



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1154 Series of 2022

Subject : Prudential Requirements Applicable to Digital Banks, and Amendments to Relevant Provisions of the Manual of Regulations for Banks and Non-Bank Financial Institutions and Manual of Regulations on Foreign Exchange Transactions

The Monetary Board, in its Resolution No. 1331 dated 8 September 2022, approved the amendments to the relevant provisions of the Manual of Regulations for Banks (MORB), Manual of Regulations for Non-Bank Financial Institutions (MORNBFI), and Manual of Regulations on Foreign Exchange Transactions (FX Manual) to clarify the extent of applicability of prudential requirements to digital banks, and amend the documentary and licensing requirements on the establishment of banks.

Section 1. Section 102 of the MORB on *Basic Guidelines in Establishing Banks*, as amended by Circular No. 1105 dated 02 December 2020, is hereby further 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); adequate financial strength, a legal structure in line with its operational structure, a board of directors (or its equivalent body in the case of foreign bank branches) and senior management with sufficient expertise and integrity to operate the bank in a safe and sound manner.

x x x

Establishment of digital banks.

Policy Statement. x x x

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. Conduct of business. Similar with other types of banks, a digital bank shall be subject to all prudential requirements set out by the Bangko Sentral including but not limited to corporate governance, risk management, particularly on information technology (IT) and cyber security, outsourcing, consumer protection and anti-money laundering (AML) and countering terrorist and proliferation financing as provided under existing regulations.

¹ For purposes of this Section, x x x

c. *Physical touchpoints.* x x x

x x x

Transitory provision. x x x

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, sub-branches or branch lite units.

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. xxx

x x x

The foregoing transitory provisions, particularly the three-year capital build-up, shall not apply to committed capital infusion of new investors in the converting bank arising from acquisition, purchase/sale, transfer of the converting bank's shares of stock or other similar arrangements, where such required minimum capital shall be infused before the issuance of the Certificate of Authority to Register with the SEC.

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.¹

xxx

Bank advertisements. The following rules and regulations shall govern bank advertisements.

a. x x x

x x x

- f. No bank advertisement shall mislead, misrepresent, give a false impression to the public, or withhold information that a reasonable consumer needs to know with respect to the banking category of a bank and the products and/or services that the bank is authorized to offer. In this regard, only a bank that is granted a digital bank license shall market itself as a digital bank. A bank belonging to other bank classifications is prohibited from representing itself as a digital bank in its marketing communications and platforms, including digital media, websites, or mobile applications, among others. Nonetheless, any bank may market itself as a bank offering "digital banking products or services" or other equivalent terms: *Provided*, That the bank has secured the requisite Bangko Sentral license on electronic payment and financial services for these digital banking products or services.

¹ In relation to this, the application window for new digital bank license, including conversion of existing bank's license to digital bank license, which was closed starting 31 August 2021, pursuant to Memorandum No. M-2021-046 dated 19 August 2021, remains effective. The moratorium under M-2021-046 also covers applications for the establishment of other types of banks that will primarily offer financial products and services that are processed end-to-end through a digital platform and/or electronic channel.

g. Banks shall discontinue any advertisement x x x

h. Responsibility for compliance x x x.

Section 2. Section 121 of the MORB on *Minimum Required Capital*, as amended by Circular No. 1121 dated 8 June 2021, is hereby further amended to read, as follows:

121 MINIMUM REQUIRED CAPITAL

x x x

Minimum capitalization. The minimum capitalization of banks which shall be complied with at all times shall be as follows:

| Bank Category | Required Minimum Capitalization |
|---------------|---------------------------------|
| UBs | |
| x x x | x x x |
| KBs | |
| x x x | x x x |
| Digital Banks | P1.00 billion |
| TBs | |
| x x x | |

x x x

TBs, RBs, and Coop Banks that primarily offer financial products and services that are processed end-to-end through a digital platform and/or electronic channels under an Advanced Electronic Payments and Financial Services (EPFS) license, as determined by the appropriate supervising department/s, shall maintain a minimum capital of P1.0 billion. Existing TBs, RBs, and Coop Banks that are primarily offering financial products and services that are processed end-to-end through a digital platform and/or electronic channels under an Advanced EPFS license, as determined by the appropriate supervising department/s, shall be given five (5) years from the date of effectivity of this Circular within which to meet the new minimum capital requirement. These banks shall submit to the Bangko Sentral an acceptable capital build-up program within six (6) months from the date of effectivity of this Circular.

For purposes of compliance with this Section, the term branch shall exclude the branch-lite units of banks.

x x x

Section 3. Section 125/125-Q of the MORB/MORNBFI on *Basel III Risk-Based Capital* is hereby amended to read, as follows:

125 BASEL III RISK-BASED CAPITAL

The guidelines implementing the revised risk-based capital adequacy framework for the Philippine banking system to conform to Basel III recommendations is provided in *Appendix 59*.

These guidelines apply to all UBs and KBs as well as their subsidiary banks and QBs, and digital banks. The risk-based capital ratio of a bank, x x x

x x x

Market risk capital requirement. UBs/KBs and digital banks shall also measure and apply capital charges for market risk, in addition to the credit risk capital requirement in this Section, x x x

x x x

The instructions for accomplishing the report on computation of the Adjusted Risk- Based Capital Adequacy Ratio covering combined credit risk and market risk are shown in *Appendices 44* (for UBs, KBs with expanded derivatives authority), *45* (for UBs, KBs with expanded derivatives authority but without options transactions) and *46* (for UBs and KBs without expanded derivatives authority and digital banks).

x x x

Required reports. x x x

All UBs and KBs as well as their subsidiary banks, and digital banks shall be subject to all other reporting requirements (i.e., Basel III Capital Adequacy Summary Report) under the Basel III risk-based capital as may be prescribed by the Bangko Sentral.

x x x

125-Q BASEL III RISK-BASED CAPITAL

The guidelines implementing the revised risk-based capital adequacy framework for the Philippine banking system to conform to Basel III recommendations is provided in *Appendix Q-45*.

These guidelines apply to all UBs and KBs, as well as their subsidiary banks and QBs, and digital banks. The risk-based capital ratio of a QB, x x x

x x x

Required reports. x x x

All UBs and KBs as well as their subsidiary banks and QBs, and digital banks shall be subject to all other reporting requirements under the Basel III risk-based capital as may be prescribed by the Bangko Sentral.

x x x

Section 4. Section 129 of the MORB on *Basel III Leverage Ratio Framework* is hereby amended to read, as follows:

129 BASEL III LEVERAGE RATIO FRAMEWORK

a. *Minimum requirement.* x x x

x x x

The guidelines implementing the Basel III Leverage Ratio framework are provided in *Appendix 116*. The guidelines shall apply to UBs and KBs as well as their subsidiary banks and QBs, and digital banks.

x x x

Section 5. Section 130, of the MORB on *Internal Capital Adequacy Assessment Process and Supervisory Review Process* is hereby amended to read, as follows:

130 INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS AND SUPERVISORY REVIEW PROCESS

The guidelines on banks' internal capital adequacy assessment process (ICAAP) and Bangko Sentral's supervisory review process (SRP) are shown in *Appendices 94, 95, and 96, respectively.*

The ICAAP guidelines shall apply to all UBs, KBs, and digital banks on a group-wide basis.

Section 6. Section 131 of the MORB on *Policy Statement and Definition of Terms*, as amended by Circular No. 1129 dated 12 November 2021, is hereby further amended to read, as follows:

131 POLICY STATEMENT AND DEFINITION OF TERMS

x x x

Definition of Terms. For purposes of these regulations, the following definitions shall apply:

x x x

- c. *Complex banks* shall refer to UBs/KBs and digital banks. Nonetheless, a UB/KB or digital bank may apply with the Bangko Sentral for a reclassification as simple or non-complex bank in order to avail of the reduced minimum requirement on the constitution of board committees. x x x

x x x

Section 7. Section 132 of the MORB on *Board of Directors*, as amended by Circular No. 1129 dated 12 November 2021, is hereby further amended to read, as follows:

132 BOARD OF DIRECTORS

x x x

Composition of the board of directors.

x x x

- b. To the extent practicable, the members of the board of directors shall be selected from a broad pool of qualified candidates. x x x

In the case of a digital bank, at least one member of the board of directors 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.

x x x

Section 8. Section 134 of the MORB on *Officers*, as amended by Circular No. 1129 dated 12 November 2021, is hereby further amended to read, as follows:

134 OFFICERS

x x x

Qualifications of an officer. An officer must be fit and proper for the position he is being appointed to. x x x

x x x

The Bangko Sentral shall also consider its own records in determining the qualifications of an officer.

In the case of a digital bank, at least 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.

The foregoing qualifications for officers shall be in addition to those required or prescribed under R.A. No. 8791 and other applicable laws and regulations.

x x x

Section 9. Sections 137/136-Q of the MORB on *Confirmation of the Election/Appointment of Directors/Officers; Bio-data of Directors and Officers; Interlocking Directorships and/or Officerships; Rules of Procedures on Administrative Cases involving Directors and Officers of BSFIs*, as amended by Circular Nos. 1129 dated 12 November 2021, and 1136 dated 11 February 2022, are hereby further amended to read, as follows:

137 CONFIRMATION OF THE ELECTION/APPOINTMENT OF DIRECTORS/OFFICERS; BIO-DATA OF DIRECTORS AND OFFICERS; INTERLOCKING DIRECTORSHIPS AND/OR OFFICERSHIPS; RULES OF PROCEDURES ON ADMINISTRATIVE CASES INVOLVING DIRECTORS AND OFFICERS OF BSFIS

Confirmation of election/appointment of directors/officers.

- a. *Confirming authority.* The election/appointment of directors/officers shall be subject to confirmation by the following:

| Confirming Authority | Position Level |
|----------------------|---|
| a. Monetary Board | Directors and CEO/President or its equivalent rank, of UBs and KBs including their subsidiary banks, QBs, trust corporations ¹ and NBFIs with trust authority; of digital banks; of other stand-alone banks, QBs and NBFIs with trust authority with total assets of at least P10.0 billion; and of trust corporations with assets under management of at least P10.0 billion. |

¹ x x x

| Confirming Authority | Position Level |
|---|--|
| b. Financial Supervision Sector (FSS) Committee | Directors and CEO/President or its equivalent rank x x x |
| | <p>Heads of the following operating functions: (i) Comptrollership/Finance, (ii) Lending, (iii) Treasury, (iv) Branch Banking and (v) Information Technology, directly reporting to the CEO/President or its equivalent rank or to the foreign bank office, and with the rank of Senior Vice President (SVP) and above, of UBs, KBs and digital banks, as may be applicable.</p> <p>Heads of internal audit, risk management and compliance functions, regardless of rank, of banks, xxx</p> |
| | Trust Officer, regardless of rank, x x x |

x x x

Bio-data of directors and officers.

x x x

Interlocking Directorships and/or Officerships. x x x

x x x

e. Reports. BSFIs shall submit an annual report of all interlocking positions of its directors and officers within twenty (20) banking days from the end of each reference year starting 31 December 2021, listed under Appendix 7, which shall be considered a *Category A-1* report.

BSFIs shall keep a complete record of all interlocking positions x x x

x x x

136-Q CONFIRMATION OF THE ELECTION/APPOINTMENT OF DIRECTORS/OFFICERS; BIO-DATA OF DIRECTORS AND OFFICERS; INTERLOCKING DIRECTORSHIPS AND/OR OFFICERSHIPS; RULES OF PROCEDURES ON ADMINISTRATIVE CASES INVOLVING DIRECTORS AND OFFICERS OF BSFIS

x x x

Interlocking Directorships and/or Officerships. x x x

x x x

e. Reports. BSFIs shall submit an annual report of all interlocking positions of its directors and officers within twenty (20) banking days from the end of each reference year starting 31 December 2021, listed under Appendix 7, which shall be considered a *Category A-1* report.

BSFIs shall keep a complete record of all interlocking positions x x x

x x x

Section 10. Section 142 of the MORB on *Risk Governance Framework* is hereby amended to read, as follows:

142 RISK GOVERNANCE FRAMEWORK

The risk governance framework x x x

Risk management function. The risk management function shall be responsible for overseeing the risk-taking activities across the BSFI, x x x

UBs/KBs and digital banks shall create a separate risk management function that shall primarily assist management in meeting its responsibility to understand and manage risk exposures and ensure the development and consistent implementation of risk policies, processes, and procedures throughout the bank.

x x x

Chief Risk Officer (CRO). UBs/KBs and digital banks shall appoint a CRO to head the risk management function. x x x

x x x

Section 11. Section 143 of the MORB on *Credit Risk Management (Policy statement)* is hereby amended to read, as follows:

143 CREDIT RISK MANAGEMENT

Policy statement. x x x

For purposes of these guidelines, FIs refer to UBs, KBs, digital banks, TBs, RBs and Coop Banks and their respective credit-granting financial subsidiaries (if any) as well as stand-alone QBs.

Section 12. Section 145 of the MORB on *Liquidity Risk Management* is hereby amended to read, as follows:

145 LIQUIDITY RISK MANAGEMENT

Policy statement. x x x

x x x

Liquidity Coverage Ratio (LCR)

To promote the short-term resilience of the liquidity risk profile of a bank, x x x

The LCR framework shall apply to all UBs and KBs¹ as well as their subsidiary banks and QBs, and digital banks on both solo (head office plus branches/other offices)

¹ x x x

and consolidated (parent bank plus subsidiary financial allied undertakings, but excluding insurance companies) bases.

x x x

Net Stable Funding Ratio (NSFR). To promote long-term resilience of a bank against liquidity risk, x x x

The NSFR framework shall apply to all UBs and KBs as well as their subsidiary banks and QBs, and digital banks hereinafter referred to as “covered banks”, on both solo (head office plus branches) and consolidated (parent bank plus subsidiary financial allied undertakings, but excluding insurance companies) bases.

x x x

Report on Intraday Liquidity. In accordance with Section V of the Guidelines on Intraday Liquidity Risk Management in *Appendix 71* which expects banks with large volume of daily payments and settlements to effectively manage their intraday liquidity positions and risks, all UBs and KBs and their subsidiary TBs as well as digital banks shall submit the Report on Intraday Liquidity on solo basis. The report is designed to measure and monitor the different aspects of a bank’s intraday liquidity position.

x x x

Section 13. Section 146 of the MORB on *Operational Risk Management* is hereby amended to read, as follows:

146 OPERATIONAL RISK MANAGEMENT

Policy statement. x x x

x x x

Roles and functions.

- a. *Operational risk management function.* UBs/KBs and digital banks shall create a separate ORMF or assign specific personnel under the risk management unit to handle operational risk concerns. x x x

x x x

Operational risk management framework. Banks shall have in place an appropriate operational risk management framework, x x x

- a. *Risk identification and assessment.* x x x

(1) x x x

x x x

- (2) Banks shall adopt tools and mechanisms that are appropriate to their size, complexity of operations and risk profile to properly identify and assess operational risk. x x x

(a) Results of internal/external audit and supervisory issues raised in the Bangko Sentral Report of Examination (ROE) – x x x

x x x

(h) Comparative analysis – x x x

x x x

UBs/KBs and digital banks are expected to adopt more sophisticated tools in identifying and assessing their operational risk exposures. x x x

x x x

Section 14. Section 148 of the MORB on *Information Technology Risk Management* is hereby amended to read, as follows:

148 INFORMATION TECHNOLOGY RISK MANAGEMENT¹

The enhanced guidelines on Information Technology Risk Management (ITRM) x x x

x x x

IT Profile Classification. To ensure that IT risk management system, governance structure and processes are commensurate with the attendant IT risks, the Bangko Sentral shall determine the IT profile of all BSFIs and classify them as “Complex”, “Moderate” or “Simple”. x x x

x x x

The IT profile of digital banks shall be classified as “Complex”. In the case of RBs, Coop Banks, NBFIs, and non-bank institutions, their IT profile shall be classified as “Simple”, unless notified by the Bangko Sentral of a higher classification. x x x

x x x

Section 15. Section 163 of the MORB on *Internal Audit Function* is hereby amended to read, as follows:

163 INTERNAL AUDIT FUNCTION

An effective and efficient internal audit function constitutes the third line of defense in the system of internal control.

x x x

Qualifications of the head of the internal audit function. x x x

- a. The head of the internal audit function of a UB, KB, and a digital bank must be a Certified Public Accountant (CPA) or a Certified Internal Auditor (CIA), and must have at least five (5) years experience in the

¹ x x x

regular audit (internal or external) of a UB, KB, or a digital bank as auditor-in-charge, senior auditor or audit manager. He must also be a Certified Information Systems Auditor (CISA) in the case of a digital bank. He must possess the knowledge, skills, and other competencies to examine all areas in which the institution operates. Professional competence as well as continuing training and education shall be required to face up to the increasing complexity and diversity of the institution's operations.

- b. The head of the internal audit function of a complex TB, RB and Coop Bank; QB and; trust entity must be a graduate of any accounting, business, finance or economics course with technical proficiency on the conduct of internal audit and must have at least five (5) years experience in the regular audit (internal or external) of a TB, national Coop Bank or, at least three (3) years experience in the regular audit (internal or external) of a UB, KB or digital bank.
- c. The head of the internal audit function of a simple or non-complex TB, RB and Coop Bank; and NSSLA must be a graduate of any accounting, business, finance or economics course with technical proficiency on the conduct of internal audit and must have at least two (2) years experience in the regular audit (internal or external) of a UB, KB, digital bank, TB, RB, Coop Bank, QB or NSSLA.

A qualified head of the internal audit function of a UB, KB or digital bank shall be qualified to audit TBs, RB, Coop Banks, QBs, trust entities, NSSLAs, subsidiaries and affiliates engaged in allied activities, and other financial institutions under Bangko Sentral supervision. x x x

x x x

Section 16. Section 911 of the MORB on *Anti-Money Laundering Risk Management* is hereby amended to read, as follows:

911 RISK MANAGEMENT

x x x

Monitoring and reporting tools. x x x

- a. *Electronic monitoring and reporting systems for AML/CFT.* UBs, KBs and digital banks and such covered persons that are considered complex pursuant to Sec. 131 (*Definition of terms*) shall adopt an electronic AML system capable of monitoring risks associated with ML/TF as well as generating timely reports for the guidance and information of its board of directors and senior management, in addition to the functionalities mentioned in Sec. 922 (*Electronic monitoring systems for AML/CFT*).

x x x

Section 17. Section 171 of the MORB on *Reporting Governance Framework* is hereby amended to read, as follows:

171 REPORTING GOVERNANCE FRAMEWORK

The proper conduct of monetary policy and effective banking supervision are core mandates of the Bangko Sentral. These mandates are facilitated by the accurate and timely submission of required information concerning a bank's financial condition and results of operations. x x x

x x x

Sanctions on reports for non-compliance with the reporting standards.

a. *Definitions*

x x x

b. *Monetary Penalties*

The applicable monetary penalty shall be based on a prescribed fine for each occurrence (in case of Erroneous reports) or for each day (in case of Delayed or Unsubmitted reports) which will accumulate until such time the report has been determined compliant with the prescribed reporting standards, as provided for in Table 1:

Table 1 - Prescribed fines for reporting violations

| Bank Type | Primary Report | Secondary Report |
|----------------|----------------|------------------|
| UBs/KBs | Px x x | Px x x |
| Digital Banks | 2,000 | 400 |
| TBs | x x x | x x x |
| RBs/Coop Banks | x x x | x x x |

x x x

Section 18. Section 251 of the MORB on *Accounts Subject to Reserves; Amounts Required (Required reserves against deposit and deposit substitute liabilities)*, as amended by Circular No. 1092 dated 27 July 2020, is hereby further amended to read, as follows:

251 ACCOUNTS SUBJECT TO RESERVES; AMOUNTS REQUIRED

The following rules and regulations shall govern the reserves against deposit and deposit substitute liabilities.

Required reserves against deposit and deposit substitute liabilities. The rates of required reserves against deposit and deposit substitute liabilities in local currency of banks effective reserve week after the effectivity of this Circular shall be, as follows:

| | UBs/KBs | Digital Banks | TBs | RBs/Coop Banks |
|---|---------|---------------|-------|----------------|
| a. Demand Deposits | x x x | 8% | x x x | x x x |
| b. NOW Accounts | x x x | 8% | x x x | x x x |
| c. Savings Deposits (excluding basic deposit accounts) | x x x | 8% | x x x | x x x |
| d. Time Deposits, Negotiable CTDs, Long-Term Non-Negotiable Tax Exempt CTDs | x x x | 8% | x x x | x x x |
| e. Long-term Negotiable Certificates of Time Deposits | x x x | NA | x x x | x x x |
| f. Deposit Substitute (DS) | x x x | 8% | x x x | x x x |
| g. Bonds | x x x | 3% | x x x | x x x |
| h. Mortgage/CHM cert. | x x x | NA | x x x | x x x |

| | UBs/KBs | Digital Banks | TBs | RBs/Coop Banks |
|--|---------|---------------|-------|----------------|
| i. Peso deposits lodged under Due to foreign banks | x x x | 8% | x x x | x x x |
| j. Peso deposits lodged under Due to Head Office/Branches/ Agencies Abroad (Philippine branch of a foreign bank) | x x x | 8% | x x x | x x x |
| k. Basic deposit accounts, as defined in Sec. 213 | x x x | 0% | x x x | x x x |

x x x

Section 19. Section 371 of the MORB on *Investment in Equities* is hereby amended to read, as follows:

371 SCOPE OF AUTHORITY

The following rules shall govern the investment of banks in the equities of allied undertakings, whether financial or non-financial, and non-allied undertakings, as well as the establishment/acquisition of subsidiaries and affiliates abroad.

Investment in Equities. Banks may invest in equities of allied or non-allied undertakings, including corporate affiliations or structures, subject to approval of the Bangko Sentral and compliance with the prudential criteria provided under Sec. 111 (*Prudential criteria*). A bank applying for approval to invest in allied or non-allied undertakings shall submit the following documents to the appropriate supervising department of the Bangko Sentral:

a. x x x

x x x

e. Articles of incorporation of the investee company;

f. Corporate secretary's certificate on the approval of the stockholders, when required under the Corporation Code, and the board of directors of the investee company to allow the Bangko Sentral to examine its books; and

g. x x x

In case the investee company is at the same time an applicant requesting for authority to establish a bank, Items "e" and "f" above shall not apply.

Guidelines for major investments. x x x

Section 20. Section 373 of the MORB on *Limits on Investment in the Equities of Financial Allied Undertakings*, as amended by Circular No. 1105 dated 2 December 2020, is hereby further amended to read, as follows:

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:

| ACTIVITIES | INVESTOR | | | | | | |
|------------------------------|-----------------|------------|-----------------|------------|---------------|-------|------------|
| Allied Enterprises | UB | | KB | | Digital Banks | TB | Coop Banks |
| Financial Allied Undertaking | Publicly-listed | Not listed | Publicly-listed | Not listed | | | |
| UBs | x x x | x x x | x x x | x x x | 49% | x x x | x x x |
| KBs | x x x | x x x | x x x | x x x | 49% | x x x | x x x |
| Digital Banks | x x x | | x x x | | 49% | x x x | x x x |
| TBs | x x x | | x x x | | 49% | x x x | x x x |
| RBs | x x x | | x x x | | 49% | x x x | x x x |
| Coop Banks | x x x | | x x x | | NA | x x x | x x x |
| Insurance Companies | x x x | | x x x | | NA | x x x | x x x |
| VCCs | x x x | | x x x | | NA | x x x | x x x |
| Trust Corporation | x x x | | x x x | | 40% | x x x | x x x |
| Others | x x x | | x x x | | 40% | x x x | x x x |

x x x

Section 21. Section 375 of the MORB on *Non-Financial Allied Undertakings* is hereby amended to read, as follows:

375 NON-FINANCIAL ALLIED UNDERTAKINGS

A bank may acquire up to 100% of the equity of a non-financial allied undertaking: *Provided*, That the equity investment of a digital bank/TB/RB in any single enterprise shall remain less than fifty percent (50%) of the voting shares in that enterprise: x x x

x x x

a. UBs/KBs/Digital Banks/TBs

UBs/KBs, digital banks, and TBs may invest in equities of the following non-financial allied undertakings:

x x x

Section 22. Section 378 of the MORB on *Prudential Limits and Restrictions on Equity Investments* is hereby amended to read, as follows:

378 PRUDENTIAL LIMITS AND RESTRICTIONS ON EQUITY INVESTMENTS

The following limitations and restrictions shall also apply regarding equity investments of banks.

a. In any single enterprise. x x x

b. Aggregate limits. The total amount of investments in equities in all enterprises shall not exceed the following ratios in relation to the net worth of the investing bank:

| | UB | KB | Digital Bank | TB | RB | Coop Bank |
|--------|-----|-----|--------------|-----|-----|-----------|
| LIMIT: | 50% | 35% | 25% | 25% | 25% | 25% |

x x x

Section 23. Section 1101 of the MORB on *Assessment Fees on Banks (Annual fees on banks)* is hereby amended to read, as follows:

1101 ASSESSMENT FEES ON BANKS

Banks shall contribute to the Bangko Sentral an annual fee to help defray the cost of maintaining the appropriate supervising department of the Bangko Sentral in accordance with the following guidelines.

Annual fees on banks. For purposes of computing the annual fees chargeable against banks, the term "Total Assessable Assets" shall be the amount referred to as the total assets under Section 28 of R. A. No. 7653 (end- of-month total assets per balance sheet, after deducting cash on hand and amounts due from banks, including the Bangko Sentral and banks abroad), plus Trust Department accounts and personal equity and retirement accounts (PERA) administered by the bank.

Average Assessable Assets shall be the summation of the end-of-month total assessable assets divided by the number of months in operation during a particular assessment period. The rates of annual fees for banks for the current year shall be, as follows:

- a. UBs/KBs - 1/28 of 1%
- b. Digital banks - 1/28 of 1%
- c. TBs - 1/28 of 1%
- d. RBs/Coop Banks - 1/40 of 1%

multiplied by the Average Assessable Assets of the preceding year: x x x

Section 24. Section 613 of the MORB on *Derivatives Activities*, as amended by Circular No. 1119 dated 07 June 2021, is hereby amended to read, as follows:

613 DERIVATIVES ACTIVITIES

x x x

Generally authorized derivatives activities. x x x

- a. UBs and KBs may transact in the following derivatives in the capacities specified:

x x x

- b. Digital banks, TBs, RBs and Coop Banks may transact in the following derivatives transactions as end-user:

x x x

- c. x x x

Activities requiring additional derivatives authority. x x x

- a. Classification of additional derivatives authority

(1) Type 1 - Expanded dealer authority

x x x

(3) Type 3 – Limited user authority

Any bank may apply for a Type 3 authority. x x x

A digital bank, TB, RB or Coop Bank with a Type 3 authority may transact, as an end-user for purposes other than hedging, in specific types of derivatives products, with specific underlying reference: x x x

x x x

Section 25. Appendix 42 of the MORB on *Guidelines to Incorporate Market Risk in the Risk-Based Capital Adequacy Framework* is hereby amended to read, as follows:

**GUIDELINES TO INCORPORATE MARKET RISK IN THE RISK-BASED
CAPITAL ADEQUACY FRAMEWORK
(Appendix to Section 125 on Market risk capital requirements)**

Introduction

x x x

Coverage of capital requirement for market risk

4. The capital requirement for market risk shall apply to all UBs, KBs, and digital banks.

x x x

Required reports

10. x x x

11. One (1) of three (3) alternative report forms prescribed, shall be used depending on the complexity of the bank's operations, to wit:

- (a) x x x;
- (b) x x x; or
- (c) For UBs/KBs without expanded derivatives authority and digital banks.

12. x x x

Section 26. Appendix 46 of the MORB on *Instructions for Accomplishing the Report on Computation of the Adjusted Risk-Based Capital Adequacy Ratio Covering Combined Credit Risk and Market Risk* is hereby amended to read, as follows:

**INSTRUCTIONS FOR ACCOMPLISHING THE REPORT ON COMPUTATION OF
THE ADJUSTED RISK-BASED CAPITAL ADEQUACY RATIO COVERING
COMBINED CREDIT RISK AND MARKET RISK
(For Universal Banks and Commercial Banks Without Expanded
Derivatives Authority and Digital Banks)
(Appendix to Sec. 125 on Market risk capital requirement)**

General Instructions

1. All UBs, KBs and digital banks are required to complete this Report both on a solo basis (i.e., head office plus branches) and on a consolidated basis (i.e., parent bank plus subsidiary financial allied undertakings, but excluding insurance companies).

x x x

Section 27. Appendix 59 of the MORB on *Risk-Based Capital Adequacy Framework for the Philippine Banking System* is hereby amended to read, as follows:

Introduction

x x x

The guidelines revise the risk-based capital adequacy framework for UBs and KBs, as well as their subsidiary banks and QBs, and digital banks. x x x

x x x

Part I. Risk-based capital adequacy ratio (CAR)

1. UBs and KBs as well as their subsidiary banks and QBs, and digital banks shall be subject to the following risk-based CARs:

x x x

3. The CAR requirement will be applied to all UBs and KBs as well as their subsidiary banks, and QBs, and digital banks on both solo² and consolidated³ bases. x x x

x x x

Part III. Capital conservation buffer

1. A capital conservation buffer of two and a half percent (2.5%) of risk-weighted assets, comprised of CET1 capital, shall be required of UBs and KBs (both domestic and branches of foreign banks) as well as their subsidiary banks and QBs, and digital banks.

x x x

8. Drawdowns on the capital conservation buffers are generally allowed, subject to certain restrictions on distributions. However, UBs and KBs as well as their subsidiary banks and QBs, and digital banks shall be subject to a capital restoration plan within the timeframe determined by the Bangko Sentral. x x x

x x x

Part IV. Countercyclical Capital Buffer

1. A Countercyclical Capital Buffer (CCyB) set as percent of risk-weighted assets shall be required of UBs and KBs as well as their subsidiary banks and quasi-banks, and digital banks. It shall be comprised of CET1 capital.

x x x

Section 28. Appendix 94 of the MORB on *Guidelines on Banks' Internal Capital Adequacy Assessment Process* is hereby amended to read, as follows:

**GUIDELINES ON BANKS' INTERNAL CAPITAL ADEQUACY
ASSESSMENT PROCESS
(Appendix to Sec. 130)**

A. Introduction

1. This document sets out the broad guidelines that UBs, KBs and digital banks (hereinafter referred to as 'banks') should follow in the design and use of their Internal Capital Adequacy Assessment Process (ICAAP). x x x

x x x

Section 29. Appendix 116 of the MORB on *Guidelines on the Implementation of the Basel III Leverage Ratio Framework* is hereby amended to read, as follows:

**GUIDELINES ON THE IMPLEMENTATION OF THE BASEL III
LEVERAGE RATIO FRAMEWORK
(Appendix to Section 129)**

The Bangko Sentral will adopt a leverage ratio framework that is designed to act as a credible supplementary measure to the risk- based capital requirements. x x x

x x x

A. Definition, Minimum Requirement and Scope of Application

x x x

The leverage ratio shall not be less than 5.0 percent and will be applied to all universal and commercial banks (UBs and KBs) as well as their subsidiary banks and quasi-banks (QBs), and digital banks computed on both solo¹ and consolidated² bases, x x x

x x x

1. Capital Measure

x x x

2. Exposure Measure

a. General Measurement Principles in respect of the Exposure Measure

UBs and KBs as well as their subsidiary banks and QBs, and digital banks should generally follow the accounting value of exposure for the purpose of calculating the Exposure Measure for the leverage ratio, except that:

x x x

¹ x x x

² x x x

UBs and KBs as well as their subsidiary banks and QBs, and digital banks must not take account of physical or financial collateral, guarantees or other credit mitigation techniques to reduce the Exposure Measure.

Section 30. Section 101 of the Manual of Regulations on Foreign Exchange Transactions on *Reportorial Requirements* is hereby amended to read, as follows:

Section 101. Reportorial Requirements. The following reports are required to be submitted to the BSP by Authorized Agent Banks (AABs), Offshore Banking Units (OBUs), and AAB forex corps, where applicable:

| Title of Report | | Submission Frequency/ Deadline | Submission Procedure |
|-----------------|--|--------------------------------|----------------------|
| Category | A. Consolidated Report on Foreign Exchange Assets and Liabilities | | |
| | For UBs/KBs/ Digital Banks: x x x | | |
| | For TBs: x x x | | |

Section 31. Digital banks shall comply with the prudential reporting requirements applicable to UBs/KBs as set forth in Appendix 7 of the MORB on *Reports Required of Banks*, except for the following:

- Report on Project Finance Exposures;
- List of Bank Personnel Performing Underwriting Functions;
- Registry Bank Report of Compliance with Prohibition on Holdings of Long-term Negotiable Certificates of Time Deposit (LTNCTD); and
- Report on Credit and Equity Exposures to Individuals/ Companies/Groups aggregating P1.0 million and above (CREDEX).

Appendix 7 of the MORB is hereby amended by inserting a list of reports required of digital banks pursuant to this Section.

Section 32. The amendments to Appendix 33 of the MORB on the *Basic Guidelines in Establishing Banks*, as amended by Circular No. 1105, is in **Annex A** of this Circular.

Section 33. The amendments to Appendix 2 of the MORB on the *Application Requirements for the Entry of Foreign Banks* is in **Annex B** of this Circular.

Section 34. 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:


EDUARDO C. BOBIER
Officer-In-Charge

14 Sept. 2022

BASIC GUIDELINES IN ESTABLISHING BANKS
(Appendix to Section 102)

A. THE APPLICATION PROCESS

x x x

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

PRE-APPROVAL

1. x x x

2. The required documents and other information in support of the application are as follows:

- a. Agreement to organize a bank using the prescribed form^{1,2}.
- b. For each individual incorporator, subscriber, proposed director and principal officer:

| Requirements | Incorporator ³ | Subscriber ³ | Director ⁵ | Principal Officer |
|--|---------------------------|-------------------------|-----------------------|-------------------|
| 1. Biographical data using the prescribed form ^{1,4} with (2"x2") photograph taken within the last six (6) months from the date the application was received by the Bangko Sentral. | ✓ | ✓ | ✓ | ✓ |
| 2. Evidence of citizenship. ¹ | ✓ | ✓ | ✓ | ✓ |
| 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. ¹ | ✓ | ✓ | | |
| 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. ¹ | ✓ | ✓ | | |
| 5. Clearances from the National Bureau of Investigation (NBI) and Bureau of Internal | ✓ | ✓ | ✓ | ✓ |

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>

⁵ This includes directors holding nominal shares.

| Requirements | Incorporator ³ | Subscriber ³ | Director ⁵ | Principal Officer |
|---|---------------------------|-------------------------|-----------------------|-------------------|
| 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. ¹ | | | | |

The required certifications and other documentary proof of qualifications for the confirmation of the election/appointment of directors/officers are shown in *Appendix 101*.

c. For corporate subscribers

| Requirements | Domestic | | Foreign | |
|--|----------|----------|-------------------|----------|
| | Bank | Non-bank | Bank ⁶ | 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. ¹ | ✓ | ✓ | ✓ | ✓ |
| 2. x x x | | | | |
| 3. x x x | | | | |
| 4. x x x | | | | |
| 5. x x x | | | | |
| 6. x x x | | | | |
| 7. Certified photocopies of ITRs or equivalent tax returns filed by foreign corporate subscribers for the last three (3) calendar/fiscal years. ¹ | ✓ | ✓ | ✓ | ✓ |
| 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. ¹ | ✓ | ✓ | ✓ | ✓ |
| 9. x x x | | | | |
| 10. x x x | | | | |
| 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. ¹ | | | ✓ | ✓ |

x x x

- 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 applicant bank should be able to demonstrate the viability of its business model and compliance with the

⁶ 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 1 of the application process.

minimum required capital prescribed under Secs. 121 (*Minimum capitalization*) and 102 (*Establishment of digital banks*), as applicable, on a continuing basis, among others. The details of the assumptions used shall be presented in the feasibility study.

x x x

- 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.¹
- h. x x x
- i. Other documents which may be required by the Bangko Sentral relevant to the evaluation of the application. This shall include the prior approval of the Bangko Sentral on the equity investment of an existing bank (investing bank) in the voting stock of an applicant bank (investee company/bank) pursuant to Sec. 371 (*Investment in equities*). For this purpose, items "e" and "f" of the documentary requirements provided under Sec. 371 (*Investment in equities*) shall not apply.

x x x

EVALUATION

Capital Requirements/Stockholdings

x x x

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. x x x
2. The individual 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 or subscriber 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.

x x x

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). The required certifications and other documentary proof of qualifications for the confirmation of the election/appointment of directors/officers are shown in *Appendix 101*.

x x x

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. x x x
 - 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 indicating, among others, the source account under the name of the incorporators where the funds are debited or other source/s of fund as defined under Item "ee" of Sec. 904, and a notarized waiver of rights to confidentiality of information on the source/s of funds for the initial paid-up capital. The certificate of deposit and notarized waiver of rights to confidentiality of information shall follow the prescribed format provided in Annex A of Appendix 33 (*Annex A-1 of this Circular*) and Annex B of Appendix 33 (*Annex A-2 of this Circular*), respectively. The said certificate of deposit and notarized waiver of rights to confidentiality of information on the source of funds shall also be submitted by subscribers in the case of additional capital infusion;
 - c. x x x
 - d. Submit a copy of certificate of the inward remittance of capital⁷, in the case of foreign subscribers.

x x x

⁷ Refer to the prescribed form in Appendix 10.1 Certificate of Inward Remittance (CIR) of Foreign Exchange which may be downloaded from the Bangko Sentral website, using the link: <https://www.bsp.gov.ph/SitePages/Regulations/RegulationsList.aspx?TabId=1>

CERTIFICATION OF DEPOSIT AND/OR PLACEMENT

(Name of Bank)
(Complete Address)
(Tel. Nos./Fax/Email)

Date: _____

This is to certify that a deposit amounting to [Amount in Words] ([Amount in Figures])
was credited to [Client Account Number] of [Client Name] on [Date Credited]
maintained at [Name of Branch] with details as follows:

| Source/s of Fund for the initial paid-up capital of [Name of Bank] | Proof |
|---|--|
| <i>Provide breakdown and details of source/s of fund of the incorporators</i> | <i>Indicate proof presented, as applicable</i> |

Name and signature
Authorized Bank Personnel

Conforme:

Name and Signature
Account Holder/s

**WAIVER OF RIGHTS TO SECRECY OF BANK DEPOSITS
AND CONFIDENTIALITY OF INFORMATION**

Date: _____

This waiver is executed for purposes of complying with the requirements of the Bangko Sentral ng Pilipinas (Bangko Sentral) for the organization of [Name of bank], undergoing Stage II of the licensing process to establish a bank in the Philippines, or the infusion of additional capital, as may be needed.

Pursuant to the provisions of Sections 2 and 3 of R.A. No. 1405 (Bank Secrecy Law), as amended, and Section 8 of R.A. No. 6426 (Foreign Currency Deposit Act of the Philippines), as amended, and such other laws relating to the secrecy of bank deposits, I/we, as incorporator/s or subscriber/s of [Name of bank], waive my/our rights to confidentiality of information to the following source/s of funds indicated below, for the initial or additional paid-up capital of [Name of bank]. I/We hereby authorize the [Name of Depository Bank] with which I/we have transactions with to disclose to the Bangko Sentral all information pertaining to the deposits, investments, loans or other transactions including the history or status of our dealings with said banks or financial institutions and for the Bangko Sentral to make all inquiries as may be necessary regarding the same.

| Name/s of Incorporator/s or Subscriber/s | Source/s of Fund for the initial or additional paid-up capital of the bank |
|---|---|
| | <i>[Provide breakdown and details of source/s of fund of the incorporator/s or subscriber/s (e.g., Bank branch, account name and number)]</i> |

Signature over Printed Name of
Incorporator/s or Subscriber/s

SUBSCRIBED AND SWORN TO before me, this ____ day of _____, at
_____ affiant/s exhibiting their government-issued identification cards as follows:

| NAME | GOVERNMENT- ISSUED ID | DATE OF ISSUE | PLACE OF ISSUE |
|------|--------------------------|---------------|----------------|
| | | | |
| | | | |
| | | | |

Witness my hand and notarial seal on the date and place above-written.

NOTARY PUBLIC

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 20____

**ANNEX B of Circular
Appendix 2**

**APPLICATION REQUIREMENTS FOR THE ENTRY OF FOREIGN BANKS
(Appendix to Sec. 103 on Modes of entry of foreign banks)**

The information contained in the application to be filed by foreign banks, which are interested to operate in the Philippines through any of the modes of entry, shall cover the criteria enumerated in the table below. Supporting documents¹ attached to the application shall include but are not limited to the items enumerated below.

| Entry Criteria | Acquisition of Existing Domestic Bank | Establishment of | |
|--|---------------------------------------|-------------------------|------------------------------------|
| | | New Domestic Subsidiary | Branch with Full Banking Authority |
| a. x x x | | | |
| b. x x x | | | |
| c. Corporate Plan The applicant should describe in meaningful details its business model and corporate strategy which should be consistent with the policy objectives of Republic Act (R.A.) No. 7721, as amended by R.A. No. 10641 and supportive of Philippine economic policy. (1) Business model (2) Corporate strategy (3) Financial projections (including underlying assumptions) 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. | ✓ | ✓ | ✓ |
| d. Financial Capability and Ownership Structure The applicant should demonstrate that it is financially sound and capable of conducting business in the Philippines in a safe and sound manner. | ✓ | ✓ | ✓ |

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

| Entry Criteria | Acquisition of Existing Domestic Bank | Establishment of | |
|---|---------------------------------------|-------------------------|------------------------------------|
| | | New Domestic Subsidiary | Branch with Full Banking Authority |
| <p>x x x</p> <p>The following documents should be presented:</p> <p>(1) Latest annual report; x x x (5) List of directors and principal officers as well as their respective citizenship.</p> <p>In the case of applicants for digital banking license, at least one member of the board of directors (or its equivalent in the case of foreign bank branches) and one senior management officer should have a minimum of three (3) years experience and technical knowledge in operating a business in the field of technology or e-commerce;</p> <p>x x x</p> | | | |
| e. Head Office Guarantee ¹ (with sample guarantee) | X | X | ✓ |
| f. Certification from the foreign bank applicant's home country supervisory authority ¹ that: x x x | ✓ | ✓ | ✓ |
| g. x x x | | | |
| h. Divestment plan for the disposal of title/interest in all land properties held by the acquired domestic bank within a five (5)-year period reckoned from the date of Monetary Board approval of the foreign bank entry ² | ✓ | X | X |
| i. Other Documentation Requirements | | | |
| (1) Agreement between investor and investee domestic bank/ Agreement to organize a bank ¹ (with sample); | ✓ | ✓ | X |
| (2) Board Resolution authorizing the foreign bank applicant to (i) invest in a domestic bank/establish a subsidiary/branch; and (ii) designate person/s who will represent the foreign bank ¹ ; | ✓ | ✓ | ✓ |
| (3) Certification from the foreign bank applicant's Corporate Secretary or any officer holding equivalent position containing the information that the bank is widely-owned and publicly-listed ¹ ; | ✓ | ✓ | ✓ |
| (4) Certification by the responsible officer of the Home Country Stock Exchange that the foreign bank applicant is listed therein ¹ ; | ✓ | ✓ | ✓ |
| (5) x x x | | | |
| (6) Authority to obtain information from other relevant regulatory authorities ¹ ; | ✓ | ✓ | ✓ |
| (7) In the case of applicants for a digital banking license, 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 its corresponding guidelines | ✓ | ✓ | ✓ |

² Also applicable for change in mode of entry (i.e., from subsidiary to branch)

| Entry Criteria | Acquisition of Existing Domestic Bank | Establishment of | |
|---|---------------------------------------|-------------------------|------------------------------------|
| | | New Domestic Subsidiary | Branch with Full Banking Authority |
| under Appendix 136, and the list and nature of material outsourcing arrangements pursuant to Sec. 112 and Appendix 103, as amended by Circular No. 1137 dated 18 February 2022; | | | |
| (8) Payment of application fee (non-refundable) of P500,000 upon filing of application ^{3, 4} and | ✓ | ✓ | ✓ |
| (9) Payment of license fee of P25 million upon approval of application ² | ✓ | ✓ | ✓ |

³ Also applicable for conversion of mode of entry

⁴ Creditable to the license fee