

**[ BSP CIRCULAR NO. 62-A, February 22, 1995 ]**

**AMENDMENTS TO BOOKS I AND II OF THE MANUAL OF  
REGULATIONS FOR BANKS AND OTHER FINANCIAL  
INTERMEDIARIES**

The Monetary Board, in its Resolution No. 160 dated February 15, 1995, approved the following amendments to Books I and II of the Manual of Regulations for Banks and Other Financial Intermediaries:

*SECTION 1.* The provisions of Subsec. 1106.1 (Book I) are hereby amended to read, as follows:

"Minimum capital for expanded commercial banks. All expanded commercial banks, including those already in operation as well as those to be established hereafter, shall have capital accounts of at least P2.5 billion each."

Expanded commercial banks which are existing, or which are newly authorized but not yet operating, or banks from which completed applications to operate under an expanded commercial banking authority have been received as of the date of this Circular but pending action by the Bangko Sentral ng Pilipinas (BSP) are hereby granted one (1) year from the date of this Circular within which to meet the above minimum capital requirement: Provided, That they shall submit to the BSP a capital build-up program for this purpose within three (3) months from the date of this Circular."

*SECTION 2.* The provisions of Subsec. 1106.2 (Book I) are hereby amended to read, as follows:

"Minimum capital for commercial banks. All commercial banks, including those already in operation, as well as those to be established hereafter, shall have capital accounts of at least P1.25 billion each."

Commercial banks which are existing, or which are newly authorized but not yet operating, or persons from whom completed applications to establish commercial banks have been received as of the date of this Circular but pending action by the Bangko Sentral ng Pilipinas (BSP) are hereby granted one (1) year from the date of this Circular within which to meet the above minimum capital requirement: Provided, That they shall submit to the BSP a capital build-up program for this purpose within three (3) months from the date of this Circular."

*SECTION 3.* The provisions of Subsec. 1106.3 (Book I) are hereby amended to read, as follows:

"Consolidation of net worth of commercial bank and subsidiary investment house. For purposes of meeting the minimum capitalization requirement for expanded commercial banking authority, a commercial bank may be allowed to acquire up to 100% of the equity of an investment house and their combined capital shall be considered for purposes of the minimum capital requirement for expanded commercial banking authority: Provided, That the bank acquires at least seventy per cent (70%) of the paid-in capital and at least seventy per cent (70%) of the voting stock of the investment house: Provided, further, That the amount of the net worth of the investment house which may be consolidated with that of the commercial bank shall be limited to the amount equal to the percentage that the investment of the bank bears to the total net worth of the investment house."

*SECTION 4.* Subsec. 1106.5 (Book I) of the Manual of Regulations is hereby amended to read, as follows:

"Subsec. 1106.5 Sanctions

a. If an expanded commercial bank fails to meet and/or maintain its required minimum capital after having been required by the Monetary Board to do so, the Monetary Board may withdraw the expanded commercial banking authority granted to such bank or suspend certain aspects of such authority: Provided, That this is without prejudice to the imposition of such other sanctions which may include but need not be limited to those enumerated in Paragraph b hereof, as the Monetary Board may consider warranted under the circumstances: Provided, further, That where the bank concerned is one which was able to comply with the minimum capital required by virtue of the provisions of Subsec. 1106.3, both the bank and subsidiary investment house shall be subject to the appropriate sanctions.

b. Any or all of the following sanctions, among others, may be applied on any private commercial bank (i) which fails to comply with Subsec. 1106.2 until it attains the minimum capital requirement or (ii) having complied, shall fail to maintain thereafter such minimum capital requirement:

1. Suspension of branching privilege;
2. Prohibition against granting of new unsecured loans to DOSRI;
3. Prohibition against declaration of cash dividends;
4. Denial of access to the Bangko Sentral's rediscounting facilities; and
5. Revocation of the authority to accept government deposits and to handle government funds as a result of agency agreements with government agencies such as the Bureau of Internal Revenue (BIR), Bureau of Customs (BOC). The Social Security System (SSS), etc."

*SECTION 5.* The provisions of Subsec. 2106 (Book II) are hereby amended to read, as follows:

"Minimum capitalization. A thrift bank shall have minimum capital accounts, as follows:

- a. With head office within Metro Manila - P150 million