

[BSP CIRCULAR NO. 277, March 21, 2001]

**MORATORIUM ON COMMERCIAL BANKS ON THE ISSUANCE OF
NEW COMMERCIAL BANKING LICENSES**

Pursuant to Monetary Board Resolution No. 161 dated February 1, 2001, the following rules and regulations are hereby issued to implement the moratorium on commercial banks as provided in Section 8 of Republic Act (R.A.) No. 8791, the General Banking Law of 2000.

SECTION 1. No new commercial bank shall be established within three (3) years from June 13, 2000 which is the date of effectivity of R.A. no. 8791 or until June 12, 2003. The moratorium as mandated by said law covers only commercial banks classified and defined as such under Sections 3.2 (b) and 29 of R.A. No. 8791 as well as Sections 1.1.band 1.2 b of Circular No. 271 dated January 8, 2001, without prejudice, however, to existing or future moratoriums on other types of banks as has been or may be declared by the Monetary Board.

SECTION 2. The moratorium under Section 8 of R.A. No. 8791 shall cover all applications for issuance of new commercial banking licenses, the organizations and incorporation by foreign banks of new commercial banking licenses, the organization and incorporation by foreign banks of new commercial banking subsidiaries and any all other transactions that may result in the issuance of new commercial banking licenses.

SECTION 3. All such pending applications as of June 13, 2000, including those which have already been decided but with any incident thereto still unresolved or are on reconsideration or appeal, shall not be further acted upon by the Bangko Sentral ng Pilipinas (BSP) and shall be returned to the applicant banks without prejudice to the resubmission or re-filing thereof upon expiration of the moratorium at the option of the applicant banks. No such application shall be considered as automatically resubmitted or re-filed upon expiration of the moratorium.

SECTION 4. The moratorium under Section 8 of R.A. No. 8791 shall not be applicable to: (a) acquisition or purchase by foreign banks of up to one hundred percent (100%) of the voting stock of existing domestic commercial banks; (b) the transfer of license of an existing commercial bank to another corporation, subject to prior approval of the Monetary Board; (c) new commercial banks resulting out of mergers or consolidations where at least one (1) of the banks involved in such merger or consolidation is a commercial bank; and (d) downgrading or refocusing of universal banks into commercial banks.

SECTION 5. This Circular supersedes any and all provisions of the Manual of Regulations for Banks insofar as inconsistent herewith.

SECTION 6. This Circular shall take effect immediately.