

[CIRCULAR NO. 993, February 08, 2018]

**ADOPTION OF THE KNOW-YOUR-MEMBER GUIDELINES FOR
NON-STOCK SAVINGS AND LOAN ASSOCIATIONS**

Adopted: 29 January 2018

Date Filed: 08 February 2018

Pursuant to Section 2 and its powers under Section 22 of Republic Act (R.A.) No. 8367, otherwise known as the "Revised Non-Stock Savings and Loan Association Act of 1997", the Monetary Board, in its Resolution No. 20 dated 5 January 2018, approved the following guidelines for NSSLAs to appropriately establish the true identity and eligibility of persons to become members and adopt effective systems that will provide assurance that membership is confined to their respective well-defined groups.

Section 1. Section 4102S and its Subsections of the Manual of Regulations for Non-Bank Financial Institutions applicable to Non-Stock Savings and Loan Associations, are hereby added to read as follows:

"Section 4102S Know-Your-Member. The NSSLAs shall not be used as a vehicle by unscrupulous persons, its trustees and officers to profit or take advantage of their nature and operations. Thus, the board of trustees (BOT) and management of NSSLAs shall be responsible in putting in place and implementing an effective risk management system, policies, processes and practices towards the effective determination and monitoring of the identity and eligibility of prospective and existing members on a continuing basis. While NSSLAs may create their own systems, the same shall consider the minimum standards set forth under these guidelines.

The membership of persons whose identity and/or membership are questionable and/or ineligible to become members shall cease immediately, and such persons shall solely bear any risk of loss or impairment as a result of their unauthorized membership. This shall be without prejudice to actions that may be taken against the NSSLAs concerned, their trustees, officers, employees and agents/sales representatives for misfeasance or malfeasance, irregularities or omissions, or other similar acts which result in violation of the concept of NSSLAs' well-defined group."

"Subsection 4102S.1 Membership Selection and Screening. An NSSLA shall develop a clearly defined and written selection and screening policies and procedures to ensure compliance with its well-defined group. The selection and screening process employed by NSSLAs should be able to appropriately establish the true identity and eligibility of prospective members. The BOT and senior management of NSSLAs shall be ultimately responsible in the determination of the true identity and eligibility of individuals accepted as

members. No reliance shall be made on representations by, nor shall the membership selection and screening process be delegated to or otherwise assumed by, agents or sales representatives engaged by the associations.

a. **Minimum Documentary Requirements.** An NSSLA shall require a prospective member to submit documents to establish his identity and eligibility. It shall be the responsibility of the BOT and management to enumerate the documentary requirements in their respective policies as well as the consistent and effective implementation thereof. For this purpose, minimum documentary requirements include, among others, the following:

Prospective Employee-Member	Prospective Eligible Immediate Family- Member
<p>Valid identification card ("ID") with photo and signature issued by his/ her employer/ company or department/ branch/ office of government, and any of the following or their equivalent as proof of eligibility:</p> <p>(1) Certificate of employment*; or (2) Certificate of compensation*; or (3) Endorsement from the company or department/ branch/ office of government.</p> <p>* In case of an NSSLA which is allowed to accept retirees as its members, proofs of eligibility applicable for a retiree shall be submitted. Member-retiree is not the same as retiree contemplated herein as the former is already a member prior to retirement while the latter is not.</p>	<p>Photo and signature bearing valid ID, such as driver's license, passport or similar documents, and the following as proof of eligibility:</p> <p>(1) NSO-issued marriage certificate for spouse; or (2) NSO-issued birth certificates of the principal member (i. e., the employee -member or member-retiree) and the immediate family. **</p> <p>**The extent of the applicable NSO-issued certificates to be submitted shall depend on the degree of kinship, and shall, on their face, be able to establish the degree of relationship.</p>

In addition to the above requirements, the NSSLA's BOT and management shall ensure that the following minimum information are obtained and documented in an accomplished membership application form: (a) name of the applicant; (b) complete permanent address; (c) contact numbers; (d) name of and relationship with the principal (i.e., employee-member or member-retiree) in case of immediate family; and (e) specimen signatures.

NSSLAs are not prohibited from requiring additional documents that they deem necessary to establish the identity and eligibility of their prospective members.

b. Validation of documents/information. The information and documents proving the identity and eligibility of prospective members shall be subjected to validation. The conduct of validation procedures is a must for immediate families of employee-member or member-retiree, and may include, but not limited to, the following:

- (1) Confirming the relationship with the employee-member or retiree- member from duly authenticated official document;
- (2) Verifying the permanent address through evaluation of documents such as utility bills, bank or credit card statement or other documents showing permanent address or through on-site visitation; and
- (3) Confirming the submitted proof of employment directly from the employer of the prospective immediate family member.

c. **Face-to-face contact.** No prospective member shall be accepted without face-to-face contact with the NSSLAs' duly authorized personnel. NSSLAs shall ensure that compliance with this requirement is duly documented. The documentation, at a minimum, shall include the capital contribution account opening and membership application forms, which shall explicitly indicate that face-to-face contact was conducted by and between the member and the specifically named authorized personnel."

"Subsection 4102S.2 Approval. An individual eligible for membership shall become a member of the NSSLA after the approval of his membership by the BOT. In case of delegated authority as allowed in the NSSLA by-laws, it shall be subject to the confirmation by the BOT. Prior to the approval or confirmation by the Board, the Association should ensure compliance with the payment of entrance fee and regulatory fixed capital or higher minimum fixed capital prescribed under the NSSLA's by-laws, as applicable. The Board Resolution on the approval or confirmation with accompanying document on delegated approval of the membership shall be maintained by the Corporate Secretary.

Changes in membership status arising from: (a) retirement of employee- member (i.e., from employee-member to member-retiree); and (b) termination of membership such as due to death, voluntary or involuntary termination by the NSSLA, shall likewise be subject to approval or confirmation by the BOT, as may be applicable. Such changes in membership status shall be duly supported by documentary proof/s.

Upon approval of membership, the NSSLA shall issue Certificate of Membership (pre-numbered) or Membership ID to the new member. Said documents are not substitutable by passbook or other similar documents as proof of membership."

"Subsection 4102S.3 Membership Registry. The NSSLA, through the corporate