



Bangko Sentral ng Pilipinas

OFFICE OF THE DEPUTY GOVERNOR SUPERVISION AND EXAMINATION SECTOR

MEMORANDUM TO ALL RURAL, COOPERATIVE AND MICROFINANCE BANKS

It has been noted that some banks do not seek the approval of the Bangko Sentral on the transfer of shares. Please be reminded of the following provisions of the Manual of Regulations for banks involving transfer of shares.

§ X126.2 *Transfer of shares.* The following regulations shall govern transfer of voting shares of stocks in banks:

x x x

x x x

x x x

c. Transfers requiring prior Monetary Board approval.

(1) Prior approval of the Monetary Board shall be required on the following:

a. Any sale or transfer or series of sales or transfers which will result in ownership or control of more than twenty percent (20%) of the voting stock of a bank by any person whether natural or juridical or which will enable such person to elect, or be elected as, a director of such bank; and

b. Any sale or transfer or series of sales or transfers which will effect a change in the majority ownership or control of the voting stock of the bank from one (1) group of persons to another group: Provided, That in no case shall such sale or transfer be approved unless the bank concerned shall immediately comply with the prescribed minimum capital requirement for new banks, notwithstanding any approved capital build-up program.

x x x

x x x

x x x

(3) Sanctions. Any violation of the provisions under Items "c(1)(a)" and "(b)" above shall be subject to the sanctions prescribed under Sections 36 and 37 of R.A. No. 7653, without prejudice to the appropriate legal actions for the rescission and invalidation of the sale or transfer. (as amended by Circular Nos. 309 dated November 16, 2001 and 332 dated May 13, 2002)

(all underscoring supplied)

Banks are reminded that the Bangko Sentral will recognize only stockholders who acquire their shares in compliance with Bangko Sentral regulations and those directors and officers who were duly elected and appointed in accordance with their by-laws. Since directors are required to hold-over their positions until their successors are duly qualified in accordance with the by-laws, any abandonment of responsibilities may be subject to sanctions by the Bangko Sentral.

MAG-IMPOK SA BANGKO

The Corporate Secretary is also reminded of his duties under Subsection X126.2b involving shares of stock and the submission of appropriate reports thereon, including the Consolidated List of Stockholders and their Stockholdings. Sanctions will also be imposed on the corporate secretary who records the unauthorized transfer or who fails to reverse the unauthorized transaction in the corporate books.

For guidance and compliance.


ALBERTO V. REYES
Deputy Governor

September 5, 2003
/cpg