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**COMPENSATION AND OTHER BENEFITS OF DIRECTORS AND
OFFICERS**

Pursuant to Monetary Board Resolution No. 32 dated 10 January 2000, the Manual of Regulations for Banks and for Non-Bank Financial Institutions are hereby amended, as follows:

SECTION 1. Item (7) of Sec. 1146 and Sec. 4145.Q of the respective Manual of Regulations are hereby deleted.

SECTION 2. Sec. X147 and 4146.Q are hereby added to the Manual of Regulations for Banks and for Non-Bank Financial Institutions, to read as follows:

"Compensation and other benefits of directors and officers. — To protect the funds of depositors and creditors, the Monetary Board may regulate/restrict the payment by the bank/NBQB/trust entity of compensation, allowances, fees, bonuses, stock options, profit sharing and fringe benefits to its directors and officers in exceptional cases and when the circumstances warrant, such as, but not limited to the following:

1. When the bank/NBQB/trust entity is under controllership, conservatorship or when it has outstanding emergency loans and advances and such other forms of credit accommodation from the BSP which are intended to provide it with liquidity in times of need;
2. When the institution is found by the Monetary Board to be conducting business in an unsafe or unsound manner;
3. When it is found by the Monetary Board to be in an unsatisfactory financial condition such as, but not limited to the following cases:
 - a. Its capital is impaired.
 - b. It has suffered continuous losses from operations for the past three years.
 - c. Its composite CAMEL(S) rating in the latest examination is below 3.
 - d. It is under rehabilitation by the Bangko Sentral ng Pilipinas/Philippine Deposit Insurance Corporation which rehabilitation may include debt to equity conversion, etc.

In the presence of any one or more of the circumstances mentioned above, the