



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

**Circular No. 663
Series of 2009**

Subject: Amendments to Subsection 3127.2 of the Manual of Regulations for Banks (MORB)

Pursuant to Monetary Board Resolution No. 1154 dated 13 August 2009, the pertinent provisions of Subsection 3127.2 of the MORB are hereby amended:

SECTION 1. Subsection 3127.2 of the MORB is amended to read as follows:

"Sec. 3127. Shares of Stock of Rural Banks and Cooperative Banks. The following rules shall govern stockholdings in RBs and Coop Banks.

X X X

§ 3127.2 Government-held Shares. The articles of incorporation of RBs or the articles of cooperation of Coop Banks shall provide for: (a) common stock with the power to vote; (b) preferred stock to represent the counterpart capital of the LBP, DBP or any government-owned or controlled bank or financial institution, which shall be non-voting and preferred as to assets upon liquidation; and (c) preferred stock with such rights, voting powers, preferences and restrictions, as may be approved by the Monetary Board. Preferred and common stocks shall have a minimum par value of **ONE PESO (P1.00)** ten pesos (P10) per share: *Provided, THAT RBs WHICH AT THE TIME OF EFFECTIVITY OF THIS PROVISION HAVE PAR VALUES PER SHARE HIGHER THAN P1.00 AND CHOOSE TO LOWER THE PAR VALUE OF THEIR SHARES OF STOCK WILL BE REQUIRED TO UNDERTAKE THE NECESSARY STEPS AND SECURE ATTENDANT APPROVALS FROM THE BOARD OF DIRECTORS AND STOCKHOLDERS OF THE BANKS INVOLVED AS WELL AS FROM RELEVANT REGULATORY AGENCIES TO ENSURE THAT THE REDUCTION IN PAR VALUE SHALL NOT RESULT TO A DILUTION IN THE PERCENTAGE HOLDINGS OF STOCKHOLDERS AND THAT ITS EFFECT SHALL NOT*

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PREJUDICE THE RIGHTS OF CREDITORS. ~~That this requirement shall not apply to existing RBs whose par value per share of stock is less than ten pesos (P10). An RB may not issue no-par value stock.~~

IN THE CASE OF AN ACQUISITION PLAN OF A RURAL BANK ALREADY APPROVED-IN-PRINCIPLE BY THE MONETARY BOARD WHERE THE SHARES OF STOCK OF THE TARGET RB ARE AT A PAR VALUE PER SHARE HIGHER THAN P1.00, THE ACQUIRING BANK MAY REQUEST FROM THE BANGKO SENTRAL NG PILIPINAS THE INCENTIVE TO VALUE THE SHARES OF STOCK OF THE TO-BE-ACQUIRED RB AT THE MINIMUM PAR VALUE OF P1.00, PROVIDED, THAT THE ACQUIRING BANK WILL BE RESPONSIBLE FOR SECURING THE NECESSARY APPROVALS FROM ITS BOARD OF DIRECTORS AND STOCKHOLDERS AS WELL AS FROM THE BSP AND THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO SECTION 14 OF R.A. NO. 8791 AND SECTION 38 OF THE CORPORATION CODE OF THE PHILIPPINES."

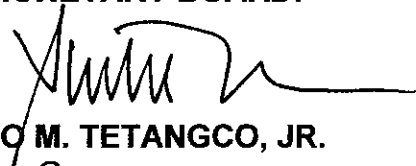
SECTION 2. Repealing Clause

This Circular supersedes/amends/modifies provisions of existing circulars, memoranda and/or regulations that are inconsistent herewith.

SECTION 3. Effectivity

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

10 September 2009