



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 759

Series of 2012

Subject: Amendments to the Branching Policy and Guidelines Under the Manual of Regulations for Banks

Pursuant to Monetary Board Resolution No. 793 dated 17 May 2012, the pertinent provisions of Section X151 of the Manual of Regulations for Banks (MORB) on the Branching Policy and Guidelines are hereby amended, as follows:

Section 1. The limit set on the number of branches allowed to be applied by a bank for establishment at any time is hereby removed. Subsection X151.4.a of the MORB is hereby amended to read, as follows:

"Subsection X151.4 Branching guidelines. Branches may be established, subject to the following guidelines:

"a. A BANK MAY APPLY TO ESTABLISH AS MANY BRANCHES AS ITS QUALIFYING CAPITAL CAN SUPPORT CONSISTENT WITH THE THEORETICAL CAPITAL REQUIREMENT COMPUTED IN ACCORDANCE WITH THE PROVISIONS OF SUBSECTION X151.2.F^{1/}, TAKING INTO ACCOUNT ANY APPROVED BUT UNOPENED BRANCH/ES OUTSTANDING AT THE TIME OF APPLICATION.

"x x x"

Section 2. The total processing fee computed for all branches and extension offices approved shall be immediately charged against the demand deposits of banks with BSP and in no case shall staggered payment and refund be allowed. Subsection X151.5 of the MORB is hereby amended to read, as follows:

"Subsection X151.5 Branch processing fee^{2/}. THE BANK SHALL BE IMMEDIATELY CHARGED WITH THE TOTAL PROCESSING FEE COMPUTED FOR ALL BRANCHES APPROVED, IN ACCORDANCE WITH THE FOLLOWING:

"x x x

"Provided, That branches of TBs, RBs and Coop Banks to be established within the region where the head office is located shall be free from assessment.

"IN NO CASE SHALL STAGGERED PAYMENT FOR THE TOTAL BRANCH PROCESSING FEE BE ALLOWED. MOREOVER, FAILURE TO OPEN AN APPROVED BRANCH WITHIN THE PRESCRIBED PERIOD SHALL RESULT IN THE FORFEITURE OF THE BRANCH PROCESSING FEE PAID."

^{1/} As amended by Section 5 of Circular No. 728 dated 23 June 2011

^{2/} As amended by Section 6 of Circular No. 728 dated 23 June 2011

Section 3. The date of opening of approved branches shall be extended from one (1) year to three (3) years from the date of approval thereof and shall not be subject to any extension. Subsection X151.7 of the MORB is hereby amended to read, as follows:

"Subsection X151.7 OPENING OF BANKING OFFICES. Approved branches/OBOs shall be opened, AS FOLLOWS :

"a. APPROVED BRANCHES SHALL BE OPENED WITHIN THREE (3) YEARS FROM THE DATE OF APPROVAL THEREOF AND SHALL NOT BE SUBJECT TO ANY EXTENSION.

"THE OPENING OF APPROVED BRANCHES MAY, HOWEVER, BE SUSPENDED OR REVOKED BY THE APPROPRIATE SUPERVISING DEPARTMENT OF THE SES UPON APPROVAL OF THE DEPUTY GOVERNOR, SHOULD ANY OF THE FOLLOWING CONDITIONS BE FOUND TO EXIST:

- (1) THE BANK'S QUALIFYING CAPITAL IS NO LONGER SUFFICIENT TO SUPPORT THE REMAINING UNOPENED BRANCHES;
- (2) THE BANK OR ANY OF ITS SUBSIDIARY BANK IS INITIATED UNDER PCA OR IS UNDER CONDITION/S SUBJECT TO PCA OR IF ALREADY UNDER PCA, CONTINUOUSLY FAILS TO COMPLY WITH THE MOU/PCA PLAN;
- (3) THE BANK HAS MAJOR SUPERVISORY CONCERNS OUTSTANDING ON SAFETY AND SOUNDNESS.

"FOR WHATEVER REASON, FAILURE TO OPEN THE APPROVED BRANCH/ES WITHIN THE THREE (3) YEAR PERIOD SHALL RESULT IN THE FORFEITURE OF THE BANK'S RIGHT TO OPEN SUCH BRANCH/ES.

"APPROVED BRANCHES WHICH REMAINED UNOPENED PRIOR TO THE EFFECTIVITY OF THIS CIRCULAR SHALL BE OPENED WITHIN ONE (1) YEAR FROM THE DATE OF MONETARY BOARD APPROVAL OF ITS ESTABLISHMENT AND SHALL NOT BE SUBJECT TO ANY EXTENSION.

"b. APPROVED OBOs 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/OBOs 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 Subsec. X151.3 on application for authority to establish branches: *Provided*, That the opening of the relocated branch/OBO shall be made within THE PRESCRIBED PERIOD MENTIONED ABOVE from date of Monetary Board approval of its establishment and shall not be subject to any extension.

"x x x"

Section 4. The requirements for opening of approved branch/OBO are hereby rationalized. Subsection X151.8 of the MORB is hereby amended to read, as follows:

"Subsection X151.8 Requirements for opening a branch/other banking office. NOT LATER THAN FIVE (5) BANKING DAYS FROM THE DATE OF OPENING, THE BANK SHALL SUBMIT to the appropriate department of the SES the following INFORMATION/DOCUMENTS:

- "a. A WRITTEN NOTICE OF THE ACTUAL DATE OF OPENING OF ITS BRANCH/OBO;
- "b. A certification signed by the CHIEF COMPLIANCE OFFICER and the head of the branches department with the rank of a vice president, or its equivalent or by a higher ranking officer ON COMPLIANCE WITH THE FOLLOWING:
 - (1) ADEQUACY OF BANKING FACILITIES INCLUDING INSTALLATION OF SECURITY DEVICES UNDER SUBSEC. X181.4 AND ACCESSIBILITY TO DISABLED PERSONS UNDER SUBSEC. X160.10;
 - (2) POSTING IN CONSPICUOUS PLACES IN THE BRANCH PREMISES OF THE REQUIRED NOTICES, SCHEDULES AND OTHER RELEVANT INFORMATION PERTAINING TO THE BRANCH'S LENDING AND DEPOSIT OPERATIONS;
 - (3) AVAILABILITY OF EFFICIENT MEANS OF REPORTING/COMMUNICATION FACILITIES (TO BE SPECIFIED) BETWEEN THE HEAD OFFICE, BRANCHES AND EXTENSION OFFICE; AND
 - (4) The requirements enumerated under Subsecs. X151.2/X151.6 as of the time of actual opening of the branch/other banking office.

"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 OBOs as of the date of the intended opening of the branch/OBO shall refrain from opening the branch/OBO 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 5. Effectivity. This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or any newspaper of general circulation.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Governor