



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

Circular No. 898

Series of 2016

Subject: Amendments to the cooling-off provisions of the Bangko Sentral ng Pilipinas Regulations on Financial Consumer Protection

Pursuant to Monetary Board Resolution No. 2114 dated 18 December 2015, the cooling-off provisions of the BSP Regulations on Financial Consumer Protection and its effectivity are hereby amended as follows:

Section 1. The provisions of Subsection X1002.3(c)(1) of the Manual of regulations for banks (MORB) and Subsections 41002Q.3(c)(1), 4402P.3(c)(1), 4402S.3(c)(1) and 4702N.3(c)(1) of the Manual of Regulations for Non-Bank Financial Institutions (MORNBI) are hereby amended as follows:

"As may be appropriate, provide the customer with a "cooling-off" period of a reasonable number of days (at least two banking days) immediately following the signing of any agreement or contract, particularly for financial products or services with a long-term savings component or those subject to high pressure sales contract.

Cooling-off shall be applicable to a customer who is a natural person and to financial instruments whose remaining term is equal to or beyond one year."

Section 2. The provisions of Subsection X1002.3(c)(2) of the MORB and Subsections 41002Q.3(c)(2), 4402P.3(c)(2), 4402S.3(c)(2) and 4702N.3(c)(2) of the MORNBI are hereby amended as follows:

"Permit the customer to cancel the agreement without penalty to the customer of any kind on his or her written notice to the BSP-supervised financial institutions (BSFI) during the cooling-off period. The BSFI may however collect or recover reasonable amount of processing fees. It is further recognized that there may be a need for some qualification to an automatic right of cooling off. For example, the right shall not apply where there has been a drawdown of a credit facility and a BSFI shall be able to recover any loss arising from an early withdrawal of a fixed rate term deposit which loss arises because of a difference in interest rates. This would be in addition to any reasonable administrative fees associated with closure of the term deposit.

Section 3. The effectivity of the cooling-off provisions shall be deferred to 16 January 2016.

Section 4. The Deputy Governor of the Supervision and Examination Sector may issue implementing memoranda to the BSFIs.

FOR THE MONETARY BOARD:

A handwritten signature in black ink, appearing to read 'A. Tetangco, Jr.', with a long horizontal flourish extending to the right.

AMANDO M. TETANGCO, JR.
Governor

14 January 2016