



BANGKO SENTRAL NG PILIPINAS

OFFICE OF GOVERNOR

CIRCULAR NO. 783

Series of 2013

Subject: Amendment to Regulations on Relocation and Voluntary Closure/Sale of Branches/Other Banking Offices

Pursuant to Monetary Board Resolution No. 2149 dated 20 December 2012, the Manual of Regulations for Banks (MORB) is hereby amended as follows:

Section 1. Subsec. X151.9 on relocation of branches/other banking offices is hereby amended to read, as follows:

"§ X151.9 Relocation of branches/other banking offices. Relocation of existing branches/OBOs, whether to be opened at the new site on the next banking day or within one (1) year from the date of closure of the branch/OBO, shall be allowed in accordance with the following procedures:

a. Notice of relocation of branch/OBO signed by the president of the bank or officer of equivalent rank, together with a certified true copy of the resolution of the bank's board of directors authorizing said relocation, and an undertaking that the bank shall comply with the notification requirement under Item "b" below, shall be submitted by the bank to the appropriate department of the SES. The notice shall include information as to the new relocation site, the timetable for the said relocation, and the branch/OBO that will handle the transactions of the branch/OBO to be relocated, as may be applicable;

b. If no reply is received by the bank from the BSP within thirty (30) calendar days from date of receipt by the BSP of the said notification, notice of relocation shall be sent by the bank to the depositors' and other creditors' last known addresses by registered mail service of the Philippine Postal Corporation (PhilPost) or delivery service of other mail couriers or electronic mail, and posters shall also be displayed in conspicuous places in the premises of the branch/OBO to be relocated at least forty-five (45) calendar days prior to the closure of the branch/OBO to be relocated. Information as to the new relocation site, the date of the opening at the new site, and the address of the branch/OBO that will handle the transactions of the branch/OBO to be relocated, as may be applicable, shall be indicated in the said notice/posters. Proofs of receipt of notice by the depositors and other creditors shall be kept on file and made available upon request of the BSP;

c. Within five (5) banking days from the date of closure of the branch/OBO to be relocated, a notice of such closure signed by the Chief Compliance Officer and the head of the branches department with the rank of a vice president or equivalent rank or by a higher ranking officer, together with a certification that the notification

requirement in Item "b" above has been complied with and, for branches/OBOs that will be opened at the new site beyond the next banking day, an undertaking that the branch/OBO shall be opened at the new site within one (1) year from the date of such closure shall be submitted to the appropriate department of the SES;

d. Within five (5) banking days from the date of opening of the relocated branch/OBO, a notice of such opening, together with 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 rank or by a higher ranking officer that the bank has complied with Items "b.1" to "b.4" of Subsec. X151.8 on the requirements for opening a branch/OBO shall be submitted to the appropriate department of SES. Information as to the site of the branch/OBO that was closed and the date of such closure, as well as the site of the branch/OBO that was opened and the date of such opening shall be indicated in the said notice;

e. Branches/OBOs located in the restricted areas may be relocated anywhere;

f. Branches/OBOs located in other areas may be relocated only in areas where the bank is allowed to establish branches as provided in and subject to the provisions of the branching guidelines under Subsec. X151.4; and

g. Relocation of branches/OBOs beyond one (1) year shall be deemed as permanent closure and surrender of license of the branch/OBO at the old site, and the opening of a branch/OBO at the new site shall be deemed as an establishment of a new branch/OBO, subject to the provisions of Subsecs. X151.2/X151.6 on the prerequisites for the grant of authority to establish a branch/establishment of OBOs."

Section 2. Subsec. X151.10 on voluntary closure/sale of branches/other banking offices is hereby amended to read, as follows:

"§ X151.10 Temporary closure, permanent closure and surrender of branch/other banking office license, and sale/acquisition of branches/other banking offices

"a. Temporary closure of existing branches/OBOs. Temporary closure of existing branches/OBOs for the purpose of undertaking renovations/major repairs of office premises/facilities and for other valid reasons may be allowed: *Provided*, That the branch/OBO shall be reopened within a period of one (1) year from the date of temporary closure in accordance with the following procedures:

(1) Notice of temporary closure signed by the president of the bank or officer of equivalent rank, together with a certified true copy of the resolution of the bank's board of directors authorizing said temporary closure and stating the justifications/reasons therefor; and an undertaking that the bank shall comply with the notification requirement under Item "2" below, shall be submitted to the appropriate department of the SES. The notice shall include information as to the timetable for the said temporary closure and the branch/OBO that will handle the transactions of the branch/OBO to be temporarily closed;

(2) If no reply is received by the bank from the BSP within thirty (30) calendar days from the date of receipt by the BSP of the said notification, notice of temporary closure shall be sent by the bank to the depositors' and other creditors' last known addresses by registered mail service of the PhilPost or delivery service of other mail couriers or electronic mail, and posters shall also be displayed in conspicuous places in the premises of the branch/OBO at least forty five (45) calendar days prior to the temporary closure. Information as to the date of the reopening and the address of the branch/OBO that will handle the transactions of the branch/OBO to be temporarily closed shall be indicated in the said notice/posters. Proofs of receipt of notice by the depositors and other creditors shall be kept on file and made available upon request of the BSP;

(3) Within five (5) banking days from the date of temporary closure of the branch/OBO, a notice of such closure signed by the Chief Compliance Officer and the head of the branches department with the rank of a vice president or equivalent rank or by a higher ranking officer, together with a certification that the notification requirement in Item "2" above has been complied with and an undertaking that the branch/OBO shall be reopened within one (1) year from the date of such closure shall be submitted to the appropriate department of the SES; and

(4) Within five (5) banking days from the date of reopening of the branch/OBO, a notice of such reopening, together with 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 that the bank has complied with Items "b.1" to "b.4 of Subsec. X151.8 on the requirements for opening a branch/OBO shall be submitted to the appropriate department of SES."

"Temporary closure of branches/OBOs beyond one (1) year shall be deemed as permanent closure and surrender of license of the branch/OBO, and reopening thereof shall be deemed as an establishment of a new branch/OBO, subject to the provisions of Subsecs. X151.2/X151.6 on the prerequisites for the grant of authority to establish a branch/establishment of OBOs."

"b. Permanent closure and surrender of branch/other banking office license. Permanent closure and surrender of branch/OBO license may be effected only with prior approval of the Monetary Board in accordance with the following procedures:

(1) Request for Monetary Board approval of the closure of the branch/OBO signed by the president of the bank or officer of equivalent rank, together with a certified true copy of the resolution of the bank's board of directors authorizing said closure and stating the justifications/reasons therefor, shall be submitted by the bank to the appropriate department of the SES;

(2) Upon receipt of the notice of Monetary Board approval but at least forty five (45) calendar days prior to the closure, notice of closure shall be sent by the bank to the depositors' and other creditors' last known addresses by registered mail service of the PhilPost or delivery service of other mail couriers or electronic mail, and posters shall also be displayed in conspicuous places in the premises of the

branch/OBO to be closed. Proofs of receipt of notice by the depositors and other creditors shall be kept on file and made available upon request of the BSP;

(3) Within five (5) banking days from the date of closure of the branch/OBO, a notice of such closure signed by the Chief Compliance Officer and the head of the branches department with the rank of a vice president or equivalent rank, or by a higher ranking officer, together with a certification that the notification requirement in Item "2" above has been complied with, shall be submitted to the appropriate department of the SES."

"c. Sale/acquisition of branches/OBOs. Sale/acquisition of existing/operating branches/OBOs may be allowed with prior approval of the Monetary Board in accordance with the following procedures:

(1) Prior written consent of the PDIC in the transfer of assets and assumption of liabilities as provided under Section 21 of the PDIC Charter (R.A. No. 3591), as amended by R.A. No. 9302 shall be obtained by both the selling bank and the acquiring bank;

(2) Request for Monetary Board approval to close the branch/OBO to be sold signed by the president of the bank or officer of equivalent rank, together with a certified true copy of the resolution of the bank's board of directors authorizing the sale shall be submitted by the selling bank to the appropriate department of the SES;

(3) Upon receipt of the notice of Monetary Board approval but at least forty five (45) calendar days prior to the closure, notice of closure shall be sent to the depositors' and other creditors' last known addresses by registered mail service of the PhilPost or delivery service of other mail couriers or electronic mail, and posters shall also be displayed in conspicuous places in the premises of the branch/OBO to be sold. Proofs of receipt of notice by the depositors and other creditors shall be kept on file and made available upon request of the BSP;

(4) Within five (5) banking days from the date of closure of the branch/OBO, a notice of such closure signed by the Chief Compliance Officer and the head of the branches department with the rank of a vice president or equivalent rank or by a higher ranking officer, together with a certification that the notification requirement under Item "3" above has been complied with, shall be submitted to the appropriate department of the SES;

(5) x x x;

(6) x x x; and;

(7) Within five (5) banking days from the date of opening of the acquired branch/OBO, a notice of such opening, together with a certification signed by the Chief Compliance Officer and the head of branches department with the rank of a vice president or its equivalent rank or by a higher ranking officer that the bank has complied with Items "b.1" to "b.4" of Subsec. X151.8 on the requirements for

opening a branch/OBO shall be submitted by the acquiring bank to the appropriate department of the SES."

Section 3. Subsec. X151.11 on relocation/transfer of branch licenses of closed banks is hereby amended, as follows:

"§ X151.11 Relocation/Transfer of branch licenses of closed bank.

"Buyers of closed banks shall be allowed to relocate/transfer acquired branches subject to the conditions stated under Items "d", "e", and "f" of the first paragraph of Subsec. X151.9 on relocation of branches/OBOs."

Section 4. Subsec. X153.3 on date of opening of additional foreign bank branches is hereby amended to read, as follows:

"§ X153.3 Date of opening. The opening of approved branches shall be subject to the provisions of Subsec. X151.7"

Section 5. Subsec. X154.4 on date of opening an approved office abroad is hereby amended to read, as follows:

"§ X154.4 Date of opening. The opening of any office abroad shall be subject to the provisions of Subsec. X151.7"

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:


AMANDO M. TETANGCO, JR.
Governor

21 January 2013