



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

Circular No. 697
Series of 2010

Subject : **Amendment of Regulations on Relocation/Opening/Voluntary Closure/Sale of Existing/Approved but Unopened Branches/Other Banking Offices**

Pursuant to Monetary Board Resolution No. 1424 dated 08 October 2010, the provisions of Subsections X151.7, X151.8, X151.9, X151.10, and X151.11, and Section X152 of the Manual of Regulations for Banks (MORB) are hereby amended, as follows:

Section 1. Subsection X151.7 on opening of approved branches/other banking offices is hereby amended to read as follows:

"Subsec. X151.7 Date of Opening. Approved branches/other banking offices shall be opened within one (1) year from the date of approval thereof and shall not be subject to any extension.

"Approved but not yet opened branches/other banking offices may be relocated upon prior approval by the Deputy Governor, SES, subject to the presentation of justification and valid reason for the relocation, and resubmission of the information/documents enumerated in Subsection X151.3 on application for authority to establish branches: *Provided*, That the opening of the relocated branch/other banking office shall be made within one (1) year from date of Monetary Board approval of its establishment and shall not be subject to any extension.

"As an incentive to merger/consolidation of banks or purchase/acquisition of majority or all of the outstanding shares of stock of a distressed bank for the purpose of rehabilitating the same, opening or relocation of approved but not yet opened branches/other banking offices may be allowed within two (2) years from date of merger/consolidation or purchase/acquisition of majority or all of the outstanding shares of stock of a distressed bank for the purpose of rehabilitating the same."

Section 2. The last paragraph of Subsection X151.8 on the requirements for opening a branch/other banking office is hereby amended to read as follows:

"Subsec. X151.8 Requirements for opening a branch/other banking office.

"x x x.

"A bank that fails to comply with any one (1) of the requirements in Subsecs. X151.2/X151.6 on the prerequisites for the grant of authority to establish a branch/establishment of other banking offices as of the date of the

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intended opening of the branch/other banking office shall refrain from opening the branch/other banking office on such date until it has complied with all of the requirements under Subsecs. X151.2/X151.6: *Provided*, That the provisions of Subsec. X151.7 on the date of opening of banks shall be observed.”

Section 3. Subsection X151.9 on relocation of branches/other banking offices is hereby amended to read as follows:

“Subsec. X151.9 Relocation of branches/other banking offices.

Relocation of existing/operating branches/other banking offices within the same city or municipality where the branch/other banking office to be transferred is located shall be allowed without prior BSP approval: *Provided*, That the branch/other banking office shall be relocated and reopened within six (6) months from date of temporary closure in accordance with the following procedures:

a. Notice of relocation or temporary closure for the purpose of relocation of branches/other banking offices signed by the president of the bank or officer of equivalent rank, together with a certified true copy of the resolution of the bank's board of directors authorizing said temporary closure and relocation; a certification signed by the president of the bank or officer of equivalent rank that the bank has no pending or unresolved supervisory issues; and an undertaking that the bank shall comply with the notification requirement under item “b” below, shall be submitted by the bank to the appropriate department of the SES. The notice shall include information as to the new relocation site, the timetable for said temporary closure and relocation, and the branch/other banking office that will handle the transactions of the branch/other banking office to be temporarily closed and relocated.

b. If no reply is received by the bank from the BSP within thirty calendar days (30) from date of receipt by the BSP of the said notification, notice of temporary closure for the purpose of relocation shall be sent by the bank 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 shall be displayed in conspicuous places in the premises of the branch/other banking office to be closed for relocation at least three (3) months prior to the temporary closure. Information indicating the new relocation site, the duration of the temporary closure, and the address of the branch/other banking office that will handle the transactions of the branch/other banking office to be closed/relocated shall be indicated in the said notice/posters: *Provided*, That said notification period may be reduced to forty-five (45) calendar 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 relocation site is within the same barangay of the branch/other banking office to be relocated.

c. Within five (5) banking days from date of temporary closure of the branch/other banking office to be relocated, a notice of such closure, signed by

the head of the branches department with the rank of a vice president or equivalent rank or by a higher ranking officer together with a certification that the notification requirement in item "b" above has been complied with and an undertaking that the branch/other banking office shall be relocated and reopened within six (6) months from date of such closure shall be submitted to the appropriate department of the SES;

d. Within five (5) banking days from the date of relocation and opening of the relocated branch/other banking office, a notice of such relocation and opening, together with a certification signed by the head of the branches department with the rank of vice president or its equivalent rank or by a higher ranking officer that the installation of the required security devices under item "b" of Subsection X171.4 on minimum security measures has been complied with shall be submitted to the appropriate department of the SES.

"Relocation of existing/operating branches/other banking offices (i) within the same city or municipality where the branch/other banking office to be transferred is located involving temporary closure for a period beyond six (6) months but not exceeding one (1) year; or (ii) outside of the city or municipality where the branch/other banking office to be transferred is located involving temporary closure for a period not exceeding six (6) months may be allowed upon prior approval of the Deputy Governor, SES in accordance with the following procedures:

a. Request for BSP approval of the temporary closure for the purpose of relocation of branches/other banking offices signed by the president of the bank or officer of equivalent rank, together with a certified true copy of the resolution of the bank's board of directors authorizing said temporary closure and relocation; a certification signed by the president of the bank or officer of equivalent rank that the bank has no pending or unresolved supervisory issues; and an undertaking that the bank shall comply with the notification requirement under item "b" below, shall be submitted by the bank to the appropriate department of the SES. The request shall include information as to the new relocation site, the timetable for said temporary closure and relocation, and the branch/other banking office that will handle the transactions of the branch/other banking office to be temporarily closed and relocated.

b. Upon receipt of the BSP approval, but at least three (3) months prior to the temporary closure of the branch/other banking office to be relocated, notice of temporary closure for the purpose of relocation, shall be sent to depositors and other creditors by registered mail or POD service of the PhilPost or other mail couriers, and posters shall be displayed in conspicuous places in the premises of the branch/other banking office to be closed for relocation. Information indicating the new relocation site, the duration of the temporary closure, and the address of the branch/other banking office that will handle the transactions of the branch/other banking office to be closed/relocated shall be indicated in the said notice/posters: *Provided*, That said notification period may be reduced to forty-five (45) calendar days under any of the following circumstances:

(1) as an incentive to merger or consolidation of banks; or

(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 relocation site is within the same barangay of the branch/other banking office to be relocated, where applicable.

c. Within five (5) banking days from date of temporary closure of the branch/other banking office to be relocated, a notice of such closure, signed by the head of the branches department with the rank of a vice president or equivalent rank or by a higher ranking officer, together with a certification that that the notification requirement in item "b" above has been complied with and an undertaking that the branch/other banking office shall be reopened (i) within one (1) year from date of closure in cases of relocation within the same city or municipality or (ii) six (6) months from date of such closure in case of relocation outside of the city or municipality shall be submitted to the appropriate department of the SES;

d. Within five (5) banking days from the date of relocation and opening of the relocated branch/other banking office, a notice of such relocation and opening, together with a certification signed by the head of branches department with the rank of vice president or its equivalent rank or by a higher ranking officer that the installation of the required security devices under item "b" of Subsection X171.4 on minimum security measures has been complied with, shall be submitted to the appropriate department of the SES.

e. Branches/other banking offices located in the restricted areas may be relocated anywhere; and

f. Branches/other banking offices located in other areas may be relocated only in areas where the bank is allowed to establish branches as provided in and subject to the provisions of the branching guidelines under Subsection X151.4.

"Relocation of existing/operating branches/other banking offices i) within the same city or municipality where the branch/other banking office to be transferred is located involving temporary closure for a period beyond one (1) year but not exceeding two (2) years; or ii) outside of the city or municipality where the branch/other banking office to be transferred is located involving temporary closure for a period beyond six (6) months but not exceeding two (2) years may be allowed upon prior Monetary Board approval subject to the presentation of justification and valid reason for the relocation, in accordance with the procedures described in Items "a", "b", "c", "d", "e" and "f" above, except that the undertaking required to be submitted under Item "c" for the reopening of the branch/other banking office shall be for a period not exceeding two (2) years.

"Temporary closure of branches/other banking offices beyond two (2) years shall be deemed as permanent closure, and reopening thereof shall be deemed as an establishment of a new branch/other banking office, subject to the provisions of Subsections X151.10 on voluntary closure and X151.2/X151.6 on the prerequisites for the grant of authority to establish a branch/establishment of other banking offices, respectively, except as may be authorized by the Monetary Board.

"As an incentive to merger/consolidation of banks or purchase/acquisition of majority or all of the outstanding shares of stock of a distressed bank for the purpose of rehabilitating the same, relocation of existing branches/other banking offices may be allowed within two (2) years from date of merger/consolidation or purchase/acquisition except as may be authorized by the Monetary Board."

Section 4. Subsection X151.10 on the voluntary closure/sale of branches/other banking offices is hereby amended by deleting Item a.2.c thereof and for the provision on temporary closure to read as follows:

"Subsec. X151.10 Voluntary closure/sale of branches/other banking offices.

"a. Voluntary closure of branches/other banking offices. x x x.

"Temporary closure of existing/operating branches/other banking offices. Temporary closure of existing/operating branches/other banking offices for the purpose of undertaking renovations/major repairs of branch/office premises/facilities and for other valid reasons may be allowed without prior BSP approval: *Provided, That the branch/other banking office shall be reopened within a period of six (6) months from date of temporary closure in accordance with the following procedures:*

(1) Notice of temporary closure signed by the president of the bank or officer of equivalent rank together with a certified true copy of the resolution of the bank's board of directors authorizing said temporary closure and stating the justification/reasons therefore; and a certification signed by the president of the bank or officer of equivalent rank that the bank has no pending or unresolved supervisory issues shall be submitted to the appropriate department of the SES. The request shall include information as to the timetable for said temporary closure and the branch/other banking office that will handle the transactions of the branch/other banking office to be temporarily closed;

(2) If no reply is received by the bank from the BSP within thirty (30) calendar days from the date of receipt by the BSP of the said notification, notice of temporary closure shall be sent to depositors and other creditors, where applicable, by registered mail or POD service of the PhilPost or other mail couriers, and posters shall be displayed in conspicuous places in the premises of the branch/other banking office to be closed at least three (3) months prior to the temporary closure. Information as to the duration of said temporary closure and the address of the branch/other banking office that will handle the transactions of the branch/other banking office to be temporarily closed shall be indicated in the said notice/posters;

(3) The transactions of the branch/other banking office to be temporarily closed shall be handled by the nearest branch/other banking office;

(4) Within five (5) banking days after the date of temporary closure, a notice of such closure, signed by the head of the branches department with the

rank of a vice president or equivalent rank or by a higher ranking officer together with a certification that the notification requirement in item "(2)" above has been complied with and an undertaking that the branch/other banking office shall be reopened within six (6) months from date of such closure shall be submitted to the appropriate department of the SES; and

(5) Within five (5) banking days from date of re-opening, notice of such re-opening, together with a certification signed by the head of the branches department with the rank of vice president or its equivalent rank or by a higher ranking officer that the installation of the required security devices under Item "b" of Subsection X171.4 on minimum security measures has been complied with shall be submitted to the appropriate department of the SES.

"Temporary closure for a period beyond six (6) months but not exceeding one (1) year may be allowed subject to the prior approval of the Deputy Governor, SES, in accordance with the following procedures:

(1) Request for BSP approval of the temporary closure of the branch/other banking office signed by the president of the bank or officer of equivalent rank together with a certified true copy of the resolution of the bank's board of directors authorizing said temporary closure and stating the justification/reasons therefore; and a certification signed by the president of the bank or officer of equivalent rank that the bank has no pending or unresolved supervisory issues shall be submitted to the appropriate department of the SES. The request shall include information as to the timetable for said temporary closure and the branch/other banking office that will handle the transactions of the branch/other banking office to be temporarily closed;

(2) Upon receipt of the notice of BSP approval but at least three (3) months prior to the intended date of temporary closure, notice of temporary closure shall be sent to depositors and other creditors, where applicable, by registered mail or POD service of the PhilPost or other mail couriers, and posters shall be displayed in conspicuous places in the premises of the branch/other banking office to be closed. Information as to the duration of said temporary closure and the address of the branch/other banking office that will handle the transactions of the branch/other banking office to be temporarily closed shall be indicated in the said notice/posters;

(3) The transactions of the branch/other banking office to be temporarily closed shall be handled by the nearest branch/other banking office;

(4) Within five (5) banking days after the date of temporary closure, a notice of such closure, signed by the head of the branches department with the rank of a vice president or equivalent rank or by a higher ranking officer together with a certification that the notification requirement in item "(2)" above has been complied with and an undertaking that the branch/other banking office shall be reopened within one (1) year from date of such closure shall be submitted to the appropriate department of the SES; and

(5) Within five (5) banking days from date of re-opening, notice of such re-opening, together with a certification signed by the head of the branches

department with the rank of vice president or its equivalent rank or by a higher ranking officer that the installation of the required security devices under Item "b" of Subsection X171.4 on minimum security measures has been complied with shall be submitted to the appropriate department of the SES.

"Temporary closure for a period beyond one (1) year but not exceeding two (2) years may be allowed upon prior Monetary Board approval subject to the presentation of justification and valid reason for the temporary closure, in accordance with the procedures described in Items "(1)", "(2)", "(3)", "(4)" and "(5)" above, except that the undertaking required to be submitted under Item "(4)" for the reopening of the branch/other banking office shall be for a period not exceeding two (2) years.

"Temporary closure of branches/other banking offices beyond two (2) years shall be deemed as permanent closure, and reopening thereof shall be deemed as an establishment of a new branch/other banking office, subject to the provisions of Subsections X151.10 on voluntary closure and X151.2/X151.6 on the prerequisites for the grant of authority to establish a branch/establishment of other banking offices, respectively, except as may be authorized by the Monetary Board."

Section 4. Item b of Subsection X151.10 on the sale of branches/other banking offices is hereby amended as follows:

a) The title and first paragraph shall read as:

"b. Sale/acquisition of branches/other banking offices. Sale/acquisition of existing/operating branches/other banking offices may be allowed with prior approval of the Monetary Board in accordance with the following procedures: x x x"

b) Deletion of "7" on the submission of the bio-data of proposed manager and other officers of the branch/other banking office by the acquiring bank and renumbering "8" to "7".

Section 5. Subsection X151.11 on the relocation/transfer of branch licenses of closed banks is hereby amended to read as follows:

"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 in Items "d", "e", and "f" of the second paragraph of Subsec. X151.9 on relocation of branches/other banking offices."

Section 6. Item c and the paragraph following Item c of Section X152 on relocation of head offices are hereby amended to read as follows:

"Sec. X152 Relocation of Head Offices.

"x x x

"c. Within five (5) banking days from the date of relocation, a notice of relocation, together with a certification signed by the president of the bank or officer of equivalent rank that the notification requirement under Item "b" above

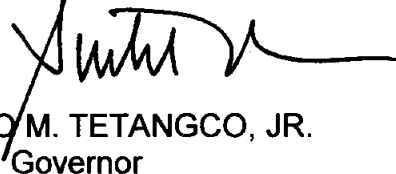
and the installation of the required security devices under Item "b" of Subsection X171.4 on minimum security measures have been complied with, shall be submitted to the appropriate department of the SES.

"A bank's head office located in restricted areas may be relocated anywhere. A bank's head office located in other areas may be relocated only in areas where the bank is allowed to establish branches as provided in Subsec. X151.4 on branching guidelines.

"x x x."

Section 7. This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:

A handwritten signature in black ink, appearing to read 'Amato', written over a diagonal line that extends from the signature down to the name below.

AMANDO M. TETANGCO, JR.
Governor

29 October 2010