

[BSP CIRCULAR NO. 513, S. 2006, February 10, 2006]

**AMENDMENTS TO BANGKO SENTRAL NG PILIPINAS
REGULATIONS ON FIT AND PROPER RULE**

Pursuant to Monetary Board Resolution No. 82 dated 19 January 2006, the provisions of the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) are hereby amended as follows:

SECTION 1. Subsections X143.1 and 4143Q.1 of the MORB and MORNBFI, respectively, on Persons disqualified to become directors, are hereby amended to read as follows:

Without prejudice to specific provisions of law prescribing disqualifications for directors, the following are disqualified from becoming directors:

a. Permanently disqualified

Directors/officers/employees permanently disqualified by the Monetary Board from holding a director position:

(1) Persons who have been convicted by final judgment of A court for offenses involving dishonesty or breach of trust such as, BUT NOT LIMITED TO, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, ROBBERY, FALSIFICATION, BRIBERY, VIOLATION OF B.P. BLG. 22, VIOLATION OF ANTI-GRAFT AND CORRUPT PRACTICES ACT AND PROHIBITED ACTS AND TRANSACTIONS UNDER SECTION 7 OF R.A. NO. 6713 (CODE OF CONDUCT AND ETHICAL STANDARDS FOR PUBLIC OFFICIALS AND EMPLOYEES);

(2) PERSONS WHO HAVE BEEN CONVICTED BY FINAL JUDGMENT OF A COURT SENTENCING THEM TO SERVE A MAXIMUM TERM OF IMPRISONMENT OF MORE THAN SIX YEARS;

(3) Persons who have been convicted by final judgment of the court for violation of banking laws, RULES AND REGULATIONS;

(4) XXX XXX XXX

(5) Directors, officers or employees of closed banks/quasi-banks/trust entities who were FOUND TO BE CULPABLE for such institution's closure as determined by the Monetary Board;

(6) DIRECTORS AND OFFICERS OF BANKS, QUASI-BANKS AND TRUST ENTITIES FOUND BY THE MONETARY BOARD AS ADMINISTRATIVELY LIABLE FOR VIOLATION OF BANKING LAWS, RULES AND REGULATIONS WHERE A PENALTY OF REMOVAL FROM OFFICE IS IMPOSED, AND WHICH FINDING OF THE MONETARY BOARD HAS BECOME FINAL AND EXECUTORY;

(7) DIRECTORS AND OFFICERS OF BANKS, QUASI-BANKS AND TRUST ENTITIES OR ANY PERSON FOUND BY THE MONETARY BOARD TO BE UNFIT FOR THE POSITION OF DIRECTORS OR OFFICERS BECAUSE THEY WERE FOUND ADMINISTRATIVELY LIABLE BY ANOTHER GOVERNMENT AGENCY FOR VIOLATION OF BANKING LAWS, RULES AND REGULATIONS OR ANY OFFENSE/VIOLATION INVOLVING DISHONESTY OR BREACH OF TRUST, AND WHICH FINDING OF SAID GOVERNMENT AGENCY HAS BECOME FINAL AND EXECUTORY.

b. Temporarily disqualified

Directors/officers/employees disqualified by the Monetary Board from holding a director position for a specific/indefinite period of time. Included are:

(1) Persons who refuse to fully disclose the extent of their business interest OR ANY MATERIAL INFORMATION to the appropriate supervising and examining department when required pursuant to a provision of law or of a circular, memorandum, rule or regulation of the BSP. This disqualification shall be in effect as long as the refusal persists;

(2) Directors who have been absent or who have not participated for whatever reasons in more than fifty percent (50%) of all meetings, both regular and special, of the board of directors during their incumbency, and directors who failed to physically attend for whatever reasons in at least twenty-five percent (25%) of all board meetings in any year, except that when a notarized certification executed by the Corporate Secretary