



# *Bangko Sentral ng Pilipinas*

MAYNILA, PILIPINAS  
OFFICE OF THE GOVERNOR

**Circular No. 322  
Series of 2002**

Pursuant to Monetary Board Resolution No. 222 dated 14 February 2002, the following rules and regulations are hereby issued:

Section 1. Thrift banks with net worth or combined capital accounts of at least P650 million if located in Metro Manila or P150 million if located outside Metro Manila may, subject to prior Monetary Board approval, operate an FCDU.

Section 2. Application for authority to operate FCDU. A thrift bank desiring to operate an FCDU shall file an application with the Department of Thrift Banks and Non-Bank Financial Institutions (DTBNBFI). The application shall be signed by the bank president or officer of equivalent rank and shall be accompanied by the following documents:

- a. Certified true copy of the resolution of the bank's board of directors authorizing the application.
- b. A certification signed by the president or the officer of equivalent rank that the bank has complied with all conditions/prerequisites for the grant of authority to operate FCDU.

Section 3. Prerequisites for the grant of authority to operate FCDU. A thrift bank applying for authority to operate FCDU must comply with the following requirements:

- a. The bank's operation during the preceding calendar year and for the period immediately preceding the date of application has been profitable.
- b. The bank is well capitalized whose risk-based capital adequacy ratio is not lower than twelve percent (12%) at the time of filing the application.
- c. The officer who will be in charge of FCDU operations shall have at least one (1) year of actual experience in another bank as in-charge or assistant in-charge of the same operations.



MAG-IMPOK SA BANGKO

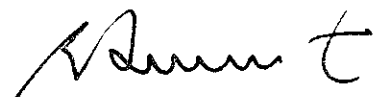
- d. It has not incurred net weekly reserve deficiencies within eight (8) weeks immediately preceding the date of application.
- e. It has generally complied with banking laws, rules and regulations, orders or instructions of the Monetary Board and/or BSP Management in the last two preceding examinations prior to the date of application, more particularly:
  - 1. election of at least two (2) independent directors;
  - 2. attendance by every member of the board of directors in a special seminar for board of directors conducted or accredited by the BSP.
  - 3. the ceilings on credit accommodations to directors, officers, stockholders and related interests (DOSRI);
  - 4. liquidity floor requirements for government deposits;
  - 5. single borrower's loan limit; and
  - 6. investment in bank premises and other fixed assets.
- f. It maintains adequate provisions for probable losses commensurate to the quality of its asset portfolio but not lower than the required valuation reserves as determined by the BSP.
- g. It does not have float items outstanding for more than sixty (60) calendar days in the "Due From/To Head Office/Branches/Offices" accounts and the "Due From Bangko Sentral" account exceeding one percent (1%) of the total resources as of date of application.
- h. It has no past due obligations with the BSP or with any government financial institution.
- i. It has established a risk management system appropriate to its operations characterized by clear delineation of responsibility for risk management, adequate risk measurement systems, appropriately structured risk limits, effective internal controls and complete, timely and efficient risk reporting system.
- j. It has a CAMELS Composite Rating of at least 3 in the last regular examination with management rating of not lower than 3; and

- k. It is a member of the Philippine Deposit Insurance Corp. (PDIC) in good standing.

Section 4. Transitory Provisions. Thrift banks authorized to operate and are actually operating an FCDU are hereby given a period of two (2) years reckoned from (date of this Circular) within which to comply with the minimum capital requirements for FCDU: Provided, That this requirement may be substituted by a capital build-up program approved by the Monetary Board. Such capital build-up program shall be submitted to the DTBNBFI within three (3) months from (date of this Circular). Banks which failed to comply with the required capitalization upon expiration of said two (2) year period given them or those which failed to comply with approved capital build-up program shall liquidate their FCDU business within one (1) year and shall surrender to the Bangko Sentral ng Pilipinas their corresponding FCDU licenses. The license of thrift banks already authorized to operate FCDU but not yet operating the same shall be automatically revoked if they do not comply with the above minimum capital requirements as of (date of this Circular).

This Circular shall take effect immediately.

FOR THE MONETARY BOARD:

  
RAFAEL B. BUENAVENTURA  
Governor

7 March, 2002