



Bangko Sentral ng Pilipinas
MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

Circular No. 671
Series of 2009

Subject: Amendments to the Guidelines Governing Equity Investments

The Monetary Board, in its Resolution No. 1664 dated 19 November 2009, approved the following amendments to the guidelines governing investments of banks in allied, whether financial or non-financial, and non-allied undertakings.

Section 1. Reportorial requirements on equity investments. The last paragraph under Item "c" of Subsection X376.5 of the Manual of Regulations for Banks (MORB) on the guidelines for major investments is hereby deleted.

Section 2. Report on outstanding equity investments in and outstanding loans to non-allied enterprises. Subsection 1381.3 of the MORB pertaining to the reportorial requirement on outstanding equity investments and loans of universal banks to non-allied enterprises is hereby deleted.

Section 3. Shares of stock acquired in settlement of loans. Item "b" of Appendix 79 of the MORB is hereby amended to read, as follows:

"Appendix 79 Guidelines in Determining Compliance with Ceilings on Equity Investments

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"b. Shares of stock acquired in settlement of loans. Shares of stock of another corporation acquired in settlement of loans shall be excluded from total equity investments for purposes of determining compliance with the prescribed ceilings on equity investments under Sections/Subsections X378, X379.1, X380, 1381, 1381.1, 1381.2 and X383: *Provided*, That confirmation of

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the Monetary Board shall be required in the following cases within thirty (30) days from the date of acquisition thereof:

"(1) Acquisition of shares of stock of non-allied enterprises by banks without universal banking authority, otherwise prohibited in Sec. 1381;

"(2) Acquisition of shares of stock of non-allied enterprises other than those specified under Subsec. 1381.1 by banks with universal banking authority, otherwise requiring prior Monetary Board approval;

"(3) Acquisition of shares of stock of non-allied enterprises by UBs in excess of limits provided in Subsec. 1381.2;

"(4) Acquisition of shares of stock of venture capital corporations in excess of limits provided in Subsec. X379.1;

"(5) Acquisition of shares of stock of financial allied enterprises by banks in excess of limits provided in Sec. X378;

"(6) Acquisition of shares of stock of non-financial allied enterprises by TBs and RBs in excess of the limit provided in Sec. X380; and

"(7) Acquisition of shares of stock in excess of limits provided in Section X383;

"Provided, further, That said confirmation shall be subject, among others, to the condition that such shares of stock shall be disposed of within a reasonable period not to exceed five (5) years from the date of acquisition thereof."

Section 4. Transitory provisions. Banks with acquired shares of stock in settlement of loans that fall under any of the following cases, which have not been previously confirmed by the Monetary Board, shall seek confirmation of the Monetary Board of such acquisition not later than 90 banking days from the effectivity of this Circular:

- (a) Those with acquired shares of stock of venture capital corporations in excess of limits provided in Subsection X379.1 of the MORB; and
- (b) Those with acquired shares of stock in excess of limits provided in Section X383 of the MORB;

Provided, That said confirmation shall be subject, among others, to the condition that such shares of stock shall be disposed of within a reasonable period not to exceed five (5) years from the date of acquisition thereof.

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 'AMANDO M. TETANGCO, JR.', written over the printed name.

AMANDO M. TETANGCO, JR.
Governor

27 November 2009