



# *Bangko Sentral ng Pilipinas*

## OFFICE OF THE GOVERNOR

CIRCULAR NO. 585  
Series of 2007

**Subject: Guidelines on the Imposition of Monetary Penalties on  
BSP-Supervised Financial Institutions**

The Monetary Board (MB) in its Resolution No.1125 dated 05 October 2007, approved the following guidelines on the imposition of monetary penalties on BSP-supervised financial institutions, their directors and/or officers:

**Section 1. Objective.** It is the objective of the BSP to provide a fair and uniform treatment to all BSP-supervised financial institutions, including their directors and/or officers. Towards this end, the following guidelines on the imposition of monetary penalties on said institutions, their directors and/or officers are hereby issued.

**Section 2. Definition of Terms.** For purposes of this Circular, the following definitions are hereby adopted:

1. **Continuing offenses/violations** are acts, omissions or transactions entered into, in violations of laws, BSP rules and regulations, MB directives, and orders of the Governor which persist from the time the particular acts were committed or omitted or the transactions were entered into until the same were corrected/rectified by subsequent acts or transactions. They shall be penalized on a per calendar day basis from the time the acts were committed/omitted or the transactions were effected up to the time they were corrected/rectified.
2. **Transactional offenses/violations** are acts, omissions or transactions entered into in violation of laws, BSP rules and regulations, MB directives, and orders of the Governor which cannot be corrected/rectified by subsequent acts or transactions. They shall be meted with one-time monetary penalty on a per transaction basis.

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3. **Continuing penalty** refers to the monetary penalty imposed on continuing offenses/violations on a per calendar day basis reckoned from the time the offense/violation occurred or was committed until the same was corrected/rectified.
4. **Transactional penalty** refers to a one-time penalty imposed on a transactional offense/violation.

**Section 3. Basis for the Computation of the Period or Duration of Penalty.** The computation of the period or duration of all penalties shall be based on calendar days. For this purpose the terms "per banking day", "per business day", "per day" and/or "a day" as used in the Manual of Regulations for Banks (MORB), Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) and other BSP rules and regulations are hereby amended to read as "per calendar day" and/or "calendar day" as the case may be.

**Section 4. Additional Charge for Late Payment of Monetary Penalty.** Late payment of monetary penalty shall be subject to an additional charge of six percent (6%) per annum to be computed from the time said penalty becomes due and payable up to the time of actual payment. The penalty shall become due and payable fifteen (15) calendar days from receipt of the Statement of Account from the BSP. For entities which maintain demand deposit account with the BSP, penalties which remain unpaid after the lapse of the fifteen-day period shall be automatically debited against their corresponding demand deposit accounts on the following banking/business day without additional charge. If the balance of the concerned entity's demand deposit account is insufficient to cover the amount of the penalty, said penalty shall already be subject to an additional charge of six percent (6%) per annum to be reckoned from the banking/business day immediately following the end of said fifteen-day period up to the day of actual payment.

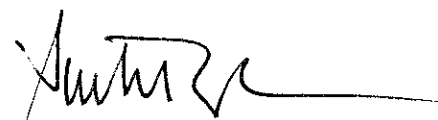
**Section 5. Appeal or Request for Reconsideration.** A one-time appeal or request for reconsideration on the monetary penalty approved by the Governor/MB to be imposed on the supervised entity, its directors and/or officers shall be allowed: Provided, That the same is filed with the appropriate department of the Supervision and Examination Sector (SES) of the BSP within fifteen (15) calendar days from receipt of the Statement of Account/billing letter. The appropriate department of SES shall evaluate the appeal or request for reconsideration of the entity/individual and make recommendations thereon within thirty (30) calendar days from receipt

thereof. The appeal or request for reconsideration on the monetary penalty approved by the Governor/MB shall be elevated to the MB for resolution/decision. The running of the penalty period in case of continuing penalty and/or the period for computing additional charge shall be interrupted from the time the appeal or request for reconsideration was received by the appropriate department of the SES up to the time that the notice of the MB decision was received by the entity/individual concerned.

**Section 6. Repealing Clause.** The provisions of the MORB, MORNBFI and other BSP rules and regulations which are inconsistent with the provisions of this Circular are hereby repealed or amended accordingly.

**Section 7. Effectivity.** This Circular shall take effect fifteen (15) 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

15 October 2007