



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

Circular No. 422
Series of 2004

Pursuant to Monetary Board Resolution No. 93 dated 29 January 2004, Section X145.c of the Manual of Regulations for Banks and Section 4144Q.c of the Manual of Regulations for Non-bank Financial Institutions are hereby amended to read as follows:

Section 1. Sec. X145.c and Sec. 4144Q.c Interlocking officerships are hereby amended to read as follows:

"AS A GENERAL RULE, there shall be no concurrent officerships between banks or between a bank and non-bank financial intermediary, whether or not performing quasi-banking functions, EXCEPT AS FOLLOWS:

- 1) With prior approval of the Monetary Board, concurrent officerships may be allowed:
 - a) Between a bank and not more than two (2) of its subsidiary financial institutions; or
 - b) Between two (2) banks and one (1) of their subsidiary non-bank financial intermediaries.
- 2) With prior approval of the Monetary Board, concurrent officerships may also be allowed between banks or between a bank and a non-bank financial intermediary other than an investment house: *Provided*, That at least twenty percent (20%) but less than majority of the equity of each of the banks and non-bank financial intermediaries is owned by a holding company or a bank and the interlocking arrangement is necessary for the holding company or the bank to provide technical expertise or managerial assistance to its affiliates and subject to the following conditions:
 - a) that the positions do not involve any functional conflict of interests;
 - b) THAT THE POSITIONS OF PRESIDENT, CHIEF EXECUTIVE OFFICER, CHIEF OPERATING OFFICER AND CHIEF FINANCIAL OFFICER OR THEIR EQUIVALENT MAY NOT BE HELD CONCURRENTLY;

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- c) that the officer involved, or his spouse or any of his relatives within the first degree of consanguinity or affinity or by legal adoption, or a corporation, association or firm wholly- or majority-owned or controlled by such officer or his relatives enumerated above, does not own in his/its own capacity more than twenty percent (20%) of the subscribed capital of the entities in which the bank has equity investments; and
- d) that where any of the positions involved is held on full-time basis, adequate justification shall be submitted to the Monetary Board.

TRANSITORY PROVISION. OFFICERS CONCURRENTLY HOLDING THE POSITIONS OF PRESIDENT, CHIEF EXECUTIVE OFFICER, CHIEF OPERATING OFFICER AND CHIEF FINANCIAL OFFICER OR THEIR EQUIVALENT IN TWO (2) OR MORE FINANCIAL INSTITUTIONS UNDER BSP SUPERVISION AT THE TIME OF THE EFFECTIVITY OF THIS CIRCULAR SHALL BE GIVEN ONE (1) YEAR WITHIN WHICH TO COMPLY WITH THE AFOREMENTIONED REGULATION.

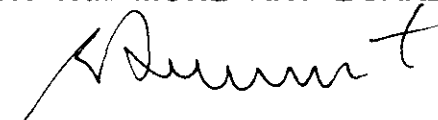
For purposes of this Section, members of a group or committee, including sub-groups or sub-committees, whose duties include functions of management such as those ordinarily performed by regular officers, shall likewise be considered as officers."

Section 2. The last paragraph of Section 4144Q.c **Interlocking officerships** is hereby renumbered Subsec. 4144Q.1 **Representatives of government**, to read as follows:

"The provisions of this Section shall not apply to persons appointed to such positions as representatives of the government or government-owned or controlled entities."

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

FOR THE MONETARY BOARD:


RAFAEL B. BUENAVENTURA
 Governor