



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 903

Series of 2016

Subject: Amendments to the Manual of Regulations for Banks and Manual of Regulations for Non-Bank Financial Institutions as of End-October 2015

The Monetary Board, in its Resolution No. 113 dated 21 January 2016, approved the following amendments to the Manual of Regulations for Banks (MORB) and Manual of Regulations for Non-Bank Financial Institutions (MORNBFi) as of end-October 2015.

Section 1. Appendix A of Circular No. 871 dated 05 March 2015 (Internal Control and Internal Audit) is appended to the MORB/MORNBFi and retitled as follows:

Portion of the Circular	Title	New Appendix MORB/MORNBFi
Appendix A	Examples of Minimum Internal Control Measures	App. 112/ App. Q-66

Reference to the above appendix is added to Subsection X185.3/4185Q.3 of the MORB/MORNBFi.

Section 2. The provisions of Circular No. 875 dated 15 April 2015 (BSP Supervisory Enforcement Policy) are numbered as X009/4009Q/4009T of the MORB/MORNBFi, respectively.

Section 3. The provisions of Circular-Letter No. CL-2015-050 dated 18 August 2015 (Consolidation Program for Rural Banks (CPRB)) are codified in the MORB as follows:

Portion of the Circular Letter	Title	New Section/ Appendix
2 nd par. (last sentence) and 3 rd paragraph	Consolidation Program for Rural Banks	X109
Annex A	Framework on the Consolidation Program for Rural Banks	App. 113

Section 4. The Power of the Bangko Sentral to Examine Trust Corporations under Circular No. 884 dated 22 July 2015 (Guidelines on the Establishment and Operation of Trust Corporation) is codified in the MORNBFI as:

"POWER OF THE BANGKO SENTRAL TO EXAMINE TRUST CORPORATIONS"

§ 4001T Examination by the Bangko Sentral. The Bangko Sentral ng Pilipinas (Bangko Sentral) shall have supervision over, and conduct periodic or special examination of trust corporation (TC).

xxx xxx xxx"

Section 5. Subsections 4103T.1, 4126T.1, 4402T of the MORNBFI are amended to read as follows:

"§ 4103T.1 Basic Guidelines in Establishing TCs. No person or entity shall be allowed to operate as a TC without prior authority from the Bangko Sentral.

a. Organizational requirements.

xxx xxx xxx

c. Requirements for the issuance of the certificates of authority to register and to operate.

(1) xxx xxx xxx

xxx xxx xxx

(4) Within six (6) months from receipt of advice of approval by the Monetary Board of their application for authority to establish a TC, the incorporators shall secure the certificate of authority to operate the trust, other fiduciary business and investment management activities and submit to the appropriate supervising and examining department of the Bangko Sentral the following:

xxx xxx xxx"

"§ 4126T.1 Limits of stockholdings in a single TC. The stockholdings in any TC shall be subject to the limits as prescribed below:

a. Domestic stockholders

xxx xxx xxx

b. Foreign stockholders may own stockholdings in a TC, subject to the limits as stated below:

(1) xxx xxx xxx

xxx xxx xxx

(1) Others, such as individuals and other entities not identified above xxx

The limits as stated above are further subject to the limits imposed by the respective laws/regulations in the home country of investing companies or country of origin.

xxx xxx xxx"

"Sec. 4402T Applicable Regulations on Trust and Other Fiduciary Activities. xxx xxx xxx

a. xxx xxx xxx

xxx xxx xxx

j. Section 4499Q Sanctions (For this purpose the guidelines for the imposition of monetary penalty as shown under *Appendix T-2* shall be used by TCs)"

Section 6. The references to Subsec. X301.6a and 6b in Item "v" of Appendix 48 of the MORB are changed to Subsection X178.9.

Section 7. The references to the guidelines on risk management for derivatives under Appendix 25 (Risk Management Guidelines for Derivatives) in Sections X175 and X176 of the MORB are deleted.

Section 8. The introduction in Appendix 25 of the MORB is amended to read as follows:

"I. Introduction

This appendix, together with the Guidelines on Supervision by Risk (*Appendix 72*), Market Risk Management under X175, Liquidity Risk Management under X176, and other BSP issuances on management of the different risks attendant to banking activities, provides a framework

on which a bank can establish its risk management activities. Accordingly, this set of risk management guidelines for derivatives should be read and used in conjunction with all related BSP issuances on risk management.

xxx xxx xxx"

Section 9. Items C and D of the topic titles in Part Nine (IX) of the MORB are changed to Items D and E.

Section 10. The reference to Subsec. 4441N.62 in Appendix 68/Q-38 of the MORB/MORNBFI, Section 8 in Circular No. 873 dated 25 March 2015 is changed to Subsec. 4144N.6.

Section 11. The *Transitory Provisions* of Circulars issued in 2015 are footnoted in the sections/subsections of the MORB/MORNBFI.

Circular No.	Sections/Subsections
873	X441
886	X321, 4337S

Section 12. The following memoranda are codified in the MORB.

Memorandum	Title	Section/Subsection/ Appendix
5 01.20.15	Regulatory Relief for Banks/Non-Bank Financial Institutions with Quasi-Banking Functions (NBQBs) Affected by Typhoon "Ruby"	X257, X302, X306, X338, X192.2, X269.6, X269.8 and App. 18
9 01.28.15	Regulatory Relief for Banks/Non-Bank Financial Institutions with Quasi-Banking Functions (NBQBs) Affected by Tropical Storm "Seniang"	
35 10.07.15	Regulatory Relief for Banks Affected by Typhoon "Ineng"	
8 01.28.15	Strengthening Program for Rural Banks (SPRB) Plus	App. 94a

Section 13. The following sections/subsections/appendices are updated to reflect the changes in the reportorial requirements and annual supervisory fees as contained in the following Memorandum to All Banks:

Memorandum No.	Sections/Subsections/Appendices
001	App. 6
004	App. 6
014	App. 6
015	App. 6
021	App. 6
022	X901.1, App. 88, 4901Q.1 and App. Q-51
026	App. 6
028	App. 6
029	App. 6
030	App. 6
031	App. 6
032	App. 6
033	App. 6
034	X907.6, App. 6
036	App. 6

FOR THE MONETARY BOARD:


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29 February 2016