



BANGKO SENTRAL NG PILIPINAS
OFFICE OF THE GOVERNOR

CIRCULAR NO. 1105
Series of 2020

Subject : Guidelines on the Establishment of Digital Banks

The Monetary Board, in its Resolution No. 1536 dated 26 November 2020, approved the inclusion of "Digital Banks" as a distinct classification of banks and the corresponding guidelines for their establishment.

Section 1. Section 102 of the Manual of Regulations for Banks (MORB) is hereby amended to read, as follows:

Section 102 BASIC GUIDELINES IN ESTABLISHING BANKS

A new banking organization must have suitable/fit shareholders, including the ultimate beneficial owners (UBOs)¹; adequate financial strength, a legal structure in line with its operational structure, a board of directors and senior management with sufficient expertise and integrity to operate the bank in a safe and sound manner.

In establishing a new banking organization, the documentary requirements to be submitted to the Bangko Sentral are listed in *Appendix 33*. In the case of foreign bank applicants, the documentary requirements to be submitted during Stage I of the application process are enumerated in *Appendix 2*.

The revised rules and regulations governing the organization, membership, establishment, administration, activities, supervision and regulation of cooperative banks are found in *Appendix 34*.

The authority to establish a bank shall be automatically revoked if the bank is not organized and opened for business within one (1) year from receipt by the organizers of the notice of Monetary Board approval of the application.

Such authority may likewise be revoked if the Bangko Sentral has determined that the organizers provided false or misleading information during the processing of the application. Organizers of a bank found to have willfully certified or provided such false or misleading information shall be subject to the applicable administrative sanctions under Section 37 of Republic Act (R.A.) No. 7653, as amended. The imposition of the said administrative sanctions is without prejudice to the filing of appropriate criminal charges as provided under Sections 35 and 36 of R.A. No. 7653, as amended.

x x x

¹ For purposes of this Section, a UBO shall refer to beneficial owner as defined under Item "m" of Sec. 904.

Establishment of Islamic banks and Islamic banking units.

X X X

Establishment of digital banks.

Policy Statement. The Bangko Sentral recognizes the role of digital platforms in driving greater efficiency in the delivery of financial products and services and in expanding reach into the unserved and underserved market segments. In this light, the Bangko Sentral endeavors to promote an enabling regulatory environment that allows responsible innovation to flourish, promotes cyber resilience, and contributes to advancing the digitalization of the financial industry. Towards this end, the Bangko Sentral has developed a framework for “digital banks” as a distinct classification of banks.

The Bangko Sentral is cognizant that the adoption of a digital banking business model should be underpinned by sound digital governance, robust, secure and resilient technology infrastructure, and effective data management strategy and practices. Digital banks are exposed to the same set of risks identified in the Bangko Sentral Risk Management Framework; thus, are expected to have effective governance structures and risk management processes that appropriately identify, measure, monitor and control the risks attendant to its business model, strategies, processes and products. In this respect, digital banks shall be subject to the same standards on corporate governance, risk management, compliance, internal control and audit, and reporting governance, among others, that are applicable to other bank categories.

The following guidelines shall govern the establishment of digital banks:

- a. ***Definition.*** A digital bank offers financial products and services that are processed end-to-end through a digital platform and/or electronic channels with no physical branch/sub-branch or branch-lite unit offering financial products and services.
- b. ***Capitalization.*** The minimum capitalization of digital banks shall be P1.0 billion.
- c. ***Conduct of business.*** A digital bank shall be subject to the prudential requirements set out by the Bangko Sentral including corporate governance and risk management, particularly on information technology and cyber security, outsourcing, consumer protection and anti-money laundering (AML) and combating the financing of terrorism (CFT), as provided under existing regulations.
- d. ***Physical touchpoints.*** Digital banks shall be required to maintain a principal/head office in the Philippines to serve as the main point of contact for stakeholders, including the Bangko Sentral and other regulators. The registered principal/head office of the digital bank shall house the offices of management and other support operations. It may also serve as the central hub for receiving and resolving customer complaints.

Digital banks may offer financial products and services through cash agents and other qualified service providers subject to the guidelines provided under Secs. 275 and 112, respectively.

The application and documentary requirements for the establishment of digital banks are provided under *Appendix 33*.

Establishment of microfinance-oriented banks. x x x

x x x

Application and license fees for new domestic banks. x x x

Bank Category	Application Fee	License Fee
	(in Million Pesos)	
Universal Banks	0.500	25.000
Commercial Banks	0.400	20.000
Digital Banks	0.250	12.500
Thrift Banks	x x x	x x x
x x x	x x x	x x x

x x x

Business name

- a. *UBs/KBs. x x x*
- b. *TBs. x x x*
- c. *RBs/Coop Banks. x x x*
- d. *Digital Banks. Only a bank that is granted a digital banking license may represent itself to the public as such in connection with its business name.*

x x x

Section 2. Section 101 of the MORB is hereby amended to read, as follows:

Section 101 CLASSIFICATIONS, POWERS AND SCOPE OF AUTHORITIES OF BANKS

The following are the classification, powers and scope of authorities of banks, as well as the prerequisites for the grant of authorities.

- a. *Classification of banks.* Banks are classified into the following subject to the power of the Monetary Board to create other classes or kinds of banks:
 - (1) Universal banks (UBs);
 - (2) x x x

- (3) x x x
- (4) x x x
- (5) Cooperative banks (Coop Banks);
- (6) Islamic banks (IBs) x x x; and
- (7) Digital banks.

b. *Powers and scope of authorities.* The following are the powers and scope of authorities of banks.

x x x

(6) *IBs.* x x x

(7) *Digital banks.* A digital bank may perform any or all of the following services:

- a. grant loans, whether secured or unsecured;
- b. accept savings and time deposits, including basic deposit accounts as defined under Sec. 213;
- c. accept foreign currency deposits, as defined under R.A. No. 6426, as amended;
- d. invest in readily marketable bonds and other debt securities, commercial papers and accounts receivable, drafts, bills of exchange, acceptances or notes arising out of commercial transactions;
- e. act as correspondent for other financial institutions;
- f. act as collection agent for non-government entities;
- g. issue electronic money products subject to the guidelines provided under Sec. 702;
- h. issue credit cards;
- i. buy and sell foreign exchange; and
- j. present, market, sell and service microinsurance products subject to the guidelines provided under Sec.113-B.

With prior Monetary Board approval and subject to such guidelines as may be established by it, digital banks may perform other activities not covered by the foregoing enumeration.

Section 3. Section 122 of the MORB is hereby amended to read, as follows:

Section 122 SHARES OF STOCKS OF BANKS

The following shall govern transactions affecting shares of stock of banks and the limits on stockholdings in a single bank or in several banks.

x x x

Limits of stockholdings in a single bank. x x x

Particulars	Ceiling
(a) Voting shares of stock of a foreign individual or a foreign non-bank corporation in: i. UB/KB, TB and Digital Bank ii. RB	40% 60%
(b) Aggregate ownership of the voting shares of stock of foreign individuals and/or foreign non-bank corporations in: i. UB/KB and Digital Bank ii. x x x	40% 60%
(c) Voting shares of stock of a qualified foreign bank in UB, KB, TB, RB and Digital Bank	100%
(d) Combined ownership of the voting shares of stock of qualified foreign banks in UB, KB, TB, RB and Digital Bank	100%
(e) Voting shares of stock of a Filipino individual or a Philippine non-bank corporation in: i. UB/KB, TB and Digital Bank ii. RB Voting shares of stock of a qualified Philippine Corporation in UB, KB, TB and RB, prior to the effectivity of R.A. 10641 (7 August 2014)	40% 60% 60%
(f) Combined ownership of an individual and corporation/s which is/are wholly owned or a majority of the voting shares of stock of which is owned by such individual in: i. UB/KB, TB and Digital Bank ii. RB	40% 60%

a. Any foreign individual or non-bank corporation may each own or control up to forty percent (40%) only of the voting stock of a UB, KB, TB or digital bank: *Provided*, That the aggregate foreign-owned voting stock owned by foreign individuals and non-bank corporations shall not exceed forty percent (40%) of the voting stock of a UB/KB and digital bank, and sixty percent (60%) in the case of TBs.

x x x

c. Any Filipino individual or a domestic non-bank corporation may each own up to forty percent (40%) only of the voting stock of a UB, KB, TB or digital bank, and up to sixty percent (60%) only of the voting stock of an RB.

d. An individual and a corporation or corporations which are wholly-owned, or a majority of the voting stock of which is owned, by him, may own only up to a



combined forty percent (40%) of the voting stock of a UB, KB, TB or digital bank, and up to a combined sixty percent (60%) of the voting stock of an RB.

- e. Stockholdings of family groups or related interests. Individuals related to each other within the fourth degree of consanguinity or affinity, whether legitimate, illegitimate or common-law, shall be considered family groups or related interests and may each own up to forty percent (40%) of the voting stock of a UB, KB, TB or digital bank and up to sixty percent (60%) of the voting stock of an RB: *Provided*, That said relationship must be fully disclosed in all transactions by such individuals or family groups or related interests.
- f. Two (2) or more corporations owned or controlled by the same family group or same group of persons shall be considered related interests but may each own up to forty percent (40%) of the voting stock of a UB, KB, TB or digital bank and up to sixty percent (60%) of the voting stock of an RB: *Provided*, That said relationship must be fully disclosed in all transactions by such individuals or family groups or related interests.

x x x

Section 4. Section 373 of the MORB is hereby amended to read, as follows:

Section 373 LIMITS ON INVESTMENT IN THE EQUITIES OF FINANCIAL ALLIED UNDERTAKINGS

The equity investment of a bank in a single financial allied undertaking shall be within the following ratios in relation to the total subscribed capital stock and to the total voting stock of the allied undertaking:

x x x

ACTIVITIES	INVESTOR						
	UB		KB		TB	RB	Coop Banks
Financial Allied Undertaking	Publicly-listed	Not listed	Publicly-listed	Not listed			
x x x	1	4	1	4	4	4	4
KBs	100	49	100	49	49	49	49
Digital Banks	100		49		49	49	49
TBs	100		100		49	49	49
x x x							

Section 5. *Appendix 33* of the MORB (Annex A of this Circular) on basic guidelines in establishing banks is hereby amended to incorporate additional requirements for applicant banks, including those specific to digital banks.

Section 6. Transitory Provision. Existing banks may apply for conversion to a digital bank. The Bangko Sentral may likewise require banks that already meet the definition of a digital bank under this Section to convert their existing banking license to digital banking



license. Said banks shall comply with the applicable requirements for a digital bank and submit an acceptable plan which shall address how the transition to a digital bank shall be managed.

Existing banks converting to digital banks shall be given a period of three (3) years from approval of the Monetary Board within which to meet the minimum capital requirement and implement the transition plan, including divestment or closure of branches or branch lite units. In the case of an existing bank with up to sixty percent (60%) of its voting stock held by a foreign individual or non-bank corporation, such stockholding may be retained or reduced, but once reduced, shall not be increased thereafter beyond forty percent (40%) of the voting stock.

Upon receipt of notice of approval of conversion, the bank shall no longer engage nor renew transactions under authorities not associated with those allowed for a digital bank. Within six (6) months from date of receipt of notice of approval of its application for conversion, the bank shall (1) phase-out all inherent powers and activities under special authorities not normally associated to a digital bank; and (2) submit the pertinent amended Articles of Incorporation and By-Laws duly registered with the Securities and Exchange Commission (SEC).

The bank shall start operation as a digital bank after approval by the SEC of the bank's amended Articles of Incorporation and By-Laws, compliance with all the conditions of approval of the conversion, and issuance by the Bangko Sentral of a Certificate of Authority to Operate.

Failure to comply with these requirements shall subject the bank to the appropriate enforcement action provided under Section 002 of the MORB.

The Monetary Board may limit the total number of digital banks that may be established taking into account the total number of applications received and the assessment of the overall banking situation.

This section shall be incorporated as part of Section 102 of the MORB on the establishment of digital banks.

Section 7. This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:



BENJAMIN E. DIOKNO

Governor

02 December 2020

BASIC GUIDELINES IN ESTABLISHING BANKS
(Appendix to Section 102)

A. THE APPLICATION PROCESS

Consistent with relevant laws, rules and regulations, the licensing framework of the Bangko Sentral encompasses the assessment of the transparency of ownership and control structure; suitability of shareholders, including the ultimate beneficial owners (UBOs); fitness and propriety of directors and senior management; and adequacy of capital, including sources of initial capital and ability of shareholders to provide additional financial support, where needed. The assessment shall likewise cover the strategic and operating plan, including an appropriate system of corporate governance, risk management and internal controls, projected financial condition, consumer assistance mechanism, and compliance with anti-money laundering (AML) and combating the financing of terrorism (CFT) regulations.

Stage I: Application for Bangko Sentral approval to establish a new bank

PRE-APPROVAL

1. The application for authority to establish a bank shall be signed by a representative authorized by the incorporators/subscribers and submitted either electronically or in hardcopy to the appropriate supervising department of the Bangko Sentral in two (2) copies. The prospective applicant bank may engage the Bangko Sentral in discussion before submitting the formal application.
2. The required documents¹ and other information in support of the application are as follows:
 - a. Agreement to organize a bank using the prescribed form².
 - b. For each individual incorporator, subscriber, proposed director and principal officer:

Requirements	Incorporator ³	Subscriber	Director	Principal Officer
1. Biographical data using the prescribed form ⁴ with (2"x2") photograph taken within the	✓	✓	✓	✓

¹ Documents issued outside the country shall be apostilled or consularized, as applicable.

² Copy of the prescribed form may be downloaded from the BSP website under the section on Regulations – Guidelines and Other Regulations - Guidelines on Establishing Banks, using the link:
<https://www.bsp.gov.ph/Regulations/Guidelines%20and%20other%20Regulations/Agreement%20to%20Organize%20a%20Bank.pdf>

³ This shall include UBOs.

⁴ Copy of the prescribed form may be downloaded from the BSP website under the section on Regulations – Guidelines and Other Regulations - Guidelines on Establishing Banks, using the link:
<https://www.bsp.gov.ph/Regulations/Guidelines%20and%20other%20Regulations/Biographical%20Data.pdf>

last six (6) months from the date the application was received by the Bangko Sentral.				
2. Evidence of citizenship.	✓	✓	✓	✓
3. Evidence of financial capacity as of a date not earlier than ninety (90) calendar days prior to the filing of application such as credit reports, bank deposits, investments, real estate owned, etc., accompanied by waiver of rights under R.A. No. 1405, as amended, for covered items.	✓	✓		
4. Certified photocopies of Income Tax Returns (ITRs) or equivalent document from other jurisdiction for non-Filipinos/non-resident Filipinos for the last three (3) calendar/fiscal years.	✓	✓		
5. Clearances from the National Bureau of Investigation (NBI) and Bureau of Internal Revenue (BIR) or equivalent clearances or certificate from home country for non-Filipinos, obtained within the last six (6) months from the date the application was received by the-Bangko Sentral.	✓	✓	✓	✓

c. For corporate subscribers

Requirements	Domestic		Foreign	
	Bank	Non-bank	Bank ⁵	Non-bank
1. Board resolution authorizing the corporation to invest in such bank; and designating the person who will represent the corporation in connection therewith.	✓	✓	✓	✓
2. Latest articles of incorporation (AOI) and by-laws (BL) registered with the Securities and Exchange Commission (SEC) or similar agency from home country for foreign corporate subscribers.	✓	✓	✓	✓
3. Corporate background providing the following: a. Date and place of incorporation; b. List of domestic and foreign branches, agencies, other offices, subsidiaries and affiliates and their location and line of business; c. Range of financial and non-financial products offered to and services performed for clients; d. Conglomerate structure/map where the corporate subscriber belongs; and		✓	✓	✓

⁵ For foreign bank subscriber other than those entering via R.A. No. 7721, as amended by R.A. No. 10641. Meanwhile, foreign bank applicants entering via R.A. No. 7721, as amended by R.A. No. 10641 shall refer to the documentary requirements in *Appendix 2* to be submitted to the Bangko Sentral during Stage I of the application process.

Requirements	Domestic		Foreign	
	Bank	Non-bank	Bank ⁵	Non-bank
e. Financial and commercial relationship with the Philippine government, local banks, business entities and residents, past and present.				
4. Latest General Information Sheet filed with the SEC or equivalent information sheet filed with the home country's SEC or similar agency for foreign corporate subscribers.	✓	✓	✓	✓
5. List of all stockholders, including the corporation's UBOs, indicating the citizenship, address, and the number, amount and percentage of the voting and non-voting shares held by them.	✓	✓	✓	✓
6. Annual reports at the entity-level and consolidated level with audited financial statements for the last three (3) calendar/fiscal years prior to the filing of application.	✓	✓	✓	✓
7. Certified photocopies of ITRs or equivalent tax returns filed by foreign corporate subscribers for the last three (3) calendar/fiscal years.	✓	✓	✓	✓
8. BIR clearance or equivalent clearance from home country's tax authorities for foreign corporate subscribers obtained within the last six (6) months from the date the application was received by the Bangko Sentral.	✓	✓	✓	✓
9. Certification from the board of directors that it is compliant with the applicable conditions set forth in Sec. 371 for the equity investment to the proposed bank.	✓			
10. List of directors and principal officers including their citizenships.	✓	✓	✓	✓
11. Certification from relevant home country supervisory authority that it has no objection to the investment in a bank in the Philippines, and it will provide the Bangko Sentral with relevant supervisory information on the foreign corporate subscriber to the extent allowed under existing laws.			✓	✓

- d. A UBO of a corporate stockholder shall likewise submit clearances from the NBI and the BIR or equivalent clearances or certificates from home country for non-Filipinos, obtained within the last six (6) months from the date the application was received by the Bangko Sentral.
- e. Comprehensive corporate plan describing its business model, including the target markets and channels, corporate strategy and economic justification for establishing the bank. The said document shall also provide detailed information to substantiate

that the proposed bank has adequate financial, managerial and organizational resources in place to support its strategy and operations on an ongoing basis.

- f. Feasibility study with projected monthly financial statements (FS) for the first year and projected yearly FS for the first five (5) years of operation, using realistic assumptions consistent with the proposed business model and corporate strategy of the bank. The details of the assumptions used shall be presented in the feasibility study.

If an applicant is seeking a digital banking license, a detailed review and assessment of the supporting information technology (IT) systems and infrastructure vis-à-vis the digital banking business model should be performed by a competent independent third-party IT expert. Said technical review shall cover a comprehensive assessment of the design, security controls, scalability, and resilience capability of the IT infrastructure, network, application, database, security systems, AML/CFT measures and other applicable technologies supporting the digital banking operations.

A copy of the assessment and technical reports shall be submitted to Bangko Sentral as part of the application requirements.

- g. Certification executed by each of the subscribers that the amount committed to pay the proposed paid-up capitalization in the bank was not derived from borrowings, unlawful activity or any money laundering activity.
 - h. In addition to the foregoing requirements, an applicant seeking for a digital banking license shall also submit the applicable requirements in offering Electronic Payments and Financial Services (EPFS) as enumerated under Sec. 701 (Requirements for the grant of authority to offer EPFS) and *Appendix 141*, including the list and nature of material outsourcing arrangements.
 - i. Other documents which may be required by the Bangko Sentral relevant to the evaluation of the application.
3. The application shall be processed on a first-come, first-served basis: *Provided*, That all the required documents and information are complete. Incomplete application documents shall be returned by the Bangko Sentral. The said application shall be considered closed without prejudice to the submission of a new application together with the complete documentary requirements.
 4. The applicant bank shall be required to make a presentation to the Financial Supervision Sector of the Bangko Sentral. The presentation shall cover the following: ownership structure, including UBOs, of the proposed bank and its related parties, if any; corporate plan and results of the feasibility study; governance structure (i.e., board of directors and senior management); amount and sources of capitalization; risk management and internal control system; consumer assistance mechanism; general overview of the AML/CFT measures to be adopted; and other information relevant to the evaluation of the application.

5. The non-refundable application fee, as provided under Sec. 102 and *Appendix 2*, shall be paid upon filing of complete application documents.

EVALUATION

Capital Requirements/Stockholdings

1. Banks to be established shall comply with the required minimum capital prescribed under Secs. 121 (Minimum capitalization) and 102 (Establishment of digital banks), as applicable.
2. The stockholdings in any bank shall be subject to the limits on stockholdings in a single bank and several banks as prescribed under Secs. 122 (Limits of stockholdings in a single bank) and Secs. 122-A (Limits on stockholdings in several banks) and 122-C (Limits on stockholdings in several rural banks), respectively.

Incorporators, Subscribers, Directors and Officers

1. The incorporators, subscribers and proposed directors and officers must be persons of integrity, of good credit standing in the business community, and must possess technical expertise in the field of banking and finance. In the case of applicants for digital banking license, at least one member of the board of directors and one senior management officer should have a minimum of three (3) years of experience and technical knowledge in operating a business in the field of technology or e-commerce.
2. The incorporators/subscribers must have adequate financial strength to pay their proposed subscriptions in the bank and/or infuse additional capital when needed. The Bangko Sentral reserves the right to require the incorporator, subscriber or UBO to submit a deed of undertaking committing himself to pay his subscription and/or infuse additional capital to support the operations of the proposed bank in an ongoing basis.
3. The incorporators, subscribers and proposed directors and officers must not have been convicted of any crime or involved in any of the cases enumerated in Sec. 138 (Disqualification and Watchlisting of Directors and Officers), as a principal, accomplice or accessory. Unless otherwise allowed under the provisions of existing laws, the incorporators, subscribers and proposed directors and officers are not officers or employees of a government agency, instrumentality, department or office charged with the supervision of, or the granting of loans to banks within one (1) year prior to their subscription/appointment/election/hiring. Moreover, such incorporators, subscribers and proposed directors and officers must have no adverse derogatory information of any kind (e.g., included in the watchlist file of any competent authority locally or internationally, have pending administrative or criminal cases, among other things). Furthermore, in case of corporate stockholder, the UBO must be expressly declared and required to submit the same proof of qualifications.
4. A bank may be organized with not less than five (5) nor more than fifteen (15) incorporators.

5. The number and nationality of the members of the board of directors of the bank shall be subject to the limits prescribed under Sec. 132 (Composition of the board of directors).
6. No appointive or elective public official, whether full-time or part-time, shall at the same time serve as officer of a bank, except in cases where such service is incident to financial assistance provided by the government or a government-owned or -controlled corporation (GOCC) to the bank or in cases allowed under existing laws.
7. The proposed directors and officers of the bank shall be subject to qualifications and other requirements under Secs. 132 (Qualifications of a director) and 134 (Qualifications of an officer) as well as confirmation/approval of the Bangko Sentral pursuant to Sec. 137 (Confirmation of election/appointment of directors/officers).
8. The disqualifications of directors and officers prescribed under Sec. 138 (Disqualification and Watchlisting of Directors and Officers) shall also apply.

POST APPROVAL

Stage II: Application for the issuance of Certificate of Authority (COA) to Register with the SEC

1. Within thirty (30) calendar days from receipt of advice of approval by the Monetary Board of the application for authority to establish the bank, the organizers shall:
 - a. Submit the proposed AOI, BL and treasurer's sworn statement in four (4) copies and the letter requesting the issuance of the COA to Register the AOI and BL with the SEC;
 - b. Deposit with any U/KB (for KBs, TBs and digital banks), any bank (for RBs and coop banks), and any UB (for Islamic banks) the initial paid-up capital of the proposed bank, and submit a copy of the depository bank's certification of deposit;
 - c. Pay the applicable license fee at the Bangko Sentral Cash Department (for cash) or other alternative payment modes acceptable to the Bangko Sentral, net of the previously paid application fee; and
 - d. Submit a copy of certificate of the inward remittance of capital, in the case of foreign subscribers.
2. Within sixty (60) calendar days after the issuance by the Bangko Sentral of the COA to Register the AOI and BL, the organizers shall effect the filing of said documents with the SEC.

Stage III: Application for the issuance of COA to Operate

3. Within one (1) year from receipt of advice of approval by the Monetary Board of their application for authority to establish the bank, the organizers shall:

- a. Complete the establishment of the bank premises, with the applicable minimum security measures under Sec. 147 (Minimum security measures) and requirements under Batas Pambansa Blg. 344⁶ and Republic Act No. 9994⁷;
- b. Effect and complete the recruitment and hiring of officers and employees of the bank;
- c. Attend the briefing on Bangko Sentral reportorial requirements conducted by the appropriate department of the Bangko Sentral together with the relevant officers of the bank;
- d. Attend the briefing on Anti-Money Laundering (AML) registration and reportorial requirements conducted by the AML Council Secretariat (AMLCS) together with the relevant officers of the bank; and
- e. Submit the letter requesting the issuance of COA to Operate the bank and the following documentary requirements at least thirty (30) calendar days before the scheduled start of operations:
 - (1) Proof of registration of AOI and BL with the SEC;
 - (2) Certification signed by all the directors stating that –
 - i. All the conditions of the approval to establish the proposed bank have been complied with;
 - ii. The policies, and procedures covering all risk areas; internal controls, information technology, accounting systems, and business continuity plan that have been approved by the board of directors are in place upon start of operations;
 - iii. The necessary bond policy on custodial officers and insurance policy on bank properties required to be insured have been obtained;
 - iv. All applicable pre-operating requirements under existing laws and regulations, which include among others: (a) use of business name, (b) posting of schedule of banking days and hours, notice to depositors on clearing cutoff time, and disclosure statement on loan/credit transaction, (c) Batas Pambansa Blg. 344 and Republic Act No. 9994⁷, (d) minimum security measures⁶, and (e) publication of consumer assistance management system have been complied with; and
 - v. No person who is the spouse or relative within the second degree of consanguinity or affinity will be appointed to any officership positions across

⁶ An Act to Enhance the Mobility of Disabled Persons by Requiring Certain Buildings, Institutions, Establishments and Public Utilities to Install Facilities and Other Devices

⁷—An Act Granting Additional Benefits and Privileges to Senior Citizens

the following functional categories in the bank: (a) decision making and senior management function, (b) treasury function, (c) recordkeeping and financial reporting function, (d) safekeeping of assets, (e) risk management function, (f) compliance function, and (g) internal audit function.

- (3) Proof of compliance with the applicable pre-operating requirements under existing rules and regulations, in relation to Item “(2)(iv)” above;
- (4) List of principal and junior officers and their respective designations and salaries;
- (5) Ownership and governance structure;
- (6) Contract of lease on bank’s premises, if the same are to be leased;
- (7) List of stockholders stating the number and percentage of voting stocks owned by them as well as their citizenships;
- (8) Certification from the Philippine Deposit Insurance Corporation (PDIC) stating that the organizers have undergone a briefing on all of its requirements;
- (9) Alien Employment Permit or other applicable document issued by the Department of Labor and Employment for foreign directors and officers;
- (10) Provisional certificate of registration from the AMLCS; and
- (11) Other documents/papers which may be required by the Bangko Sentral.

B. OPENING OF THE BANK FOR BUSINESS AFTER THE COA TO OPERATE HAS BEEN ISSUED

Within five (5) banking days after the start of operation, the bank shall –

1. Inform the Bangko Sentral of the first day of operation and the applicable banking days and hours; and
2. Submit the balance sheet as of the first day of operation.

The approved applicant bank is expected to adhere to the qualifications for the grant of banking license on a continuing basis. Moreover, it shall be subjected to assessment/s or examination/s of the Bangko Sentral to ensure that the necessary governance structure, risk management system and internal controls, among others, are in place. The assessment may be conducted any time before or after the issuance of the COA to operate the bank.

C. REVOCATION OF AUTHORITY TO ESTABLISH A BANK

The basis for revocation of authority to establish a bank are provided under Sec. 102.