

[CIRCULAR NO. 1013, September 25, 2018]

**AMENDMENTS TO THE RULES GOVERNING PREJUDICIAL ACTS,
PRACTICES OR OMISSIONS OF NON-STOCK SAVINGS AND LOAN
ASSOCIATIONS**

*Adopted: 17 September 2018
Date Filed: 25 September 2018*

The Monetary Board in its Resolution No. 1465 dated 5 September 2019, approved the following amendments to the provisions in the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) on the rules governing prejudicial acts, practices or omissions of Non-Stock Savings and Loan Associations.

Section 1. Section 4184S and its Subsections of the Manual of Regulations for Non-Bank Financial Institutions applicable to Non-Stock Savings and Loan Associations (MORNBFI-S Regulations), are hereby amended to read as follows:

Section 4184S Rules Governing Prejudicial Acts, Practices or Omissions. In line with the policy of the state to regulate and supervise the activities of Non-Stock Savings and Loan Associations (NSSLAs) through issuance of minimum requirements and standards resulting in judicious utilization of credit; to place their operations on a sound, stable and efficient basis so they may provide for the establishment of additional savings and credit facilities in a fair manner to their members; to curtail or prevent acts, practices or omissions of these NSSLAs which are prejudicial to their members; interest; and to maximize the protection of members of NSSLAs against misfeasance and malfeasance of the trustees and officers thereof, the following rules and regulations on prejudicial acts, practices or omissions are hereby issued.

Subsection 4184S.1 Acts, practices or omissions considered prejudicial to the interest of members.

a. In determining whether a particular act, practice or omission is prejudicial to the interest of members, the Monetary Board, upon report of the head of appropriate supervision and examination department, based on the finding in an examination or a complaint, shall consider the following circumstances:

- (1) The act, practice or omission is contrary to the generally accepted standards of prudent operation resulting in, or may result in abnormal risk, damage or loss to the NSSLA;
or
- (2) The act, practice or omission unduly burdens the members of the NSSLA and/or provide unwarranted