



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 360 Series of 2002

Pursuant to Monetary Board Resolution No. 1616 dated November 7, 2002, approving the guidelines to incorporate market risk in the risk-based capital adequacy framework for universal banks and commercial banks, the provisions of the Manual of Regulations for Banks are amended as follows:

1. A new subsection is hereby added after Subsection X116.4 of the Manual to read as follows:

"§ 1116.5. Market Risk Capital Requirement. Universal banks (UBs)/commercial banks (KBs) shall also measure and apply capital charges for market risk, in addition to the credit risk capital requirement described above, in accordance with the Guidelines to Incorporate Market Risk in the Risk-Based Capital Adequacy Framework (Appendix ____)."

2. Subsections X116.5 and X116.6 of the Manual are hereby renumbered as Subsections X116.6 and X116.7, respectively.

3. Subsection X116.6 of the Manual (formerly Subsection X116.5) is hereby amended to read as follows:

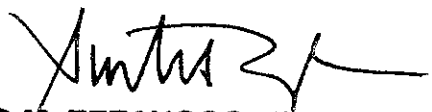
"§ X116.6. Sanctions. Whenever the capital accounts of a bank are deficient with respect to the prescribed risk-based capital adequacy ratio (which for UBs/KBs shall pertain to adjusted capital adequacy ratio covering combined credit risk and market risk), the Monetary Board after considering a report of the appropriate supervising and examining department of the BSP on the state of solvency of the institution concerned, shall limit or prohibit the distribution of the net profits and shall require that part or all of net profits be used to increase the capital accounts of the bank until the minimum requirement has been met. The Monetary Board may restrict or prohibit the making of new investments of any sort by the bank, with the exception of purchases of readily marketable evidences of indebtedness issued by the Philippine national government and BSP included in Item a(2)i of Subsec. X116.2, until the minimum required capital ratio has been restored."



MAG-IMPOK SA BANGKO

This Circular shall take effect on July 1, 2003: *Provided*, That covered banks shall submit trial reports (solo basis and consolidated basis) using the prescribed new report forms commencing with the end-March 2003 reports.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Officer-in-Charge

December 3, 2002

Attachment –