

[BSP CIRCULAR NO. 103, February 21, 1996]

The Monetary Board in its Resolution No. 27 dated January 10, 1996, approved the attached guidelines for the issuance of expanded commercial banking authority to branches of foreign banks operating in the Philippines.

This Circular shall take effect immediately.

Adopted: 21 Feb. 1996

(SGD.) GABRIEL C. SINGSON
Governor

"Attachment"

**GUIDELINES FOR THE ISSUANCE OF AN EXPANDED COMMERCIAL BANKING
AUTHORITY FOR BRANCHES OF FOREIGN BANKS OPERATING IN THE
PHILIPPINES**

I

QUALIFICATION AND DOCUMENTATION REQUIREMENTS

A. Minimum Capital Required

A branch of a foreign bank applying for an expanded commercial banking authority shall have a minimum capital of P2.5 billion.

The capital of a Philippine branch of a foreign bank which is authorized to operate as an expanded commercial bank may consist of its permanently assigned capital plus the "net due to" account, provided that at no time shall the aggregate of said accounts fall below P2.5 billion or such other amount as may be prescribed by the Monetary Board. Provided further that the amount of the "net due to" which may be added to permanently assigned capital shall not exceed the equivalent of three (3) times the amount of the permanently assigned capital.

The capital as described in the immediately preceding paragraph shall be net of (a) such unbooked valuation reserves and other capital adjustments as may be required by the Bangko Sentral ng Pilipinas, and (b) total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders, and their related interests (DOSRI). Any appraisal surplus or appreciation credit as a result of appreciation or an increase in book value of bank assets shall be excluded.

The list of direct and indirect loans to DOSRI which are unsecured, the original amount of the loan and date granted and the outstanding balance classified into current and past due shall be submitted by the applicant bank to the Bangko

Sentral.

B. Financial Resources, Past Performance and General Compliance with Banking Laws and Regulations

1. Applicant bank shall not have incurred deficiency in the required capital to risk assets ratio (10%) under Section 22 of Republic Act No. 337, as amended, for the year preceding the filing of application. It shall have sufficient valuation reserves to cover estimated losses.
2. Applicant bank shall not have incurred net deficiencies in its reserves against deposit liabilities and/or deposit substitute liabilities for the three-month period immediately preceding the filing of the application. In addition, such ratios as primary reserves to deposit liabilities and primary and secondary reserves to deposit and demand liabilities shall show that applicant bank is in a liquid position.
3. Applicant bank has substantially complied with banking laws or orders, instructions, or regulations issued by the Monetary Board or orders, instructions, or rulings by the Governor. Major/important exceptions and findings by Bangko Sentral examiners have been corrected, satisfactorily explained, or considered closed.
4. Applicant bank shall have complied with the capital requirements prescribed under Section 5 and 7 of Bangko Sentral Circular No. 51.

C. Knowledge, Competence, Experience and Integrity of Officers and Key Personnel

The applicant bank shall indicate in the application that officers and key personnel having the appropriate training and/or experience in investment banking and related functions are available/obtainable by the bank.

An updated bio-data shall be submitted by each of the officers and key personnel who will handle investment banking and related functions.

II

Project Feasibility Study

The project feasibility study to be submitted by the applicant bank shall include, in addition to the regular content of such study, the following information in the format prescribed:

A. Organization and Management

The proposed organization (position) chart of department within the applicant bank which shall be responsible for the investment banking functions, indicating for each position the name of the personnel proposed for appointment.

Bio-data which should be prepared for each of the proposed key personnel in the investment banking department.

B. Corporate Strategy