



## BANGKO SENTRAL NG PILIPINAS

### OFFICE OF THE DEPUTY GOVERNOR FINANCIAL SUPERVISION SECTOR

#### MEMORANDUM NO. M-2020-011

To : **All BSP Supervised Financial Institutions (BSFIs)**

Subject : **Additional Operational Relief for BSFIs Affected by Measures to Manage the Corona Virus Disease 2019 (COVID-19) Situation and its Health and Safety Risks**

The Monetary Board, in its Resolution No. 403.A dated 19 March 2020, approved the grant of additional operational relief for BSP-supervised financial institutions (BSFIs) affected by measures imposed to manage the COVID-19 situation. These measures, together with heightened health and safety risks, are expected to affect the ability of BSFIs to render financial services to the general public.

In this light, the Bangko Sentral is issuing a set of temporary measures aimed at assisting BSFIs in focusing their resources on the continuous delivery of financial services during this extraordinary situation and supporting the BSFI's subsequent recovery efforts.

The measures ease certain BSP regulatory requirements governing banking operations for the duration of the enhanced community quarantine and one (1) month thereafter. The period of eligibility may be extended depending on the developments related to the COVID-19 situation.

The additional operational relief measures that are available to BSFIs are as follows:

1. Increase in the single borrower's limit (SBL). Increase in the SBL under Section 362 of the Manual of Regulations for Banks (MORB)/Section 342-Q of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFIs) from 25 percent to 30 percent for a period of six (6) months from 19 March 2020, pursuant to national interest.
2. Relaxation in the maximum penalty that may be imposed for reserve deficiencies under Section 255 of the MORB/Section 215-Q of the MORNBFIs. The maximum penalty that may be imposed by the BSP for reserve deficiencies shall be the Overnight Lending Facility rate plus 50 basis points: *Provided*, That the maximum reserve deficiency of the BSFI shall be 200 basis points above the reserve requirement.
3. Relaxation of the notification requirements related to changes in banking hours. A bank need not inform the BSP of changes in its banking hours, as required

under Section 108 of the MORB, during the enhanced community quarantine period.

4. Relaxation of the notification requirements on the temporary closure of bank branch/branch-lite units and BSFI offices/service units
  - a. Bank Branch/Branch-Lite or NSSLA Service Unit. The temporary closure of a bank branch/branch-lite unit or NSSLA service unit from March to April 2020 shall not be subject to the notification requirements under Section 105 of the MORB/Subsection 4151S.8 of the MORNBF: *Provided*, That information on the closure shall be posted on the bank's/NSSLA's website or social media accounts or displayed in conspicuous places in the premises of the affected branch/branch-lite or NSSLA service unit, if the latter requirement is practicable.

Consistent with existing guidelines, the bank branch/branch-lite unit or NSSLA service unit that is temporarily closed shall be re-opened within a period of one (1) year from the date of temporary closure. The temporary closure of said unit beyond one (1) year shall be deemed as a permanent closure and surrender of license of the branch/branch-lite unit or NSSLA service unit. Re-opening thereof shall be deemed as an establishment of a new bank branch/branch-lite unit under Section 105 of the MORB and the establishment of an NSSLA service unit under Subsection 4151S.2 of the MORNBF.

- b. Other BSFI Offices/Units. The temporary closure of other BSFI offices/units from March to April 2020 shall be subject to the posting of information on the closure on the BSFI's website/social media account or in conspicuous places in the premises of the affected BSFI office/unit, if the latter requirement is practicable.

A BSFI shall submit a consolidated report on the bank branches/branch-lite-units or BSFI offices/service units that were temporarily closed during the enhanced community quarantine period to the appropriate supervising department of the BSP on or before 30 June 2020. The BSFI shall periodically update the appropriate supervising department of the BSP on the status of the re-opening said bank branches/branch-lite units or BSFI offices/service units until such time that these units are fully operational.

5. Relaxation in the regulations governing the submission of reports and other documents to the BSP-Financial Supervision Sector (FSS)
  - a. The submission of required reports to the BSP-FSS that fall due within the months of March to May 2020 is suspended until further notice, except for the submission of the Financial Reporting Package for Banks (FRP), the

Consolidated Foreign Exchange (FX) Position Report, event-driven report requirements and reserve requirement-related reports.<sup>1</sup>

- b. The pertinent provisions under M-2020-008 dated 14 March 2020 shall apply in the submission of the FRP, FX Position Report, event-driven report requirements and the reserve requirement-related reports.
  - c. Submission of the notarized certification related to the FRP, FX Position Report, event-driven report requirements and the reserve requirement-related reports, as applicable, shall be waived.
  - d. Reports or documents sent through an official e-mail address of the BSFI to the BSP-FSS during the period of the enhanced community quarantine shall be recognized as an authorized submission without need for a physical signature: *Provided*, That, the submission shall be made in accordance with the provisions of M-2020-007 dated 14 March 2020.
6. Extension in the period of compliance with BSP supervisory requirements
- a. The period of compliance with BSP supervisory and notification requirements governing BSFI operations shall be extended, unless otherwise directed by the concerned supervising department. BSFIs shall be given until end-June 2020 within which to comply with supervisory or notification requirements which were imposed by the BSP-FSS prior to 8 March 2020,<sup>2</sup> and which fall due within the months of March to May 2020.
  - b. The period within which a BSFI is required to comply with the submission of documentary requirements related to activities that fall under a Type C license, as applicable, shall be extended. BSFIs shall be given until end-June 2020 to submit the documentary requirements related to activities under a Type C license that fall due within the months of March to May 2020.
  - c. The documentary requirements shall be submitted by the BSFI to the BSP in accordance with prevailing guidelines at the time of submission.

For guidance.

  
**CHUCHI G. FONACIER**  
Deputy Governor

19 March 2020

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<sup>1</sup> The reserve requirement-related reports include the following: Consolidated Daily Report of Condition, Weekly Report on Required and Available Reserves Against Deposit Liabilities, Consolidated Report on Required and Available Reserves Against Deposit Substitutes and Special Financing and Weekly Reserve Report on Trust and Other Fiduciary Accounts (TOFA)

<sup>2</sup> 8 March 2020 is the date of declaration of the President of the state of public health emergency under Presidential Proclamation No. 922,