



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 1225 Series of 2025

Subject : **Guidelines on the Independent Review Mechanism for Resolution of Issues Arising from Bank Examinations**

The Monetary Board, in its Resolution No. 1155 dated 27 November 2025, approved the guidelines on the independent review mechanism to implement the provisions of Section 25 of Republic Act (RA) No. 7653, otherwise known as "The New Central Bank Act," as amended by RA No. 11211, which provides, among others:

"The Bangko Sentral shall establish a mechanism for issues arising from bank examinations. It shall be independent and reports directly to the Monetary Board, without prejudice to the authority of the Bangko Sentral and its Monetary Board to take enforcement and supervisory actions against supervised entities."

Guidelines on the Independent Review Mechanism for Issues Arising from Bank Examinations:

1. **Independent Body.** The Independent Review Committee (IRC) will evaluate and decide on issues arising from examinations raised by banks under these Guidelines. The IRC shall be composed of a Chairperson, as the Presiding Officer, and two other members, to be designated by the Governor. The Chairperson may call on any officer or employee of the BSP to assist and participate in the deliberation.
2. **Applicability.** The independent mechanism applies only or is limited to issues arising from regular, special, or overseeing examination. Banks may avail of this mechanism for issues arising from examinations resulting in any of the findings under the succeeding Item "3" (Coverage) below.
3. **Coverage.** Only significant and serious supervisory issues cited during examinations that affect the safety and soundness of banks shall be submitted for review of the IRC. For this purpose, significant and serious supervisory issues are those that involve any of the following:
 - a. **Finding by the appropriate supervising department that an act or omission may be deemed as conducting unsafe or unsound banking** as provided under existing regulations, and that this may be elevated to the MB for confirmation.¹ These shall cover any of the following circumstances:
 - i. The act or omission has resulted or may result in material loss or damage, or abnormal risk or danger to the safety, stability, liquidity or solvency of the institution;

¹ Such as Section 181 of the Manual of Regulations for Banks (MORB), Conducting Business in an Unsafe or Unsound Banking

- ii. The act or omission has resulted or may result in material loss or damage or abnormal risk to the institution's depositors, creditors, investors, stockholders or to the BSP or to the public in general;
 - iii. The act or omission has caused any undue injury, or has given any unwarranted benefits, advantage or preference to the bank or any party in the discharge by the director or officer of his duties and responsibilities through manifest partiality, evident bad faith or gross inexcusable negligence; or
 - iv. The act or omission involves entering into any contract or transaction manifestly and grossly disadvantageous to the bank, whether or not the director or officer profited or will profit thereby; and/or
- b. **Major violations.** These refer to acts or omissions that constitute failure to comply with the requirements of applicable laws, rules and regulations, as well as any order, instruction/directive or ruling issued by the BSP, having material adverse impact on the bank's financial condition (e.g., solvency, liquidity or profitability) or resulting in abnormal risk or danger to the bank's depositors, creditors, investors, stockholders, the BSP or to the public in general, or resulting in imposition of high level of penalties and other sanctions,² or escalated supervisory actions.³

4. **Exclusions.** The independent review mechanism shall not apply to the following:

- a. Banks under the Prompt Corrective Action (PCA) framework,⁴ including those that are unwilling to submit to the PCA or unable to substantially comply with an agreed PCA plan. These are covered by the existing PCA process, thus, outside the scope of these guidelines.
- b. Banks under conservatorship, receivership, and/or liquidation that are covered under Sections 29 and 30 of RA 7653, as amended, which seek to protect the interest of the depositors and creditors; thus, outside the coverage of these guidelines.
- c. BSP's conduct of inquiry of financial accounts and the banks' liability for failure to temporarily hold disputed funds, including the liability for restitution of funds, pursuant to RA 12010 or the Anti-Financial Account Scamming Act.

5. **Issue Resolution Process.**

- a. Banks may submit a request for independent review of issues arising from examination as provided in Item "3" (Coverage) of these Guidelines within the following timelines:

² High penalty level - refers to the level of monetary penalty imposed for conducting business in an unsafe or unsound manner, fraudulent acts, or major violations. Other sanctions include restrictions or suspension on activities and privileges, suspension of authorities, divestment and/or unwinding.

³ Section 002 of the MORB, Supervisory Enforcement Policy provides that enforcement actions may be escalated if the desired change is not achieved and the root causes of the issues, concerns and problems are not addressed by the BSP-supervised financial institution within the prescribed timelines.

⁴ Appendix 68, Manual of Regulations for Banks (MORB), Prompt Corrective Action Framework

- i. Universal, commercial, Islamic and digital banks - within ten (10) banking days from the conduct of the post-exit meeting with the Board of Directors (BOD) and Senior Management, or from receipt of the notice⁵ of serious supervisory concern from the BSP;⁶ and
- ii. All other banks - within ten (10) banking days from receipt of the BSP's Evaluation of Reply to Advance Report of Examination Findings (AREF) or from receipt of the notice⁷ of serious supervisory concern from the BSP.⁸

For this purpose, the bank shall submit its request to the IRC, through the IRC Secretariat (Secretariat) via email at IRCSecretariat@bsp.gov.ph. The request shall be signed by the bank's Chairperson, President, or officer of equivalent rank, accompanied by a certified true copy of the resolution of the bank's BOD authorizing the filing of said request and designation of the authorized representative/s. The request shall clearly articulate the relevant facts, specific issues that fall within the coverage of the independent review mechanism as discussed in Item 3 above, and position of the bank supported with basis, together with all pertinent supporting documents. The bank shall also state in its request that it authorizes the BSP to debit its demand deposit account (DDA) with the BSP for the applicable filing fee upon filing said request. If the authority to debit was not indicated in the request, said request will be considered as unfiled and will not toll the ten (10)-day period to file.

Requests filed beyond the prescribed timeline shall not be considered by the IRC.

- b. The following non-refundable processing fee shall be debited by the BSP from the bank's DDA upon filing of the request:

Universal/ Commercial/ Islamic Bank	Digital Bank	Thrift Bank	Rural/ Cooperative Bank
Php500,000.00	300,000.00	200,000.00	100,000.00

- c. The request shall be evaluated by the IRC. The final decision on the request of the Bank, as approved by the MB, shall be transmitted to the bank by the IRC, through its Secretariat.

This supersedes any previous issuances inconsistent with this Circular.

⁵ e.g. Show Cause Letter or Initial Advisory Letter.

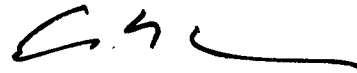
⁶ The banks may only avail of the independent review mechanism for the same issue once, *i.e.*, either within ten (10) banking days from the conduct of the post-exit meeting with the Board of Directors and Senior Management, or from receipt of the notice of serious supervisory concern from the BSP.

⁷ e.g. Show Cause Letter or Initial Advisory Letter.

⁸ The banks may only avail of the independent review mechanism for the same issue once, *i.e.*, either within ten (10) banking days from the receipt of the BSP's Evaluation of Reply to AREF or from receipt of the notice of serious supervisory concern from the BSP.

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

For guidance and strict implementation.



ELI M. REMOLONA, JR.

Governor

3 December 2025