861 (2) ~~a certification~~ Certification signed by the president or
1862 **officer of equivalent rank that the institution has (a) complied with**
1863 the prudential criteria prescribed under Sec. 101-
1864 N; ~~all the qualification requirements for accreditation~~ and
1865 (b) complied with the other pertinent laws, rules and
1866 regulations.
1867
1868 ~~e. **Qualification requirements.** An NBFI applying for accreditation to~~
1869 **act as trustee on any mortgage or bond issued by any municipality,**
1870 **GOCC, or any body politic must comply with the requirements in**
1871 **Appendix N-6.**
1872
1873 ~~d b. **Independence of the trustee.** Xxx~~
1874
1875 ~~e. c. **Investment and management of the funds.** Xxx~~
1876
1877 ~~f. d. **Waiver of confidentiality.** Xxx~~
1878
1879 ~~g. e. **Reportorial requirements.** Xxx~~

1880
1881 ~~h.f.~~ *Applicability of the rules and Regulations on Trust, Other*
1882 *Fiduciary Business and Investment Management Activities. Xxx*

1883
1884 ~~h.g.~~ *Sanctions. Xxx*

1885
1886 **Performance of Investment Management Activities**

1887
1888 **421-Q AUTHORITY TO PERFORM INVESTMENT MANAGEMENT**
1889 **ACTIVITIES**

1890
1891 ***Prerequisites for engaging in investment management***
1892 ***activities.*** An entity, before it may engage in investment management
1893 activities, shall comply with the same pre-requisites for engaging in
1894 trust and other fiduciary business set forth in Sec. 411-Q however, the
1895 following terminologies shall then be used:

1896
1897 **Xxx**

1898
1899 Compliance with the foregoing, as well as with other requirements
1900 under existing regulations, shall be maintained up to the time the
1901 investment management authority is granted. An applicant that fails
1902 in this respect shall be required to show compliance for another test
1903 period of the same duration.

1904
1905 **Application for authority to perform investment**
1906 **management activities.** An institution may perform
1907 investment management activities subject to approval
1908 of the Monetary Board and compliance with the
1909 applicable prudential criteria provided under Sec.
1910 111-Q. Institutions applying for authority to perform
1911 investment management activities shall submit to the
1912 appropriate supervising department of the Bangko
1913 Sentral an application letter pursuant to Sec. 111-Q
1914 together with the following documents:

1915
1916 a. Corporate secretary's certificate on the approval
1917 of the board of directors (or equivalent management
1918 committee in the case of foreign bank branches) to
1919 perform investment management activities; and

1920
1921 b. Certification signed by the president or officer
1922 of equivalent rank and the chief compliance officer
1923 certifying that the institution has complied with

1924 all the: (i) prudential criteria prescribed under
1925 Sec. 111; (ii) required minimum capital under Sec.
1926 121; and (iii) pertinent banking laws, rules and
1927 regulations on the performance of investment
1928 management activities;

1929

1930 ***Pre-operating requirements*** An institution authorized to
1931 engage in investment management activities shall, comply with
1932 the following ~~before engaging in actual operations, submit to the~~
1933 ~~Bangko Sentral the following:~~

1934

1935 ~~a. Government securities acceptable to~~ Deposit with the Bangko
1936 Sentral eligible government securities amounting to
1937 P500,000 as minimum basic security deposit for the faithful
1938 performance of investment management duties required under Sec.
1939 **424-Q (Basic security deposit);**

1940 b. Completion of the following activities and
1941 retention of corresponding supporting
1942 documents:

1943 ~~b. (1) Organization chart~~ Establishment of the investment
1944 management department, ~~which shall carry out the investment~~
1945 ~~management activities of the institution~~ development of
1946 policies and procedures related to the investment
1947 activities, risk management system and internal
1948 controls, and delineation of duties and
1949 responsibilities of the different units in investment
1950 management; **and**

1951 ~~c. (2)~~ Establishment of personnel and management
1952 positions for investment management and defining the
1953 corresponding qualification requirements and duties
1954 and responsibilities. Records of profiles of
1955 individuals holding the positions shall be maintained
1956 ~~Names and positions of individuals designated as chairman and~~
1957 ~~members of the investment management committee, investment~~
1958 ~~management officer and other subordinate officers of the investment~~
1959 ~~management department.~~

1960

1961 **Derivatives Activities**

1962

1963 **Section 613-Q DERIVATIVES ACTIVITIES**

1964

1965 Xxx

1966

1967 **Activities requiring additional derivatives authority.** A QB may apply
1968 for prior Bangko Sentral approval of additional derivatives authority to
1969 engage in all other financial derivatives activities not expressly allowed
1970 under Generally authorized derivatives activities and those that are
1971 not part of Activities requiring notification. A QB may apply for two (2)
1972 or more additional authorities. A QB applying for additional
1973 derivatives authority/ies must have complied with the
1974 prudential criteria prescribed in Sec. 111 and maintain
1975 a risk management system commensurate to the additional
1976 authority/ies being applied for, in accordance with the provisions of
1977 Section 6I2-Q, Appendix Q-19 and meet other conditions specified
1978 under this Section.

1979
1980 Xxx

1981
1982 a. Classification of additional derivatives authority

1983
1984 Xxx

1985
1986 **b. Qualification requirements.** A QB applying for additional
1987 authority to engage in additional derivatives activities shall:

1988
1989 (1) Demonstrate adequate competence in its general operations as
1990 evidenced by:—its compliance with the prudential
1991 criteria prescribed under Sec. 111-Q.

1992
1993 ~~(a) CAMELS composite rating of at least “3” with a similar rating for~~
1994 ~~Management, as applicable;~~

1995 ~~(b) No unresolved major safety and soundness issues that threaten~~
1996 ~~liquidity or solvency; and~~

1997 ~~(c) Substantial compliance with regulations on anti-money~~
1998 ~~laundering, corporate governance and risk management.~~

1999
2000 (2) Xxx

2001
2002 (3) Xxx

2003
2004 ~~(4) Demonstrate the relevance of proposed derivatives activities to~~
2005 ~~the QB’s main purpose as an institution. The Bangko Sentral~~
2006 ~~reserves the right to deny applications whose proposed derivatives~~
2007 ~~activities do not reasonably fit the nature of their business~~
2008 ~~operations.~~

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c. Application procedures. The applicant shall submit to the appropriate supervising department of the Bangko Sentral a ~~written application for additional derivatives authority/ies accompanied by~~ an application letter pursuant to Sec. 111-Q together with the following documents:

~~(1) A copy of the board resolution approving the application for a specific type of derivatives authority;~~ Corporate secretary's certificate on the approval of the board of directors for a specific type of derivatives authority; and

~~(2) A notarized certification signed jointly by the president, treasurer, or equivalent trust officer and compliance officer of the applicant QB stating that the QB complies with all the requirements for the authority being applied for specified in Sec. 613-Q (Activities requiring derivatives authority); and~~ Certification signed by the president or officer of equivalent rank and the chief compliance officer certifying that the institution has complied with all the: (i) applicable prudential criteria under Sec. 111-Q; and (ii) other pertinent banking laws, rules and regulations.

A newly established BSFI/QB may apply for additional derivatives authority subject to the prudential criteria, except for the required SAFr rating which shall not apply until one year from the start of its operations.

~~(3)~~ (4) A list of the types of derivatives and underlying reference the QB intends to engage in, including the following information for each derivatives class or type:

- (a) Xxx
- Xxx
- (h) Xxx.

(4) The Bangko Sentral will not accept applications lacking any of the above-stated requirements. The Bangko Sentral however, may require additional documents to aid its evaluation of the application. By virtue of the application, the applicant automatically authorizes the Bangko Sentral to conduct an on-site

2053 evaluation of the applicant's risk management capabilities, if this
2054 is deemed necessary.

2055

2056 (5) Payment of the following non-refundable processing fee shall
2057 be made upon approval or denial of the QB's application:
2058

| | Amount |
|------------------|------------|
| Type 2 Authority | P50,000.00 |
| Type 3 Authority | 25,000.00 |
| Type 4 Authority | 25,000.00 |

2059

2060 (6) A QB whose application for additional derivatives authority/ies
2061 or an upgrade thereof (e.g., from Type 3 to Type 2 Authority) has
2062 been denied cannot submit a new application for additional
2063 derivatives authorities until after six (6) months from receipt of
2064 denial. The same rule applies for a QB whose authorities have been
2065 limited or downgraded.
2066

2067

2068 (7) A QB that holds an additional derivatives authority may apply
2069 for additional derivatives authorities (e.g., currently holding Type 3
2070 Authority who wish to apply for Type 4 Authority) or an upgrade
2071 thereof only after the lapse of six (6) months from the grant of the
2072 previous additional derivatives authority.

2073

Xxx

2074

Sanctions

2075

2076

2077

Xxx

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2079

d. Curtailment of derivatives authority

2080

2081

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2093

(1) The QB is assigned a ~~CAMELS~~ ^{SAFR} composite rating or
component Management rating of lower than that prescribed
under Sec. 613-Q (*Activities requiring additional derivatives
authority*) in the most recent regular examination.

2091

Xxx

2092

2093

2094 **Electronic Payment and Financial Services**

2095

2096 **701-Q ELECTRONIC PAYMENT AND FINANCIAL SERVICES (EPFS)**

2097

2098 **Policy Statement.**Xxx

2099

2100 **Definition of Terms.** Xxx

2101

2102 **Classification of EPFS.** Xxx

2103

2104 ~~**Requirements for the Grant of Authority to Offer EPFS.**~~

2105 ~~Pursuant to Section XI101/41101Q and its subsections on the Bangko~~

2106 ~~Sentral Policy and Regulations on Licensing, BSFIs that intended to~~

2107 ~~offer EPFS shall obtain the appropriate authority/license, as follows:~~

2108

| Classification | Category of License/Authority |
|----------------|-------------------------------------|
| Advanced EPFS | Type A ¹ /B ² |
| Basic EPFS | Type C |

2109

2110 ~~BSFIs shall observe the “Guidelines on Licensing of Electronic~~

2111 ~~Payment and Financial Services” shown in Appendix 125/Q 79 of the~~

2112 ~~MORB/MORNBFI.”~~

2113

2114 **Application for authority to offer EPFS.** QBs

2115 intending to offer EPFS shall obtain the appropriate

2116 authority/license, as follows:

2117

2118 a. Type A Advanced EPFS. Existing QBs may provide

2119 advanced EPFS subject to approval of the Bangko

2120 Sentral and compliance with the prudential criteria

2121 provided under Sec. 111-Q.

2122

2123 b. Type B Advanced EPFS. Newly established QBs which

2124 cannot be assessed against the prudential criteria

2125 may still be considered eligible upon showing (i)

2126 valid justifications on how the offering of advanced

2127 EPFS is aligned with the entity’s business model and

2128 strategic direction; and (ii) ability to manage

2129 attendant risks.

2130

2131 c. Type C Basic EPFS. Existing QBs may provide basic

2132 EPFS subject to notification to the Bangko Sentral.

2133

2134 The specific guidelines and procedures on the grant of

2135 EPFS license/authority are shown in Appendix Q-___.

2136

2137 Xxx

2138

2139 **SECTION 401-S ELECTRONIC PAYMENT AND FINANCIAL SERVICES**
2140 **(EPFS)**

2141

2142 The guidelines concerning electronic payment and financial
2143 services activities, as may be applicable, are found in Sec. ~~401~~701-
2144 Q.

2145

2146 **SECTION 114-P ELECTRONIC PAYMENT AND FINANCIAL SERVICES**
2147 **(EPFS)**

2148

2149 The guidelines concerning electronic payment and financial
2150 services activities as may be applicable, as found in Sec. 701-Q and
2151 its Subsections, shall be adopted by pawnshops.

2152

2153

2154 **SECTION 401-N ELECTRONIC PAYMENT AND FINANCIAL SERVICES**
2155 **(EPFS)**

2156

2157 The guidelines concerning electronic payment and financial
2158 services activities as may be applicable, are found in Sec. 701-Q.

2159

2160 Section ___-T shall be inserted in the MORNBF, which shall
2161 read as follows:

2162

2163 **SECTION ___-T ELECTRONIC PAYMENT AND FINANCIAL**
2164 **SERVICES (EPFS)**

2165

2166 The guidelines concerning electronic payment and
2167 financial services as may be applicable, are found in
2168 Sec. 701-Q.

2169

2170 **Establishment of Branches of Trust Corporations**

2171

2172 **SECTION 105 - T BRANCHES/MARKETING OFFICES**

2173

2174 TCs may establish branch(es) only upon prior approval of the Monetary
2175 Board and compliance with the applicable prudential
2176 criteria provided under Sec. 111-T. However, it shall carry
2177 out its trust and other fiduciary business only at the place of business
2178 specified in its articles of incorporation. In the case of marketing
2179 office(s), it may be established subject to prior notification to the

2180 Bangko Sentral: *Provided*, That the marketing activities is in
2181 accordance with the provisions stated under Sec. 109-T.

2182

2183 Xxx

2184

2185 ~~**Prerequisites—Application for the grant of authority to**~~
2186 ~~**establish a branch/marketing office.**~~ TCs seeking to ~~may~~ establish
2187 a branch/marketing office ~~subject to the following condition:~~ shall
2188 submit to the appropriate supervising department of
2189 the Bangko Sentral an application letter pursuant to
2190 Sec. 111-T together with the following documents:

2191

2192 ~~a. Capital adequacy and solvency;~~

2193 ~~b. No uncorrected findings of unsafe and unsound practices;~~

2194 ~~e a. It has complied with the required basic security deposits for the~~
2195 ~~preceding four (4) quarters prior to application;~~

2196 ~~d. It has established a risk management system appropriate to its~~
2197 ~~operations, characterized by clear delineation of responsibility for~~
2198 ~~risk management, adequate risk measurement system,~~
2199 ~~appropriately structured risk limits, effective internal control~~
2200 ~~system and complete, timely and efficient risk reporting system;~~
2201 ~~and~~

2202 ~~e. It has no major supervisory concerns outstanding on safety and~~
2203 ~~soundness immediately preceding the date of application.~~

2204

2205 ~~**Prohibition.** No application for establishment of new~~
2206 ~~branch(es) shall be accepted if the TC has approved but unopened~~
2207 ~~branch(es).~~

2208

2209 ~~**Documentary requirements.**~~

2210 ~~a. All branch applications shall be supported by the following~~
2211 ~~documents:~~ Corporate Secretary's Certificate on the
2212 approval of the board of directors to establish
2213 branch(es)/marketing office(s) and the areas to be
2214 covered;

2215

2216 b. Certification signed by the president or officer
2217 of equivalent rank and the chief compliance officer
2218 certifying to the following:

2219

2220 (1) ~~Certification that a TC, has the ability to conduct operations~~
2221 ~~from the head office as not to be a cause for delayed submission~~
2222 ~~of~~ has the ability to consolidate reports from the

2223 branches for timely submission to the Bangko Sentral
2224 and/or recording of transactions in the head office;
2225 (2) that the TC has complied with the: (i) prudential
2226 criteria prescribed under Sec. 111-T; (ii) minimum
2227 capital required under existing regulations or
2228 such amounts as may be required by the Monetary
2229 Board; and (iii) other pertinent banking laws, rules
2230 and regulation.

2231

2232 ~~(2) Certified true copy of the board resolution authorizing the~~
2233 ~~establishment of a branch;~~

2234 ~~(3) Areas to be served;~~

2235 ~~(4) Business and/or economic justification (including data) for the~~
2236 ~~establishment of the branch; and~~

2237 ~~(5) Certification/Undertaking signed by the president that the TC~~
2238 ~~has complied or will comply, as the case maybe, with the~~
2239 ~~prerequisites for the grant of authority to establish a branch~~
2240 ~~under Sec. 105-T (Prerequisites for the grant of authority to~~
2241 ~~establish a branch/marketing office).~~

2242 ~~b. For marketing office(s), the notice shall be supported with Items~~
2243 ~~"b(2), b(3)" and "b(5)" of the above documentary requirements~~

2244

2245 **Prohibition.** No application for establishment of new
2246 branch(es) shall be accepted if the TC has approved
2247 but unopened branch(es).

2248

2249 **Filing/processing fee. Xxx**

2250

2251 **Management Contracts and Outsourcing of Other Functions of Trust**
2252 **Corporation**

2253

2254 **112- T MANAGEMENT CONTRACTS AND OUTSOURCING OF THE**
2255 **FUNCTIONS**

2256

2257 Xxx

2258

2259 ***Duties and Responsibilities of TCs and their Directors/Officers***
2260 ***in All Cases of Outsourcing of Other Functions.*** Only TCs which
2261 comply with the prudential criteria set forth under
2262 Sec. 111-T ~~with trust composite rating of at least "2" and a~~
2263 ~~Management rating of not lower than "3"~~ shall be allowed to outsource
2264 designated activities without prior Bangko Sentral approval. XXX

2265

2266 **Section 7.** Section 205Q and 411-Q of the MORNBFBI are hereby
2267 amended in order to align with SAFr which shall read as follows:
2268

2269 **205-Q ISSUANCE OF BONDS AND COMMERCIAL PAPERS**
2270

2271 All banks with quasi-banking authority/quasi-banks (QBs)
2272 issuing bonds or commercial papers shall comply with Republic Act
2273 No. 8799 or the Securities Regulation Code (SRC) and its
2274 Implementing Rules and Regulation, and other applicable rules and
2275 regulations issued by the SEC. QB may issue bonds and/or commercial
2276 papers without prior Bangko Sentral approval: Provided, That it meets
2277 the following prudential criteria as described in Sec. 111-Q.
2278

- 2279 ~~a. The bank must have a CAMELS composite rating of at least "3" and~~
2280 ~~a "Management" rating of not lower than "3", and QB must have a RAS~~
2281 ~~rating of at least "Acceptable";~~
2282 ~~b. The QB has no major supervisory concerns in governance, risk~~
2283 ~~management systems, and internal controls and compliance system;~~
2284 ~~and~~
2285 ~~c. The QB has complied with directives and/or is not subject of specific~~
2286 ~~directives and/or enforcement actions by the Bangko Sentral.~~

2287
2288 xxx
2289

2290 **411-Q AUTHORITY TO PERFORM TRUST AND OTHER FIDUCIARY**
2291 **BUSINESS**
2292

2293 Xxx
2294

2295 Starting year 2001, IHs authorized to engage in trust and other
2296 fiduciary business shall renew their existing licenses yearly, subject to
2297 the implementing guidelines to be issued thereon.
2298

2299 **Application for Authority to Perform Trust and other Fiduciary**
2300 **Business.** An institution may engage in trust and other fiduciary
2301 business subject to approval of the Monetary Board and compliance
2302 with the applicable prudential criterial provided under ~~Subsec.~~
2303 ~~411-Q.2~~ Sec. 411-Q. Entities applying for authority to engage in trust
2304 and other fiduciary business shall submit the following documents to
2305 the appropriate supervising department of the Bangko Sentral:
2306

- 2307 a. xxx
2308 b. xxx
2309 c. Certification signed by the president or officer of
2310 equivalent rank and the chief compliance officer

2311 certifying that the institution has complied with the: (i)
2312 applicable prudential criteria prescribed under ~~Subsec.~~
2313 ~~411-Q.2~~ Sec. 411-Q; and (ii) other pertinent laws, rules
2314 and regulations on trust and other fiduciary business.

2315
2316 A newly established BSFI/QB may apply for authority
2317 to engage in trust and other fiduciary business
2318 subject to the prudential criteria, except for the
2319 required SAFr rating which shall not apply until one
2320 year from the start of its operations.

2321
2322 **Section 8.** Sections 135/314/602/802 of the MORB are hereby
2323 amended to read as follows in order to align with SAFr :
2324

2325 **135 REMUNERATION AND OTHER INCENTIVES**
2326

2327 **Compensation and other benefits of directors and officers.** To
2328 protect the funds of depositors and creditors, the Monetary Board may
2329 regulate/restrict the payment by the BSFI of compensation,
2330 allowances, fees, bonuses, stock options, profit sharing and fringe
2331 benefits to its directors and officers in exceptional cases and when the
2332 circumstances warrant, such as, but not limited to the following:
2333

2334 a. When the bank is under controllership, ~~conservatorship~~ or when it
2335 has outstanding emergency loans and advances and such other forms
2336 of credit accommodation from the Bangko Sentral which are
2337 intended to provide it with liquidity in times of need;

2338 b. When the institution is found by the Monetary Board to be
2339 conducting business in an unsafe or unsound manner;

2340 c. When it is found by the Monetary Board to be in an unsatisfactory
2341 financial condition such as, but not limited to, the following cases:

2342 (1) Its capital is impaired;

2343 (2) It has suffered continuous losses from operations for the past
2344 three (3) years; or

2345 ~~(3) Its composite CAMEL(S) rating in the latest examination is below~~
2346 ~~"3"; and~~

2347 (4 3) It is under rehabilitation by the Bangko Sentral/PDIC which
2348 rehabilitation may include debt-to-equity conversion, etc.

2349

2350 Xxx

2351

2352

2353

2354

2355 **314 MICROFINANCE LOANS**

2356

2357 Xxx

2358

2359 ***Housing microfinance loan.*** Xxx.

2360

2361 The following rules and regulations shall govern the granting of
2362 housing microfinance products:

2363 a. *Minimum criteria to determine bank's capacity to grant housing*
2364 *microfinance* - Banks planning to grant housing microfinance
2365 loans shall ensure that the following requirements are complied
2366 with:

2367 1. Xxx

2368 2. Xxx

2369 3. Appropriate verification of the following prudential
2370 requirements:

2371 (a) ~~latest CAMELS rating of at least "3" and a management score~~
2372 ~~of at least "3" and with an~~ acceptable rating in
2373 Capital and Governance Institutional Level
2374 Support;

2375 ~~(b) CAR of not lower than twelve percent (12%);~~

2376 ~~(e)~~ (b) no major supervisory concerns as to warrant initiation of
2377 Prompt Corrective Action (PCA) under existing regulations;

2378 ~~(d)~~ (c) no arrearages in microfinance borrowings; and

2379

2380 4. Xxx

2381

2382 ***Micro-agri loans; Policy statement.*** The Bangko Sentral adopts
2383 a holistic approach in addressing social and economic objectives
2384 through microfinance. Xxx

2385

2386 d. *Minimum criteria to determine bank's capacity to grant*
2387 *micro-agri loans.* Banks planning to grant micro-agri
2388 loans shall ensure that the following requirements are
2389 complied:

2390

2391 (1) Xxx

2392 (a) ~~CAMELS rating of at least "3" and a 'Management' score of~~
2393 ~~at least "3";~~ acceptable rating in Capital and
2394 Governance Institutional Level Support;

2395 ~~(b) CAR of not lower than twelve percent (12%);~~

2396 ~~(e)~~ (b) no major supervisory concerns as to warrant initiation
2397 of prompt corrective action under existing regulations;
2398 and

2399 (d) (c) no arrearages in microfinance borrowings (bills
2400 payable) from Bangko Sentral or other creditors.

2401

2402 Xxx

2403

2404 **602 THE JAPANESE YEN/PHILIPPINE PESO (JPY/PHP) SWAP**
2405 **FACILITY UNDER THE CROSS-BORDER LIQUIDITY**
2406 **ARRANGEMENT (CBLA) BETWEEN THE BANGKO SENTRAL AND**
2407 **THE BANK OF JAPAN (BOJ)**

2408

2409 Xxx

2410

2411 **Eligibility requirements.** A bank can avail of the JPY/PHP Swap
2412 Facility provided it has met the following eligibility requirements:

2413

2414 a. Has established the presence of an "emergency situation" as defined
2415 under this Section on Availment of the JPY/PHP Swap Facility;

2416 b. Has JPY holdings which can be delivered and deposited to the
2417 Bangko Sentral's account at the BOJ;

2418 c. Has a ~~CAMELS/ROCA~~ ~~SAFR~~ composite rating of at least "3" and a
2419 ~~Management/Risk Management~~ component rating of at least "3" in
2420 the latest Report of Examination;

2421 d. Has no unsafe or unsound banking cited in the latest Report of
2422 Examination; and

2423 e. Has complied with the minimum capital requirement and risk-
2424 based CAR as provided under applicable and existing capital
2425 adequacy framework.

2426

2427 Xxx

2428

2429 **802 CHECK CLEARING OPERATIONS**

2430

2431 Xxx

2432

2433 ***Check Clearing Rules for Banks Authorized to Accept***

2434 ***Demand Deposits.*** following are the check clearing rules for banks
2435 authorized to accept demand deposits:

2436

2437 e. Xxx

2438 f. Xxx

2439 1. Xxx

2440 2. A ceiling shall be set on the amount of overdraft a bank may
2441 incur due to failure to cover clearing losses

2442 through interbank borrowings and/or repurchase agreements with
2443 the Bangko Sentral. The *ceiling* is defined as the sum of clean

2444 Overdraft Credit Line (OCL) equivalent to fifteen percent (15%) of
2445 rediscounting line with the Bangko Sentral, and the collateralized OCL
2446 that will be extended by Bangko Sentral. A bank not meeting the
2447 following criteria:

- 2448
- 2449 (a) ~~CAMELS composite rating of at least "3"~~ prudential
 - 2450 criteria provided under Sec. 111~~7~~
 - 2451 (b) ~~CAR of at least ten percent (10%); or~~
 - 2452 (c) ~~No chronic reserve deficiencies for the immediately preceding one~~
 - 2453 ~~(1) year, or other measures as may be defined by the Bangko Sentral~~
 - 2454 for this purpose, should apply for collateralized OCL in an amount
 - 2455 equivalent to at least five percent (5%) of their demand deposit
 - 2456 liabilities as of end of month, two (2) months prior to the date of
 - 2457 application with the Department of Loans and Credit (DLC); otherwise,
 - 2458 its outward clearing items shall be subject to second day value dating.
 - 2459

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2462 **Section 9.** Section 135Q of the MORNBFBI is hereby amended to
2463 read as follows in order to align with SAFr :

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2465 **135-Q REMUNERATION AND OTHER INCENTIVES**

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2469 **Compensation and other benefits of directors/trustees and**

2470 **officers.** To protect the funds of depositors and creditors, the Monetary

2471 Board may regulate/ restrict the payment by the QB/trust entity of

2472 compensation, allowances, fees, bonuses, stock options, profit sharing,

2473 and fringe benefits to its directors and officers in exceptional cases

2474 and when the circumstances warrant, such as, but not limited to the

2475 following:

- 2476
- 2477 a. Xxx
 - 2478 b. Xxx
 - 2479 c. Xxx
 - 2480 (1) Xxx
 - 2481 (2) Xxx
 - 2482 ~~(3) Its composite CAMELS rating in the latest examination is below~~
 - 2483 ~~"3"; and or~~
 - 2484 (4 3) Xxx

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Section 10. The following Appendices of the MORB/MORNBF are hereby deleted:

| Deleted Sections/Appendices | Title/Description | Covered by Section |
|------------------------------------|---|--|
| Appendix 5 | Standard Pre-qualification Requirements for the Grant of Banking Authorities | Sections 111/111-Q/111-S/111-T/101-N/111-P |
| Appendix 6 | Qualification Requirements for a Bank/NBFI Applying for Accreditation to Act as Trustee on any Mortgage or Bond Issued by any Municipality, Government-Owned or -Controlled Corporation, or any Body Politic | Sections 111/111-Q/111-S/111-T/101-N/111-P |
| Appendix Q-31 | Qualification Requirements for a Bank/NBFI Applying for Accreditation to Act as Trustee on any Mortgage or Bond Issued by any Municipality, Government-Owned or -Controlled Corporation, or any Body Politic | Sections 111/111-Q/111-S/111-T/101-N/111-P |
| Appendix N-6 | Qualification Requirements for a Bank/NBFI Applying for Accreditation to Act as Trustee on any Mortgage or Bond Issued by any Municipality, Government-Owned or -Controlled Corporation, or any Body Politic (<i>Appendix to Sec. 1005-N</i>) | Sections 111/111-Q/111-S/111-T/101-N/111-P |

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Section 11. Processing and Licensing Fees. All applications classified as Types A and B licenses shall be charged with the processing and licensing fees pursuant to Section 111 and Section II.3.i

2495 of Appendix 124 of the MORB, and Section 111-Q and Appendix
2496 Q-77 of the MORNBF. I.

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2498 **Section 12. Transitory Provisions.** Applications for licenses
2499 classified as Types A and B covered by Sections 2 and 3 above that
2500 were filed with the Bangko Sentral prior to the effectivity of this
2501 Circular shall not be charged with processing and licensing fees
2502 provided under Sections 111/111-Q. Further,

2503

2504 BSFIs applying for authority and licenses prior to the
2505 deployment of applicable ratings relative to the implementation of
2506 SAFr shall be evaluated using the CAMELS rating.

2507

2508 **Section 13. Effectivity.** This Circular shall take effect fifteen (15)
2509 calendar days following its publication either in the Official Gazette or
2510 in a newspaper of general circulation.

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**FOR THE MONETARY
BOARD:**

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BENJAMIN O. DIOKNO
Governor

2517

2518 ___ November 2021

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**IMPLEMENTING GUIDELINES FOR BANKS PARTICIPATING DIRECTLY
IN THE CLEARING OPERATIONS OF THE PHILIPPINE CLEARING
HOUSE CORPORATION (PCHC)
(Appendix to Sec. 802)**

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Sec. 2. Ceiling on Overdraft Due to Clearing Losses.

A ceiling shall be set on the amount of overdraft a bank may incur due to failure to cover clearing losses through interbank borrowings and/or repurchase agreements with Bangko Sentral. The ceiling is defined as the sum of clean Overdraft Credit Line (OCL) equivalent to fifteen percent (15%) of rediscounting line with the Bangko Sentral, and the collateralized OCL that will be extended by Bangko Sentral. A bank not meeting the following criteria:

- a. ~~CAMELS~~ SAFr composite rating of at least "3";
- ~~b. CAR of at least ten percent (10%); or~~
- e**b.** No chronic reserve deficiencies xxx

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**SMALL AND MEDIUM ENTERPRISE UNIFIED LENDING
 OPPORTUNITIES FOR NATIONAL GROWTH BANK ACCREDITATION
 APPLICATION FOR RURAL AND THRIFT BANKS ELIGIBILITY AND
 DOCUMENTARY REQUIREMENTS**
 (Appendix to Sec. 332)

| Requirements | Documents to be submitted |
|---|--|
| a. CAMELS SAFr rating should be at least "3.0" | Latest report of Bangko Sentral bank examination or Supervisory Assessment Letter, as applicable |
| b. Xxx | Xxx |

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GUIDELINES ON SUPERVISION BY RISK
(Appendices to Secs. 141/ 121N and 141-Q/S)

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To fully implement supervision by risk, the appropriate supervising department of the Bangko Sentral will also assign CAMELS SAF_r ratings to the lead FI and all affiliated FIs. It may determine that risks in individual FIs are increased, reduced, or mitigated in light of the consolidated risk profile of the FI as a whole. To perform a consolidated analysis, it will obtain pertinent information from FIs and affiliates, and verify transactions flowing between FIs and affiliates.

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GUIDELINES ON THE BANGKO SENTRAL'S SUPERVISORY REVIEW PROCESS

(Appendix to Secs. 130/130-Q)

A. Introduction

1. The Bangko Sentral 's supervisory review process (SRP) in the context of this document involves (1) an evaluation of banks' internal capital adequacy assessment processes (ICAAP) and their output, (2) a dialogue with banks with regard to their ICAAP, and (3) the prudential measures that may be taken to address issues identified. These guidelines should be observed mainly by the appropriate ~~Central Point of Contact Department (CPCD)~~ supervising department within the Bangko Sentral and, where appropriate for on-site validation during regular examination, by the examination personnel. This therefore supplements the existing guidelines set out in the ~~Manual of Examinations, the~~ and Supervisory Assessment Framework (SAFr) ~~CAMELS Rating, and the Risk Assessment System (RAS)~~. The ~~CPCD~~ appropriate supervising department may draft, for its own use, detailed guidelines on the conduct of the assessment of banks' ICAAP and of the Bangko Sentral - bank dialogue.

1. Xxx

B. Guiding principles in assessing banks' ICAAP

1. Xxx

2. Xxx

3. Xxx

4. The Bangko Sentral 's evaluation of the adequacy of banks' capital in relation to their risk profile ~~would~~ serves as the basis for ~~assigning a rating~~ assessing ~~for~~ the Institutional Level Support on Capital under SAFr ~~component of the bank's CAMELS rating~~. It would also serve as the basis for identifying any prudential measures or other supervisory actions required. For example, where there is an imbalance between business and risk controls, the Bangko Sentral should consider the range of remedial supervisory actions that may be needed to rectify a deficiency in controls and/or perceived shortfalls in capital, either as a long-term requirement(s) or as a short- term action(s).

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**CERTIFICATE OF COMPLIANCE ON THE PROVISIONS OF HOUSING
MICROFINANCE LOAN
(Appendix to Sec. 314)**

(Name of Bank)

We, _____, President (or officer of equivalent rank) and _____, Compliance Officer, of (Name of Bank), hereby certify that the following requirements on the offering of housing microfinance loan, as prescribed under Section 314 are complied with:

- 1. At least two (2) years of implementing a sustainable microfinance program;
- 2. A housing microfinance product manual incorporating the prescribed product characteristics/features;
- 3. Appropriate risk management system for housing microfinance loan product;
- 4. Prudential requirements, to wit:
 - a. ~~CAMELS Rating of at least "3" and Management rating of at least "3"~~Acceptable rating in capital and governance;
 - b. ~~Capital adequacy ratio (CAR) of not lower than twelve percent (12%);~~
 - e.b. No major supervisory concern that may warrant initiation of Prompt Corrective Action (PCA) under existing regulations; and
 - e.c. No arrearages on microfinance borrowings.

(Name of President or officer of equivalent rank) (Name of Compliance Officer)

SUBSCRIBED AND SWORN to before me, this ___ day of _____, affiants exhibiting to me their Community Tax Certificate as follows:

| Name | Community Tax Cert. No | Date/Place |
|--------|------------------------|------------|
| Issued | | |

NOTARY PUBLIC

Doc. No.: _____
Page No.: _____
Book No.: _____
Series of _____

(Circular 817 dated 06 November 2013)

GUIDELINES ON GRANTING OF LICENSE/AUTHORITY
(Appendix to Section 111/111-Q/111-S/111-P/101-N/111-T)

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- a. *Stage 1. Eligibility Test and Assessment.* The Bangko Sentral shall consider an applicant's eligibility for licenses/authorities categorized as Type "A" in accordance with the standards and/or prudential criteria described in Appendix to Section 111/111-Q/111-S/111-P/101-N/111-T of the MORB/ MORNBF; and whether approval thereof is consistent with applicable laws, rules, regulations, policies and safety and soundness considerations.

In this regard, BSFIs shall signify to the appropriate supervising department of the ~~SES~~ FSS its interest to apply for a license(s) or authority/ies. However, the Bangko Sentral expects each BSFI to have conducted self-assessment vis-à-vis prudential criteria and/or requirements to determine whether it is eligible and/or qualified to apply for any specific license/authority, prior to signifying its interest.

BSFIs shall shall conduct an eligibility test and self-assessment by accomplishing the web-based Self-Assessment Questionnaire (SAQ) at least five (5) banking days before submission of an application for a license/authority to the to the appropriate supervising department of the FSS.¹

~~BSFIs with CAMELS composite rating of below "3", or under the PCA or rehabilitation may still be considered eligible, on a case by case basis, upon showing valid justifications and/or verifiable evidence of significant compliance with the comprehensive PCA plan (PCAP)/rehabilitation plan approved by the Bangko Sentral and/or if licenses and/or authorities applied for are vital to the implementation of the PCAP/rehabilitation plan.~~

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¹ Memorandum No. M-2020-077 dated 28 September 2020 [Web-based Self-Assessment Questionnaire (SAQ) for Applications for the Grant of a License or Special Authority]

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**GUIDELINES ON LICENCING OF GRANTING OF ELECTRONIC
PAYMENT AND FINANCIAL SERVICES (EPFS) LICENSE/AUTHORITY**
(Appendix to Section 701/701-Q)

A Bangko Sentral-supervised Financial Institution (BSFI) intending to provide EPFS shall comply with the following requirements in conjunction with the Guidelines on the Granting of License/Authority provided in Appendix 124 of the MORB and Appendix Q-71/S-12/P-11/N-14/T-5 of the MORNBF1.

1. Advanced EPFS
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| Processing and Documentary Requirements | Type A ¹ | Type B ² |
|--|------------------------|------------------------|
| <p>(1) Stage 1 Eligibility Test and Self-Assessment</p> <p>A BSFI must conduct a self-assessment vis-a-vis the defined prudential criteria described in Section 111 of the MORB and Sections 111-Q/111-S/111-P/101-N /111-T of the MORNBF1.</p> <p>BSFIs shall conduct an eligibility test and self-assessment by accomplishing the web-based Self-Assessment Questionnaire (SAQ)² at least five (5) banking days before submission of Should the BSFI meet the prudential criteria, it shall submit a letter of intent with a certification signed by its president or officer of equivalent rank, and chief compliance officer (CCO) stating that the BSFI satisfied said requirements.</p> <p>If the Bangko Sentral concurs with the certification, the BSFI shall receive a confirmation of eligibility (COE) to offer advanced EPFS.</p> | ✓ | |
| <p>(2) Stage 2 Application for License</p> <p>The BSFI shall formally submit the following application documents to the</p> | | |

² Memorandum No. M-2020-077 dated 28 September 2020 [Web-based Self-Assessment Questionnaire (SAQ) for Applications for the Grant of a License or Special Authority]

| | | |
|---|---|---|
| <p>appropriate supervising department of the Bangko Sentral within six (6) months from the date of the COE:</p> <p>(a) Application letter signed by the president or officer of equivalent rank specifically indicating the justification/reason for the application to provide EPFS pursuant to Sec. 111 of the MORB and Secs. 111-Q/111-S/111-P/101-N/111-T of the MORNBF I</p> <p>(b) Xxx</p> | ✓ | ✓ |
|---|---|---|

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2708 **2. Basic EPFS**

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2710 The BSFI shall notify the appropriate supervising department of
 2711 the Bangko Sentral ~~Financial Supervision Sector (FSS)~~ by
 2712 submitting the following documents 30 days prior to the
 2713 launch/implementation of its basic EPFS:

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2715 a. ~~(1)~~ Notification letter signed by the institution's president or
 2716 officer of equivalent rank indicating the description of
 2717 the basic EPFS to be offered and justifications
 2718 on how the basic EPFS is aligned with the BSFI's
 2719 business model and strategic direction;

2720 b. Corporate secretary's certificate on the approval
 2721 of the board of directors (or equivalent
 2722 management committee in the case of foreign bank
 2723 branches) of the offering of the basic EPFS;

2724 c. Certification, signed by the president or officer
 2725 of equivalent rank and the chief compliance
 2726 officer, that the BSFI has complied with all the
 2727 prudential criteria under Secs. 111/111-Q;

2728 ~~(2)~~. d. Details xxx;

2729 ~~(3)~~. e. Process flow xxx.

2730 **3. Fees**

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2732 Xxx