



Bangko Sentral ng Pilipinas
MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

Circular No. 505
Series of 2005

Subject : Branching Policy and Guidelines

Pursuant to Monetary Board Resolution No. 1605 dated 16 December 2005, the Manual of Regulations for Banks (MORB) is hereby amended, as follows:

Section 1. Sec. X151 of the MORB and its Subsections are hereby amended to read as follows:

"Sec. X151. Establishment/Relocation/Voluntary Closure/Sale of Branches. THE BANGKO SENTRAL NG PILIPINAS SHALL PROMOTE HEALTHY COMPETITION IN THE BANKING SYSTEM AND MAXIMIZE THE DELIVERY OF EFFICIENT BANKING SERVICES ESPECIALLY IN UNDERSERVED AREAS. TOWARD THIS END, THE FOLLOWING RULES AND REGULATIONS THAT SHALL GOVERN THE ESTABLISHMENT, RELOCATION, VOLUNTARY CLOSURE AND SALE OF LOCAL BRANCHES OF DOMESTIC BANKS, INCLUDING LOCALLY INCORPORATED SUBSIDIARIES OF FOREIGN BANKS, ARE HEREBY ISSUED. THE ESTABLISHMENT OF BRANCHES OF FOREIGN BANKS IN THE PHILIPPINES SHALL CONTINUE TO BE GOVERNED BY THE PROVISIONS OF SEC. X121 OF THE MORB.

Subsec. X151.1 Prior Monetary Board approval. No bank operating in the Philippines shall establish, open or operate branches, or transact business outside the premises of its duly authorized principal office without the prior approval of the BSP.

FOR PURPOSES OF THIS SECTION, THE TERM "BRANCH" SHALL REFER TO ANY OFFICE OR PLACE OF BUSINESS IN THE PHILIPPINES OUTSIDE OF THE HEAD OFFICE AT WHICH DEPOSITS ARE REGULARLY RECEIVED OR WITHDRAWN BUT SHALL EXCLUDE STAND ALONE AUTOMATED TELLER MACHINE (ATM) OR CASH-ACCEPTANCE MACHINE AND AD HOC TELLERING BOOTH. OTHER BANKING OFFICES SUCH AS CONVENIENCE BANKING CENTERS, EXPRESS BANKING CENTERS, REPRESENTATIVE OFFICES, SALES/SERVICE OUTLETS AND BANKING KIOSKS SHALL BE CONSIDERED A "BRANCH" SUBJECT TO BRANCHING/ APPLICATION RULES IF MANNED BY AT LEAST THREE (3) OFFICERS/EMPLOYEES AT ANY TIME, AND DEPOSITS ARE RECEIVED/ACCEPTED EVEN THROUGH ATM OR CASH ACCEPTANCE MACHINE. IT SHALL MAINTAIN SEPARATE BOOKS OF ACCOUNTS AND SHALL BE SUBJECT TO THE REPORTORIAL REQUIREMENTS OF THE BSP.

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BANKING OFFICES OTHER THAN "BRANCH" AS DEFINED HEREIN MAY BE ALLOWED ANYWHERE, WITHOUT PRIOR BSP APPROVAL, SUBJECT TO THE SUBMISSION OF A CERTIFICATION BY THE HEAD OF THE BRANCHES DEPARTMENT WITH THE RANK OF VICE PRESIDENT OR ITS EQUIVALENT OR BY A HIGHER RANKING OFFICER THAT SAID BANKING OFFICE SHALL NEITHER ACCEPT DEPOSITS NOR SERVICE WITHDRAWALS. THE CERTIFICATION SHALL BE SUBMITTED TO THE APPROPRIATE SUPERVISING AND EXAMINING DEPARTMENT OF THE BSP NOT LATER THAN FIVE (5) BANKING DAYS FROM DATE OF OPENING.

Subsec. X151.2 Prerequisites for the grant of authority to establish a branch/banking office. WITH PRIOR APPROVAL OF THE MONETARY BOARD, BANKS MAY ESTABLISH BRANCHES SUBJECT TO THE FOLLOWING PRE-QUALIFICATION REQUIREMENTS:

1. COMPLIANCE WITH THE MINIMUM CAPITAL REQUIRED OR AS MAY BE REQUIRED UNDER EXISTING REGULATIONS, WHICH AT PRESENT ARE AS FOLLOWS:

Bank Category	Minimum Capital (In Millions)
Expanded Commercial Banks	P 4,950
Non-expanded Commercial Banks	P 2,400
Thrift Banks:	
With Head Office within Metro Manila	P 325
With Head Office outside Metro Manila	52
Rural Banks:	
Within Metro Manila	P 26
Cities of Cebu and Davao	13
1 st /2 nd /3 rd class cities and 1 st class municipalities	6.5
4 th /5 th /6 th class cities and 2 nd /3 rd /4 th class municipalities	3.9
5 th and 6 th class municipalities	2.6

2. THE BANK'S RISK-BASED CAPITAL ADEQUACY RATIO AT THE TIME OF FILING THE APPLICATION IS NOT LOWER THAN TWELVE PERCENT (12%);
3. THE BANK'S CAMELS COMPOSITE RATING IN THE LATEST EXAMINATION IS AT LEAST "3", WITH MANAGEMENT COMPONENT SCORE NOT LOWER THAN "3";
4. The bank has established a risk management system appropriate to its operations, characterized by clear delineation of responsibility for risk management, adequate risk measurement system, appropriately structured risk limits, effective internal control system and complete, timely and efficient risk reporting system;

5. NO MAJOR SUPERVISORY CONCERNS OUTSTANDING ON SAFETY AND SOUNDNESS, I.E., THE BANK HAS COMPLIED, DURING THE PERIOD IMMEDIATELY PRECEDING THE DATE OF APPLICATION WITH THE FOLLOWING REGULATORY CHECKPOINTS:

- | | |
|---|---------------------------|
| a) No unbooked valuation reserves | as of date of application |
| b) Regular and liquidity reserve requirements on deposits and deposit substitutes | 12 weeks |
| c) Asset and liquidity cover for EFCDU/FCDU liabilities | 3 months |
| d) Ceilings on loans to DOSRI | 3 months |
| e) Liquidity floor on government deposits | 3 months |
| f) Loans-to-deposits ratio | 2 quarters |
| g) Past due loans ratio does not exceed twenty percent (20%) of total loan portfolio | as of date of application |
| h) No outstanding violation on single borrower's loan limit and limit on total investment in real estate and improvements including bank equipment | as of date of application |
| i) No past due obligation with the BSP or with any financial institution | as of date of application |
| j) No float items outstanding in the "Due From/To Head Office/Branches/ Offices" and "Due from BSP" accounts exceeding 1% of the total resources as of end of preceding month | 3 months |
| k) Mandatory allocation of credit resources to small and medium enterprises | 2 quarters |
| l) Mandatory allocation of loanable funds for agrarian reform and agricultural credit in general | 2 quarters |
| m) Real estate loans ratio does not exceed twenty percent (20%) of total loan portfolio (for EKBs/KBs only) | as of date of application |
| n) No findings of unsafe and unsound banking practices | 6 months |

- o) Accounting records, systems, procedures and internal control are adequate as of date of application
- p) The applicant bank has generally complied with banking laws, rules and regulations, orders or instructions of the Monetary Board and/or BSP Management as of date of application
- q) Member in good standing of the Philippine Deposit Insurance Corporation as of date of application
6. FOR PURPOSES OF EVALUATING BRANCH APPLICATIONS, THEORETICAL CAPITAL SHALL BE ASSIGNED TO EACH BRANCH TO BE ESTABLISHED, INCLUDING APPROVED BUT UNOPENED BRANCHES/OFFICES, AS FOLLOWS (IN MILLIONS):

LOCATION/TYPE OF BANK	UB/KB	TB/ NATIONAL COOP	RB/ LOCAL COOP
1) National Capital Region and the Cities of Cebu and Davao	P 50	P 15	P 5
2) 1 st to 3 rd class cities	P 25	P 5	P 2.5
3) 4 th to 6 th class cities	P 25	P 5	P 1.5
4) 1 st to 3 rd class municipalities	P 20	P 5	P 1.0
5) 4 th to 6 th class municipalities	P 15	P 2.5	P 0.5

THE ASSIGNED THEORETICAL CAPITAL SHALL BE DEDUCTED FROM EXISTING QUALIFYING CAPITAL AS DEFINED UNDER SUBSEC. X116.1 FOR PURPOSES OF DETERMINING COMPLIANCE WITH THE TEN PERCENT (10%) RISK-BASED CAPITAL ADEQUACY RATIO.

IF THE APPLICANT BANK'S RISK-BASED CAPITAL ADEQUACY RATIO AFTER DEDUCTING THE ASSIGNED CAPITAL FOR THE PROPOSED BRANCH FROM THE EXISTING QUALIFYING CAPITAL WOULD BE LESS THAN TEN PERCENT (10%), ITS APPLICATION SHALL NOT BE PROCESSED UNLESS IT INFUSED SUCH AMOUNT AS MAY BE NECESSARY TO MAINTAIN ITS RISK-BASED CAPITAL ADEQUACY RATIO TO AT LEAST TEN PERCENT (10%).

7. The bank has been operating profitably FOR THE YEAR IMMEDIATELY PRECEDING THE DATE OF APPLICATION, or in the case of newly-established banks, the submitted projection showed that profitability will be attained on the third year of operations, at the latest;
8. Additional requirements for the establishment of branches of microfinance-oriented banks and/or microfinance-oriented branches of regular banks:
 - a) Manual of operations on microfinancing duly approved by the board of directors (for microfinance-oriented branches of regular banks only);
 - b) The branch shall have an adequate loan tracking system that allows daily monitoring of loan releases, collections and arrearages, and any restructuring and refinancing arrangements;
 - c) The proposed branch shall be managed by a person with adequate experience or training in microfinancing ACTIVITIES; and
 - d) At least seventy percent (70%) of the deposits generated by the branch to be established shall be actually lent out to qualified microfinance borrowers and the microfinance loans of said branch shall at all times be at least fifty percent (50%) of its gross loan portfolio (for microfinance-oriented branches of regular banks only).

For purposes of this Section, a microfinance-oriented bank or a microfinance-oriented branch is a bank or branch, respectively, that provides financial services and caters primarily to the credit needs of the basic or disadvantaged sectors such as farmer-peasants, artisanal fisherfolk, workers in the formal sector and migrant workers, workers in the informal sector, indigenous peoples and cultural communities, women, differently-abled persons, senior citizens, victims of calamities and disasters, youth and students, children, urban poor and low income households for their microenterprises and small businesses so as to enable them to raise their income levels and improve their living standards. Microfinance loans are granted on the basis of the borrower's cash flow and are typically unsecured.

Subsec. X151.3 Application for authority to establish branches. An application for authority to establish a branch shall be signed by the president of the bank or officer of equivalent rank and shall be accompanied by the following information/documents:

1. Business plan detailing the primary banking activities/products and services to be offered; competition analysis to show that its application will not lead to overbanking in the target market; and financial projections for the first three years of operations showing sustained viability, as may be required by the appropriate supervising and examining department. In the evaluation of the business plan, due consideration shall be given to banks that are able or are committed to invest or deploy branch resources in their area of operations;
2. Certified true copy of the resolution of the bank's board of directors authorizing the establishment of the branch and indicating its proposed site;
3. Organizational set up of the proposed branch showing the proposed staffing pattern; and
4. Certification/Undertaking signed by the president or the executive vice president that the bank has complied or will comply, as the case maybe, with the prerequisites for the grant of authority to establish a branch/banking office under Subsec. X151.2.

Subsec. X151.4 Branching Guidelines. BRANCHES MAY BE ESTABLISHED, SUBJECT TO THE FOLLOWING GUIDELINES:

- 1) ONLY ONE (1) BRANCH APPLICATION MAY BE SUBMITTED AT ANY TIME EXCEPT FOR BANKS WITH AT LEAST ₱ 100 MILLION UNIMPAIRED CAPITAL ACCOUNTS WHICH MAY BE ALLOWED A MAXIMUM OF FIVE (5) INCLUDING APPROVED BUT UNOPENED BRANCH APPLICATIONS, AT ANY TIME;
- 2) ONLY COMPLETE APPLICATIONS SHALL BE ACCEPTED. PROCESSING SHALL BE ON A FIRST-COME, FIRST-SERVED BASIS.
- 3) INDUSTRY/MARKET NOTICE OF APPLICATION FOR AUTHORITY TO ESTABLISH A BRANCH SHALL BE POSTED AT THE BSP WEBSITE UPON RECEIPT THEREOF;
- 4) BANKS SHALL BE ALLOWED TO ESTABLISH BRANCHES ANYWHERE IN THE PHILIPPINES, EXCEPT IN THE CITIES OF MAKATI, MANDALUYONG, MANILA, PARAÑAQUE, PASAY, PASIG AND QUEZON AND THE MUNICIPALITY OF SAN JUAN, METRO MANILA: PROVIDED, THAT BRANCHES OF MICROFINANCE-ORIENTED BANKS, MICROFINANCE-ORIENTED BRANCHES OF REGULAR BANKS AND BRANCHES THAT WILL CATER PRIMARILY TO THE CREDIT NEEDS OF BARANGAY MICRO BUSINESS ENTERPRISES (BMBES) DULY-REGISTERED UNDER R.A. NO. 9178 MAY BE ESTABLISHED ANYWHERE, SUBJECT TO COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENTS UNDER SUBSEC. X151.2 AND THE FOLLOWING CONDITIONS:

- a) A MICROFINANCE-ORIENTED BANK WITH HEAD OFFICE OUTSIDE THE NCR MAY ESTABLISH A BRANCH IN THE NCR AFTER IT HAS PUT UP THE MINIMUM CAPITAL REQUIRED FOR A THRIFT BANK WITH HEAD OFFICE IN THE NCR; AND
 - b) A BANK WITH HEAD OFFICE OUTSIDE THE NCR MAY BE ALLOWED TO ESTABLISH A MICROFINANCE-ORIENTED BRANCH IN THE NCR ONLY AFTER IT HAS PUT UP THE MINIMUM CAPITAL REQUIRED FOR A THRIFT BANK WITH HEAD OFFICE IN THE NCR;
- 5) THE PROPOSED BRANCH SHALL BE LOCATED AT LEAST 200 METERS AWAY FROM AN EXISTING BANKING OFFICE: PROVIDED, THAT SAID DISTANCE REQUIREMENT SHALL NOT APPLY IN SHOPPING MALLS OR COMMERCIAL CENTER COMPLEXES, INCLUDING BUT NOT LIMITED TO SPECIAL EXPORT PROCESSING ZONES, PUBLIC MARKETS, FISH PORTS, LIVESTOCK/ AGRICULTURAL TRADING CENTERS, BIR COLLECTION OFFICES AND INDUSTRIAL/TECHNOLOGICAL PARKS;
 - 6) MAXIMUM OF TWO (2) BANKING OFFICES SHALL BE ALLOWED IN 4TH TO 6TH CLASS MUNICIPALITIES;
 - 7) A RURAL BANK AND A LOCAL COOPERATIVE BANK SHALL ONLY BE ALLOWED TO ESTABLISH A BRANCH IF THEIR UNIMPAIRED CAPITAL ACCOUNTS IS AT LEAST ₱ 10 MILLION.
 - 8) A QUALIFIED RURAL BANK OR LOCAL COOPERATIVE BANK WITH UNIMPAIRED CAPITAL ACCOUNTS OF AT LEAST ₱ 10 MILLION BUT LESS THAN ₱ 50 MILLION MAY ESTABLISH A BRANCH ANYWHERE WITHIN TWO (2) - HOUR NORMAL TRAVEL TIME BY LAND/SEA PUBLIC TRANSPORT FROM THE HEAD OFFICE, EXCEPT IN THE NCR;
 - 9) A RURAL BANK WITH UNIMPAIRED CAPITAL ACCOUNTS OF AT LEAST ₱ 50 MILLION BUT LESS THAN ₱ 100 MILLION MAY ESTABLISH BRANCHES IN ANY ISLAND GROUP (LUZON, VISAYAS OR MINDANAO) WHERE THE HEAD OFFICE IS LOCATED, EXCEPT IN THE NCR;
 - 10) A LARGE RURAL BANK WITH AT LEAST ₱ 100 MILLION UNIMPAIRED CAPITAL ACCOUNTS MAY ESTABLISH BRANCHES ANYWHERE IN THE PHILIPPINES, EXCEPT IN THE NCR;
 - 11) A QUALIFIED BANK WITH UNIMPAIRED CAPITAL ACCOUNTS AT LEAST EQUIVALENT TO THE MINIMUM CAPITAL REQUIRED FOR A THRIFT BANK WITH HEAD OFFICE IN THE NCR MAY ESTABLISH BRANCHES ANYWHERE, EXCEPT IN THE CITIES OF MAKATI, MANDALUYONG, MANILA, PARAÑAQUE, PASAY, PASIG AND QUEZON, AND THE MUNICIPALITY OF SAN JUAN, METRO MANILA, UNLESS QUALIFIED UNDER ITEM (4) ABOVE; AND

- 12) THE BSP MAY DECIDE TO DISAPPROVE AN OTHERWISE QUALIFIED BRANCH APPLICATION IF IN ITS DETERMINATION SUCH BRANCH APPLICATION WILL LEAD TO AN OVERBANKING SITUATION IN THE SPECIFIC MARKET: PROVIDED, SUCH DISAPPROVAL SHALL BE SUBJECT TO CONFIRMATION BY THE MONETARY BOARD.

Subsec. X151.5 Branch processing fee. BRANCH PROCESSING FEE SHALL BE AS FOLLOWS:

• MICROFINANCE-ORIENTED BRANCHES/BANKS	₱ 5,000
• RURAL BANKS /LOCAL COOPERATIVE BANKS	- ₱ 25,000
• NON-AFFILIATED THRIFT BANKS/NATIONAL COOPERATIVE BANKS	- ₱ 100,000
• UNIVERSAL BANKS/COMMERCIAL BANKS/ AFFILIATED THRIFT BANKS	- ₱ 200,000

PROVIDED, THAT A PROPOSED BRANCH TO BE MANNED BY NO MORE THAN THREE (3) OFFICERS/EMPLOYEES AT ANY TIME SHALL BE ASSESSED HALF (1/2) OF THE ABOVE BRANCH PROCESSING FEES: PROVIDED, FURTHER THAT BRANCHES OF THRIFT BANKS, RURAL BANKS AND LOCAL COOPERATIVE BANKS TO BE ESTABLISHED WITHIN THE REGION WHERE THE HEAD OFFICE IS LOCATED SHALL BE FREE FROM ASSESSMENT.

Subsec. X151.6 Date of Opening. Approved branches shall be opened within six (6) months from the date of approval thereof: Provided, That an applicant bank may be given a final extension of another six (6) months by the Deputy Governor, Supervision and Examination Sector, subject to the presentation of justification and valid reason for the bank's failure to open within the original six (6)-month period and proof that said branch/es can be opened within the succeeding six (6)-month period.

Subsec. X151.7 Requirements for opening a branch. After a bank's application to establish a branch has been approved, it may open the same subject to the following conditions:

- a) Submission of the personal information sheet (bio-data) of the proposed manager and other officers of the branch at least thirty (30) days prior to the intended date of opening; and

b) A certification signed by the officer-in-charge of the Branches Department with the rank of a vice president, or its equivalent or by a higher officer that:

- 1) Installation of the required security devices under Subsec. X165.4 has been complied with; and
- 2) Requirements enumerated under Subsec. X151.2 have been complied with up to the time of actual opening.

A bank that fails to continuously comply with the requirements under Subsec. X151.2 shall be given an extension of time to open such branch after it has shown compliance for another test period of the same duration for each requirement under said Subsection: Provided, That the provisions of Subsec. X151.6 shall be observed if the branch cannot open within six (6) months from the date of approval thereof: Provided, further, That before such branch opens for business, the bank shall submit to the BSP the requirements under Items "a" and "b(1)" of this Subsection; and a certification by the bank officer mentioned under item "b" hereof that upon opening of the branch, the bank has complied within the period prescribed therein.

Banks shall submit a written notice to the appropriate supervising and examining department of the BSP of the actual date of opening of their branches not later than FIVE (5) banking days from such opening.

Subsec. X151.8 Relocation/transfer of branches. Transfer/relocation of branches shall be allowed without prior BSP approval subject to the following conditions:

a. Notice of transfer to depositors and other creditors by registered mail OR PROOF OF DELIVERY (POD) SERVICE BY THE PHILIPPINE POSTAL CORPORATION (PHILPOST) OR OTHER MAIL COURIERS and posters in conspicuous places in the premises of the banking office to be transferred at least three (3) months prior to the transfer: *Provided*, That said notification period may be reduced to forty-five (45) days under any of the following circumstances:

- 1) as an incentive to merger or consolidation of banks;
- 2) as an incentive to purchase or acquisition of majority or all of the outstanding shares of stock of a distressed bank for the purpose of rehabilitating the same; or
- 3) the proposed transfer site is within the same barangay or district of the same city or municipality of the branch to be relocated.

- b. A certification signed by the head of the Branches Department with the rank of Vice President or its equivalent or by a higher ranking officer informing the appropriate supervising and examining department of the BSP of the transfer and that the above requirements have been complied with, which shall be submitted not later than five (5) banking days from the date of transfer. The certification shall be accompanied by a certified true copy of the resolution of the bank's board of directors authorizing the transfer;
- c. BRANCHES LOCATED IN THE CITIES OF MAKATI, MANDALUYONG, MANILA, PARAÑAQUE, PASAY, PASIG AND QUEZON, AND THE MUNICIPALITY OF SAN JUAN, METRO MANILA MAY BE RELOCATED/TRANSFERRED ANYWHERE; AND
- d. BRANCHES LOCATED IN OTHER AREAS MAY BE RELOCATED/TRANSFERRED ANYWHERE EXCEPT IN THE CITIES OF MAKATI, MANDALUYONG, MANILA, PARAÑAQUE, PASAY, PASIG AND QUEZON, AND THE MUNICIPALITY OF SAN JUAN, METRO MANILA: PROVIDED, THAT BRANCHES OF RURAL BANKS AND LOCAL COOPERATIVE BANKS MAY BE RELOCATED/TRANSFERRED ONLY IN AREAS WHERE THEY ARE ALLOWED TO ESTABLISH BRANCHES: PROVIDED, FURTHER, THAT EXISTING RURAL BANKS AND LOCAL COOPERATIVE BANKS IN CITIES AND MUNICIPALITIES OF METRO MANILA OTHER THAN MAKATI, MANDALUYONG, MANILA, PARAÑAQUE, PASAY, PASIG, QUEZON, AND SAN JUAN MAY BE RELOCATED/TRANSFERRED ANYWHERE, EXCEPT IN THE AFOREMENTIONED CITIES AND MUNICIPALITY.

Subsec. X151.9 Voluntary closure/sale of banking offices.

A. Voluntary closure.

Voluntary closure of banking offices may be effected only with prior approval of the Bangko Sentral and shall be subject to the following conditions :

- 1) Notice of closure to depositors and other creditors by registered mail OR PROOF OF DELIVERY (POD) SERVICE OF THE PHILIPPINE POSTAL CORPORATION (PHILPOST) OR OTHER MAIL COURIERS and posters in conspicuous places in the premises of the banking office to be closed at least three (3) months prior to the closure;
- 2) A certification signed by the head of the Branches Department with the rank of Vice President or its equivalent or by a higher ranking officer informing the appropriate supervising and examining department of the BSP of the closure and that the above requirements have been complied with, which shall be submitted at least ten (10) banking days prior to the date of closure. The certification shall be accompanied by a certified true copy of the resolution of the bank's board of directors authorizing the closure.

B. Sale of branches.

- 1) Sale of branches may be allowed with prior approval of the Monetary Board and subject to the following conditions:
 - a) The selling and purchasing banks shall secure the prior written consent of the PDIC in the transfer of assets and assumption of liabilities as provided under Section 21 of the PDIC Charter (R.A. No. 3591), as amended by R. A. No. 9302;
 - b) The selling bank shall get the prior approval of the BSP to close the branches to be sold **SUBJECT TO THE FOLLOWING CONDITIONS:**
 - i. Notice of sale to depositors and other creditors by registered mail OR PROOF OF DELIVERY (POD) SERVICE OF THE PHILIPPINE POSTAL CORPORATION (PHILPOST) OR OTHER MAIL COURIERS and posters in conspicuous places in the premises of the banking office at least three (3) months prior to the closure: *Provided, That said notification period may be reduced to forty-five (45) days when there is no actual branch closure or disruption of branch operations. The depositors shall likewise be informed of their option to withdraw their deposits or to maintain the same with the acquiring bank;*
 - ii. A certification signed by its President or Executive Vice President (EVP) informing the appropriate supervising and examining department of the BSP of the closure and that the above requirements have been complied with, WHICH SHALL BE SUBMITTED AT LEAST TEN (10) BANKING DAYS PRIOR TO THE DATE OF CLOSURE. The certification shall be accompanied by a certified true copy of the resolution of the bank's board of directors authorizing the closure.
- 2) The acquiring bank shall pay a licensing fee per branch as follows:

<u>Type of Bank</u>	<u>Within Metro Manila</u>	<u>Outside Metro Manila</u>
UBs and KBs	₱ 1 million	₱ 500,000
TBs	₱ 500,000	₱ 250,000

Subsec. X151.10 Sanctions.

- 1) Any violation of the provisions of Subsections X151.2 to X151.4 shall be a ground for the cancellation of the franchise and closure of any branch established hereunder without prejudice to the imposition of the applicable criminal and administrative sanctions prescribed under Sections 36 and 37, respectively, of R.A. No. 7653.
- 2) If any part of the certification submitted by the bank as required in this Section is found to be false, the following sanctions shall be imposed:
 - a. On the bank. Suspension for one (1) year of the privilege to establish and/or to open approved banking offices.
 - b. On the certifying officer. A fine of ₱ 5,000 per day (₱ 200 per day for RBs/Coop Banks) from the time the certification was made up to the time the certification was found to be false for each banking office opened, transferred or closed without prejudice to the sanctions under Section 35 of R. A. No. 7653.

Subsec. X151.11 Relocation/Transfer of branch licenses of closed banks. Buyers of closed banks shall be allowed to relocate/transfer acquired branches subject to the conditions stated under Items "c." and "d." of Subsec. X151.8.

Section 2. Items "a.", "b.", and "c." of Sec. X213 of the MORB is hereby amended to read as follows:

"Servicing Deposits Outside Bank Premises. Banks may be authorized by the BSP to solicit and accept deposits outside their bank premises, subject to the following conditions:

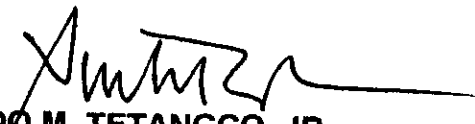
- a. MINIMUM CAPITAL REQUIREMENT IS MET;
- b. NO MAJOR SUPERVISORY CONCERNS AFFECTING SAFETY AND SOUNDNESS;
- c. THE AREA OF OPERATIONS SHALL BE WITHIN ONE (1)- HOUR NORMAL TRAVEL TIME BY LAND/SEA FROM ANY HEAD OFFICE OR BRANCH, EXCEPT IN REMOTE AREAS WHERE MORE THAN ONE (1)- HOUR NORMAL TRAVEL TIME MAY BE ALLOWED."

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Section 3. Repealing Clause. The provision/s of the Manual of Regulations for Banks (MORB) and existing circulars/regulations which are inconsistent with the provisions of this Circular are hereby repealed and/or amended accordingly.

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

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Governor

22 December 2005