



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1060

Series of 2019

Subject: Amendments to the Prudential Requirements and Guidelines on the Public Offering and Listing of Bank Shares for Universal Banks

The Monetary Board, in its Resolution No. 1728 dated 7 November 2019, approved the amendments to the prudential requirements on the public offering and listing of bank shares for universal banks (UBs) as provided under Section 102 and Appendix 1 of the Manual of Regulations for Banks (MORB).

The amendments are aimed at supplementing the enhanced corporate governance framework of the Bangko Sentral ng Pilipinas by encouraging dispersed shareholdings in banks.

Section 1. Section 102 of the MORB on the basic guidelines in establishing domestic banks particularly on the prerequisites for the grant of a UB authority is hereby amended as follows:

"xxx

Prerequisites for the grant of a universal banking authority

- a. *Compliance with guidelines.* xxx
- b. *Public offering of bank shares.* A domestic bank applying for a UB authority shall, as a condition to the approval of its application, conduct a public offering of its shares in accordance with the rules of the Securities and Exchange Commission (SEC) on minimum public ownership (MPO) and the listing rules of the Philippine Stock Exchange (PSE).

A bank whose shares of stock are already listed in the PSE at the time of filing of its application for UB authority must submit to the appropriate supervising department of the Bangko Sentral a certification signed by the president or officer of equivalent rank and the chief compliance officer that the bank has complied with the MPO requirement of the SEC.

- c. *Listing of bank shares in the stock exchange.* Domestic banks granted a UB authority must list their shares in the PSE within one (1) year from the date the authority to operate as a UB was granted.

The guidelines on public offering and listing of bank shares are enumerated in *Appendix 1*.

- d. *Supervisory enforcement actions.* Consistent with Sec. 002 of the MORB, the Bangko Sentral may deploy enforcement actions to promote adherence with the requirements set forth in these guidelines and bring about timely corrective actions.

Section 2. Section III of Appendix 1 of the MORB on the Guidelines for the Issuance of a Universal Banking Authority is hereby amended as follows:

III. PUBLIC OFFERING AND LISTING OF BANK SHARES

A domestic bank applying for a UB authority shall cause the public offering and listing of its shares pursuant to the rules of the SEC on the MPO and the listing rules of the PSE and subject to the following additional guidelines:

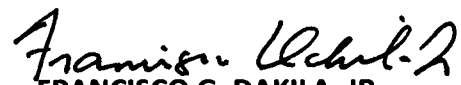
1. The shares to be publicly offered may be voting or non-voting shares and may come from the bank's existing authorized and unsubscribed capital stock, in the case of a newly incorporated UB; or from the issued and outstanding capital stock, in case of an existing bank: *Provided*, That in the case of an applicant bank whose authorized capital stock has been fully subscribed and paid-up and that bank does not intend to increase its authorized capital stock, the shares to be publicly offered may come from existing stockholders who may be willing to divest themselves of such holdings.
2. The shares subject of public offering shall be made available to new investors or existing stockholders whose stockholdings, together with those of their relatives within the fourth degree of consanguinity or affinity or of firms, partnerships, corporations or associations, at least a majority of the voting stock of which are owned by such stockholders, are not considered as strategic shareholdings pursuant to the SEC rules. The bank's articles of incorporation shall have an explicit provision stating that existing stockholders who are disqualified under these rules shall waive their pre-emptive rights to the additional shares to be publicly offered unless the articles of incorporation already provide that such stockholders do not have pre-emptive rights. The waiver may be limited to three (3) months after which period the disqualified stockholders may purchase shares from the unsubscribed/unsold publicly offered shares. The applicant bank shall submit to the appropriate supervising department of the Bangko Sentral, the written undertaking of the issue managers and underwriters manifesting their conformity to comply with the existing rules on public offering and listing of bank shares.
3. The bank shall fix the offer price of the shares of stock. In the case of subscribed and fully paid-up shares which shareholders are willing to divest, the price shall be set by agreement of the parties.

4. The offering bank shall submit to the appropriate supervising department of the Bangko Sentral for evaluation, an offering prospectus prepared pursuant to the requirements of the Securities Regulation Code and its Implementing Rules and Regulations, and the PSE listing rules.
5. The bank shall cause the publication of the public offering in a newspaper of general circulation at least twice within a period of one (1) month prior to the offering. The bank must also comply with the investor relation program required by the PSE.

The requirements of public offering and listing shall be complied with by all applicant banks including those that are able to meet the prescribed minimum capital requirement on their own or through merger/consolidation with other banks or non-bank financial intermediaries.

Section 3. Effectivity. This Circular shall take effect fifteen (15) calendar days after its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:


FRANCISCO G. DAKILA, JR.
Officer-In-Charge

15 November 2019