



Bangko Sentral ng Pilipinas

OFFICE OF THE DEPUTY GOVERNOR SUPERVISION AND EXAMINATION SECTOR

MEMORANDUM TO ALL NON-STOCK SAVINGS AND LOAN ASSOCIATIONS

Subject: Administrative Authority of the Bangko Sentral ng Pilipinas (BSP) over Non-Stock Savings and Loan Associations (NSSLAs), its Trustees and Officers

The Monetary Board, in its Resolution No. 1169 dated 1 September 2005, noted the opinion (Opinion No. 34 dated 10 August 2005) of the Department of Justice (DOJ) affirming BSP's administrative authority over NSSLAs, as follows:

- a. BSP has the power to order discontinuance of unlawful, unsound or injurious practices and placing an NSSLA under receivership pursuant to Section 30 of Republic Act ("R.A.") No. 7653 (the "New Central Bank Act").**

"Under Section 2(b) of R.A. No. 8367, it is the declared policy of the State to regulate and supervise the activities of NSSLAs in order to place their operations on a sound, stable and efficient basis to the end that they may be able to," among other things, "curtail or prevent acts or practices of NSSLAs which are prejudicial to their members' interest." Moreover, the legislative deliberation on the passage of R.A. No. 8367 clearly included and established the power of the BSP "to order discontinuance of unlawful, unsound or injurious practices, and to place an NSSLA under receivership."

The DOJ opinion categorically stated that "there can be no dispute that the BSP can both order the discontinuance of unlawful or unsound practices by an NSSLA and/or its officers and place an NSSLA under receivership."

- b. BSP can impose on NSSLA, as well as on its erring officers/trustees, other administrative sanctions under Section 37 of R.A. No. 7653.**
- c. BSP has jurisdiction to hear and decide administrative complaints against trustees and officers of NSSLA for disqualification and removal.**

BSP's power "to impose administrative sanctions against NSSLA officers and trustees," as well as "hear and decide administrative complaints against said officials can be necessarily

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implied not only from its powers to enforce orders, instructions, rules and regulations applicable to NSSLAs, to require NSSLAs, their trustees, officers and agent to conduct and manage their affairs in a lawful and orderly manner, but also from its powers to see to it that the direction and administration, as well as the integrity, responsibility, and ability of organizers, administrators, trustees, and officers of the NSSLA shall reasonably assure the safety of the interests entrusted by its members, and to issue rules and regulations for the effective administration" of NSSLAs.


NESTOR A. ESPENILLA, JR.
Deputy Governor

30 March 2006