

105 ESTABLISHMENT/RELOCATION/VOLUNTARY CLOSURE/SALE OF BRANCHES/BRANCH-LITE UNITS

The Bangko Sentral aims to promote greater access to efficient and competitive banking services through the adoption of proportionate regulatory framework that provides banks with flexibility to execute their strategies and enables them to innovate in line with their business model. This is premised on the expectation that banks have effective governance and risk management systems as well as adequate capital to support the implementation of their strategies.

Toward this end, the following guidelines shall govern the establishment, relocation, voluntary closure and sale of local branches/branch-lite units of domestic banks, including locally incorporated subsidiaries of foreign banks. The establishment of branches of foreign banks in the Philippines, on the other hand, shall continue to be governed by the provisions of Sec. 103 on liberalized entry and scope of operations of foreign banks and Sec. 106 on establishment of subbranches of foreign bank branches.

For purposes of this Section, the following definitions shall apply:

A *branch* shall refer to any permanent office or place of business in the Philippines other than the head office where a bank may perform activities and provide products and services that are within the scope of its authority and relevant licenses. In this respect, a complete set of books and records shall be maintained in each branch.

A *branch-lite unit* shall refer to any permanent office or place of business of a bank, other than its head office or a branch. A branch-lite unit performs limited banking activities and records its transactions in the books of the head office or the branch to which it is annexed.

Allowable activities of a branch-lite unit. A branch-lite unit may perform activities and provide any of the products and services that a branch may perform or provide except those suited only to sophisticated clients with aggressive risk tolerance ¹ *Provided, That:*

- a. The board of directors shall approve the defined range of activities and services that shall be carried out in a branch-lite unit consistent with the bank's business model in providing financial services to a specifically defined market or sector;
- b. The board of directors shall ensure that the branch-lite unit has adequate personnel, internal control measures, physical facilities, security arrangements and information systems commensurate with the extent of banking activities undertaken and services offered by the branch-lite unit;

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- c. Management shall ensure that branch-lite units are considered in the bank's capital adequacy assessment and planning exercises considering the potentially high operational risk exposures of said units;
- d. Management shall ensure the timely accounting and reporting of activities and transactions of the branch-lite unit to the head office/branch to which it is annexed; and
- e. The bank's risk management system, compliance and internal audit programs shall cover the branch-lite unit.

Pre-requisites for the grant of authority to establish a branch/branch-lite unit. Banks may establish a branch or a branch-lite unit subject to the prudential criteria provided in Sec. 111 (*Prudential criteria*). Any approved but unopened branch/es at the time of application shall be taken into account in determining compliance with the minimum capitalization requirement. No bank operating in the Philippines shall establish a branch or a branch-lite unit or transact business outside the premises of its duly authorized principal office or head office without prior approval of the Bangko Sentral.

Application for authority to establish a branch/branch-lite unit. Banks seeking to establish a branch or branch-lite unit shall submit the following documents to the appropriate supervising department of the Bangko Sentral:

- a. Application letter signed by the chief executive officer or officer of equivalent rank which shall indicate the number of branch/es or branch-lite units to be established and their proposed location/s. In this respect, application for the establishment of branch-lite units shall include the range of activities that will be performed and services that will be offered by the branch-lite unit to a specifically defined market or sector;
- b. Secretary's Certificate which indicates the approval of the bank's board of directors of the establishment of branch/es or branch-lite units; and
- c. Certification/Undertaking signed by the chief executive officer or officer of equivalent rank that the bank is compliant or will comply, as the case maybe, with the pre-requisites for the grant of authority to establish branch/es or branch-lite units under this Section.

Location of branches/branch-lite units. As a general rule, banks shall be allowed to establish branch/es or branch-lite units anywhere in the Philippines, including in cities previously considered as restricted areas ²: *Provided, That, if TBs/RBs will establish branches in cities/municipalities of a higher classification than their head office, the applicable minimum required capital under Sec. 121 (Minimum capitalization) shall be increased to that of the city/municipality of the higher classification, regardless of*

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where the head office is located.

In addition, the following guidelines shall apply to Coop Banks:

- a. The Coop Bank of the province may set up branches/branch-lite units anywhere within the province subject to compliance with the applicable branching rules and regulations as provided in Sec. 105.
- b. Coop Banks from other provinces may set up branches/branch-lite units in cities or municipalities of another province where there are no other Coop Bank head office/branch/branch-lite units.

Processing and special licensing fees.

a. *Processing fee.*

The bank shall be immediately charged with the total processing fee computed for all branches/branch-lite units approved, in accordance with the following:

Banking Unit and Bank Category	Processing Fee Per Branch/Branch-lite Unit	
	Metro Manila, cities of Cebu and Davao, All Other Cities, 1st to 2nd Class Municipalities	3 rd to 6 th Class Municipalities
a. Branch		
(1) UBs/KBs/Affiliated TBs	P200,000	P100,000
(2) Non-affiliated TBs	100,000	50,000
(3) RBs/Coop Banks	25,000	12,500
b. Branch-lite unit	10,000	5,000

Provided, That branches/branch-lite units to be established in unbanked cities and municipalities shall be exempted from the processing fee.

b. *Special licensing fee.*

For applications to establish branches/branch-lite units in cities previously considered as restricted areas as defined under this Section on Location of branches/branch-lite units, the applicant bank shall upon acceptance of said applications pay a special licensing fee per branch/branch-lite unit depending on the bank's category, as follows:

Bank Category	Licensing Fee per Branch	Proposed Licensing Fee per Branch-lite Unit

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UB/KB	P20 million	P5 million
TB	15 million	3 million
RB/Coop Bank	1.5 million	300 thousand

Opening of branches/branch-lite units. Approved branches/branch-lite units shall be opened, as follows:

Approved branches/branch-lite units shall be opened, within one (1) year from the date of approval thereof, subject to extension on a case by case basis; *Provided*, That: the entire period from date of approval of the establishment of the branch/branch-lite unit up to the requested extension shall not exceed three (3) years ³.

The opening of approved branches/branch-lite units may, however, be suspended or revoked by the appropriate supervising department of the Bangko Sentral upon approval of the Deputy Governor, should any of the following conditions be found to exist:

- a. The bank's capital as required under Sec. 121 is no longer sufficient to support the remaining unopened branches;
- b. The bank or any of its subsidiary bank is initiated under PCA or is under condition/s subject to PCA or if already under PCA, continuously fails to comply with the Memorandum of Understanding (MOU)/PCA plan;
- c. The bank has major supervisory concerns outstanding on safety and soundness.

Failure to open the approved branches/branch-lite units within the period provided shall result in the forfeiture of the bank's right to open such branches/branch-lite units and of all fees paid to the Bangko Sentral in relation to such application.

Approved but not yet opened branches/branch-lite units may be relocated upon prior approval by the Deputy Governor of the appropriate sector of the Bangko Sentral subject to the presentation of justification and valid reason for the relocation, and resubmission of the information/documents enumerated under this Section on application for authority to establish a branch/branch-lite unit: *Provided*, That branches/branchlite units located outside the cities previously considered as restricted areas as defined under this Section on Location of branches/branch-lite units which will be relocated therein shall be subject to the special licensing fee under this Section on Processing and special licensing fees upon approval of the relocation: *Provided, further*, That the opening of the relocated branch/branch-lite unit shall be made within the prescribed period mentioned above from date of approval of its establishment.

As an incentive to merger/consolidation of banks or purchase/acquisition of majority or all of the outstanding shares of stock of a distressed bank for the purpose of rehabilitating the same, opening or

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relocation of approved but not yet opened branches/branch-lite units may be allowed within two (2) years from date of merger/consolidation or purchase/acquisition of majority or all of the outstanding shares of stock of a distressed bank for the purpose of rehabilitating the same.

Requirements for opening a branch/branch-lite unit. Not later than five (5) banking days from the date of opening, the bank, through its chief compliance officer and the head of the branch banking operations, shall:

- a. Notify in writing the appropriate supervising department of the Bangko Sentral of the actual date of opening of the branch/branch-lite unit;
- b. Submit a certification on compliance with the following, as applicable:
 - (1) Adequacy of personnel, internal control measures, physical facilities, information systems and security arrangements, including the installation of security devices and accessibility to persons with disability as required under Sec. 147 (*Minimum security measures*) and 109 (*Batas Pambansa Blg. 344 - An Act to Enhance the Mobility of Disabled Persons by Requiring Certain Buildings, Institutions, Establishments, and Public Utilities to Install Facilities and Other Devices*), respectively;
 - (2) Posting in conspicuous places in the premises of the branch/branchlite unit of the required notices, schedules and other relevant information pertaining to lending and deposit operations activities;
 - (3) Availability of efficient means of accounting and reporting as well as communication facilities (to be specified) between the head office, branches, and branch-lite units; and
 - (4) The requirements enumerated under this Section on Pre-requisites for the grant of authority to establish a branch/branch-lite unit as of the time of actual opening.

A bank that fails to comply with any of the requirements under this Section on the pre-requisites for the grant of authority to establish a branch/branch-lite unit as of the date of the intended opening of the branch/branch-lite unit shall refrain from opening the branch/branch-lite unit on such date until it has complied with all the requirements under this Section on Pre-requisites for the grant of authority to establish a branch/branch-lite unit: *Provided*, That the provisions under this Section on Opening of branches/branch-lite units on the date of opening of branch/branch-lite unit shall be observed; and

c. In the case of microfinance-oriented branch, certify that the branch has:

- (1) a manual of operations on microfinancing duly approved by the bank's board of directors;

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- (2) an adequate loan tracking system that allows daily monitoring of loan releases, collections and arrearages, and any restructuring and refinancing arrangements;
- (3) is managed by a person with adequate experience in microfinancing activities; and
- (4) at least seventy percent (70%) of deposits lent out to qualified microfinance, including Barangay Micro Business Enterprises (BMBE) borrowers, and the microfinance/BMBE loans of said branch shall at all times be at least fifty percent (50%) of its gross loan portfolio.

Relocation of branches/branch-lite units. Relocation of existing branches/branch-lite units, whether to be opened at the new site on the next banking day or within one (1) year from the date of closure of the branch/branch-lite unit, shall be allowed in accordance with the following procedures:

- a. Notice of relocation of branch/branch-lite unit signed by the president of the bank or officer of equivalent rank, together with a certified true copy of the resolution of the bank's board of directors authorizing said relocation, and an undertaking that the bank shall comply with the notification requirement under Item "b" below, shall be submitted by the bank to the appropriate supervising department of the Bangko Sentral. The notice shall include information as to the new relocation site, the timetable for said relocation, date and manner of payment of special licensing fee under this Section on Processing and special licensing fees, as may be applicable, and the branch/branch-lite unit that will handle the transactions of the branch/branch-lite unit to be relocated, as may be applicable.
- b. If no reply is received by the bank from the Bangko Sentral within thirty (30) calendar days from date of receipt by the Bangko Sentral of the said notification, notice of relocation shall be sent by the bank to the depositors' and other creditors' last known addresses by registered mail service of the Philippine Postal Corporation (Philpost) or delivery service of other mail couriers or electronic mail, and posters shall also be displayed in conspicuous places in the premises of the branch/branch-lite unit to be relocated at least forty-five (45) calendar days prior to the closure of the branch/branch-lite unit to be relocated. Information as to the new relocation site, the date of the opening at the new site, and the address of the branch/branch-lite unit that will handle the transactions of the branch/branch-lite unit to be relocated, as may be applicable, shall be indicated in the said notice/posters. Proofs of receipt of notice by the depositors and the creditors shall be kept on file and made available upon request of the Bangko Sentral;
- c. Within five (5) banking days from the date of closure of the branch/branch-lite unit to be relocated, a notice of such closure signed by the Chief Compliance Officer (CCO) and the head of the branches department with the rank of a vice president or equivalent rank or by a higher ranking officer, together with a certification that the notification requirement in Item "b" above

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has been complied with and, for branches/branch-lite units that will be opened at the new site beyond the next banking day, an undertaking that the branch/branch-lite unit shall be opened at the new site within one (1) year from the date of such closure shall be submitted to the appropriate supervising department of the Bangko Sentral ;

- d. Within five (5) banking days from the date of opening of the relocated branch/branch-lite unit, a notice of such opening, together with a certification signed by the CCO and the head of the branches department with the rank of a vice president or its equivalent rank or by a higher ranking officer that the bank has complied with Items “b” and “c” under this Section on Requirements for opening a branch/branch-lite unit shall be submitted to the appropriate supervising department of the Bangko Sentral. Information as to the site of the branch/branch-lite unit that was closed and the date of such closure, as well as the site of the branch/branch-lite unit that was opened and the date of such opening shall be indicated in the said notice;
- e. Branches/branch-lite units may be relocated anywhere: *Provided*, That branches/branch-lite units located outside the cities previously considered as restricted areas as defined under this Section on Location of branches/branch-lite units which will be relocated therein shall be subject to the special licensing fee under this Section on Processing and special licensing fees; and
- f. Relocation of branch/branch-lite unit beyond one (1) year from the date of closure shall be deemed as permanent closure and surrender of license of the branch/branch-lite unit at the old site, and the opening of a branch/branch-lite unit at the new site shall be deemed as an establishment of a new branch/branch-lite unit subject to the provisions of this Section on Pre-requisites for the grant of authority to establish a branch/branch-lite unit.

Temporary closure, permanent closure and surrender of branch/branch-lite unit license, and sale/acquisition of branches/branch-lite units.

- a. *Temporary closure of existing branches/branch-lite units.*

Temporary closure of existing branches/branch-lite units for the purpose of undertaking renovations/major repairs of office premises/facilities and for other valid reasons may be allowed: *Provided*, That the branch/branch-lite unit shall be reopened within a period of one (1) year from the date of temporary closure in accordance with the following procedures:

- (1) Notice of temporary closure signed by the president of the bank or officer of equivalent rank, together with a certified true copy of the resolution of the bank’s board of directors authorizing said temporary closure and stating the justifications/reasons therefor; and an

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undertaking that the bank shall comply with the notification requirement under Item “2” below, shall be submitted to the appropriate supervising department of the Bangko Sentral. The notice shall include information as to the timetable for the said temporary closure and the branch/branch-lite unit that will handle the transactions of the branch/branch-lite unit to be temporarily closed;

- (2) If no reply is received by the bank from the Bangko Sentral within thirty (30) calendar days from the date of receipt by the Bangko Sentral of the said notification, notice of temporary closure shall be sent by the bank to the depositors’ and other creditors’ last known addresses by registered mail service of the PhilPost or delivery service of other mail couriers or electronic mail, and posters shall also be displayed in conspicuous places in the premises of the branch/branch-lite unit at least forty-five(45) calendar days prior to the temporary closure. Information as to the date of the reopening and the address of the branch/branch-lite unit that will handle the transactions of the branch/ branch-lite unit to be temporarily closed shall be indicated in the said notice/posters. Proofs of receipts of notice by the depositors and other creditors shall be kept on file and made available upon request of the Bangko Sentral;
- (3) Within five (5) banking days from the date of temporary closure of the branch/branch-lite unit, a notice of such closure, signed by the CCO and the head of the branches department with the rank of a vice president or equivalent rank or by a higher ranking officer, together with a certification that the notification requirement in Item “(2)” above has been complied with and an undertaking that the branch/branch-lite unit shall be reopened within one (1) year from the date of such closure shall be submitted to the appropriate supervising department of the Bangko Sentral; and
- (4) Within five (5) banking days from the date of reopening of the branch/branch-lite unit, a notice of such reopening together with a certification signed by the CCO and the head of the branch banking operations with the rank of vice president or its equivalent or by a higher ranking officer that the bank has complied with Items “b” and “c” under this Section on the requirements for opening a branch/branch-lite unit shall be submitted to the appropriate supervising department of the Bangko Sentral .

Temporary closure of branches/branch-lite unit beyond one (1) year shall be deemed as permanent closure and surrender of license of the branch/branch-lite unit, and re-opening thereof shall be deemed as an establishment of a new branch/branch-lite unit, subject to the provisions under this Section on Pre-requisites for the grant of authority to establish a branch/branch-lite unit.

b. *Permanent closure and surrender of branch/branch-lite unit license.*

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Permanent closure and surrender of branch/branch-lite unit license may be effected only with prior approval of the Monetary Board in accordance with the following procedures:

- (1) Request for Monetary Board approval to the closure of the branch/branch-lite unit signed by the president of the bank or officer of equivalent rank, together with a certified true copy of the resolution of the bank's board of directors authorizing said closure and stating the justifications/reasons therefor, shall be submitted by the bank to the appropriate supervising department of the Bangko Sentral;
- (2) Upon receipt of the notice of Monetary Board approval but at least forty-five (45) calendar days prior to the closure, notice of closure shall be sent by the bank to the depositors' and other creditors' last known addresses by registered mail service of the PhilPost or delivery service of other mail couriers or electronic mail, and posters shall also be displayed in conspicuous places in the premises of the branch/branch-lite unit to be closed. Proofs of receipt of notice by the depositors and other creditors shall be kept on file and made available upon request of the Bangko Sentral;
- (3) Within five (5) banking days from the date of closure of the branch/branch-lite unit, a notice of such closure signed by the CCO and the head of the branches department with the rank of a vice president or equivalent rank, or by a higher ranking officer, together with a certification that the notification requirement in Item "2" above has been complied with, shall be submitted to the appropriate supervising department of the Bangko Sentral;

c. Sale/acquisition of branches/branch-lite unit.

Sale/acquisition of existing/operating branches/branch-lite units may be allowed with prior approval of the Monetary Board in accordance with the following procedures:

- (1) Prior written consent of the PDIC in the transfer of assets and assumption of liabilities as provided under Section 21 of the PDIC Charter (R.A. No. 3591), as amended by R.A. No. 9302 shall be obtained by both the selling bank and the acquiring bank;
- (2) Request for Monetary Board approval to close the branch/branch-lite unit to be sold signed by the president of the bank or officer of equivalent rank, together with a certified true copy of the resolution of the bank's board of directors authorizing the sale shall be submitted by the selling bank to the appropriate supervising department of the Bangko Sentral;
- (3) Upon receipt of the notice of Monetary Board approval but at least forty-five (45) calendar days prior to the closure, notice of closure shall be sent to the depositors' and other

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creditors' last known addresses by registered mail service of the PhilPost or delivery service of other mail courier or electronic mail, and posters shall also be displayed in conspicuous places in the premises of the branch/branch-lite unit to be sold. Proofs of receipt of notice by the depositors and other creditors shall be kept on file and made available upon request of the Bangko Sentral;

- (4) Within five (5) banking days from the date of closure of the branch/branch-lite unit, a notice of such closure signed by the CCO and the head of the branches department with the rank of a vice president or equivalent rank or by a higher ranking officer, together with a certification that the notification requirement under Item "3" above has been complied with, shall be submitted to the appropriate supervising department of the Bangko Sentral;
- (5) Request for Monetary Board approval to acquire the branch/branch-lite unit signed by the president of the bank or officer of equivalent rank, together with a certified true copy of the resolution of the bank's board of directors authorizing the acquisition shall be submitted by the acquiring bank to the appropriate supervising department of the Bangko Sentral. The acquiring bank shall likewise comply with the pre-requisites on the grant of authority to establish a branch/branch-lite unit under this Section and the ceiling on total investments of a bank in real estate and improvements thereon, including bank equipment under Sec. 109 (*Ceiling on total investments*).

A bank may purchase/acquire branches/branch-lite units anywhere, including in Metro Manila subject to compliance with the applicable minimum capital requirement under Sec. 121 (*Minimum capitalization*).

- (6) The acquiring bank shall pay a licensing fee per branch/branch-lite unit acquired, as follows:
and

Type of Acquiring Bank	Location of Branch/Branch-lite unit to be Acquired	
	Within Metro Manila	Outside Metro Manila
UBs and KBs	P 1.0 million	P 0.5 million
TBs	P 0.5 million	P 0.25 million

- (7) Within five (5) banking days from the date of opening of the acquired branch/branch-lite unit, a notice of such opening, together with a certification signed by the CCO and the head of branch banking operations with the rank of a vice president or its equivalent or by a higher

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ranking officer that the bank has complied with Items “b” and “c” under this Section on the requirements for opening a branch/branch-lite unit shall be submitted by the acquiring bank to the appropriate supervising department of the Bangko Sentral.

Relocation/Transfer of branch/branch-lite unit licenses of closed banks. Buyers of closed banks shall be allowed to relocate/transfer acquired branch/branch-lite unit subject to the conditions stated under Items “d” and “e” of the first paragraph of Sec. 105 on relocation of branches/branch-lite units.

Supervisory Enforcement. The Bangko Sentral reserves the right to deploy any of its supervisory tools to promote adherence to the requirements set forth in the foregoing rules and bring about timely corrective actions and compliance with the Bangko Sentral directives.

For this purpose, the Bangko Sentral may among others, limit the banking activities and services offered by a branch/branch-lite unit or revoke the franchise and close any branch/branch-lite unit. If any part of the certification submitted by the bank as required in this Section is found to be false, the Bangko Sentral may also, among others, suspend the privilege to establish and/or open approved branches/branch-lite units and/or relocate branches/branch-lite units and impose sanctions on the certifying officers concerned.

Tellerling booths. The following rules shall govern the establishment of tellerling booths in BIR offices:

- a. As a general policy, the establishment of tellerling booths in BIR offices are not authorized. However, in cases where tellerling booths in offices are needed as determined by the BIR, banks shall secure prior Monetary Board approval;
- b. A bank’s application shall be accompanied by a letter from the BIR Commissioner or Deputy Commissioner or other officer specifically authorized by the Commissioner to sign such letter, stating that the BIR has agreed to allow the applicant bank to establish a tellerling booth in the specified BIR office;
- c. The applicant bank has complied with the standard prequalification requirements prescribed in *Appendix 5*; and
- d. Tax collections received shall be subject to rules on government deposits.

Relocation of head offices. Relocation of a bank’s head office shall require prior approval of the Monetary Board in accordance with the following procedures:

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- a. Request for Monetary Board approval of the relocation of the bank's head office signed by the president of the bank or officer of equivalent rank shall be submitted to the appropriate supervising department of the Bangko Sentral together with the following documentary requirements:
- (1) A certified true copy of the resolution of the bank's board of directors authorizing the proposed relocation/transfer of the head office, and stating the justification/reasons therefor;
 - (2) A certified true copy of stockholders' resolution authorizing the amendment of the articles of incorporation of the bank;
 - (3) Description of the building and/or place of relocation, manner of occupancy, i.e., whether lease or purchase, estimate of the total costs to be incurred in connection with the transfer, and the proposed timetable for such relocation; and
 - (4) Plan for the disposition of the original site.
- b. Upon receipt of the notice of Monetary Board approval but at least three (3) months prior to the relocation, notice of relocation shall be sent to depositors and other creditors by registered mail or POD service of the Philpost or other mail couriers, and poster shall be displayed in conspicuous places in the premises of the head office to be relocated: *Provided*, That said notification period may be reduced to forty-five (45) calendar days under any of the following circumstances:
- (1) As an incentive to merger or consolidation of banks;
 - (2) As an incentive to the purchase or acquisition of majority or all of the outstanding shares of stock of a distressed bank for the purpose of rehabilitating the same; or
 - (3) The proposed relocation site is within the same municipality/city of the head office to be relocated.
- c. Within five (5) banking days from the date of relocation, a notice of relocation, together with a certification signed by the president of the bank or officer of equivalent rank that the notification requirement under Item "b" above and the installation of the required security devices under Item "b" of Sec. 147 on minimum security measures have been complied with, shall be submitted to the appropriate supervising department of the Bangko Sentral.

A bank's head office may be relocated anywhere it is allowed to establish branches as provided under this Section on location of branches/branch-lite units: *Provided*, That head offices located outside the cities previously considered as restricted areas as defined under this Section on Location of branches/branch-lite units which will be relocated therein shall be subject to the special licensing fee under this Section on Processing and special licensing fees upon approval of the relocation.

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The executive offices of the bank shall not be separated from the head office, i.e., these shall be located where the bank's head office is located.

Relocation of any other department/unit of the bank not performing front-office operation, i.e., not dealing with the banking public, shall not require prior Monetary Board approval: *Provided, however,* That within five (5) banking days from date of relocation, a notice of relocation signed by a vice president or officer of equivalent rank or by a higher ranking officer, together with a certified true copy of the resolution of the bank's board of directors authorizing the relocation, shall be submitted to the appropriate supervising department of the Bangko Sentral.

Sanctions. If any part of the certification submitted by the bank as required in this Section is found to be false, the sanctions under Sec. 105 (*Supervisory enforcement*) shall be imposed.

Establishment of offices abroad. The following rules shall govern the establishment by domestic banks of branches and other offices abroad.

For purposes of this Section, the term *offices* shall include branches, agencies, representative offices, remittance centers, remittance desk offices and other offices.

Application for authority to establish an office abroad. An application for authority to establish an office abroad shall be signed by the president of the bank and shall be accompanied by the following information/documents:

- a. Certified true copy of the resolution of the bank's board of directors authorizing the establishment of that office indicating its proposed site;
- b. Economic justification for such establishment, indicating among other things, the services to be offered, the minimum outlay such as capital requirement of the host country, outlay for furniture, fixture and equipment, rental and other expenses;
- c. Organizational set up of the proposed office showing the proposed positions and the names, qualifications and experience of the proposed manager and other officers;
- d. Certification signed by the president or the executive vice president that the bank has complied with the standard pre-qualification requirements for the grant of banking authorities enumerated in *Appendix 5*; and
- e. Certification from the host country that the duly authorized personnel/ examiners of the Bangko

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Sentral will be authorized to examine the proposed office.

Requirements for establishing an office abroad. In addition to the standard prequalification requirements of *Appendix 5*, the applicant bank shall comply with the following:

- a. The citizenship requirements, ownership ceilings and other limitations on voting stockholdings in banks under existing law and regulations;
- b. Experience and expertise in international banking operations as shown by:
 - (1) Its international banking operations for at least three (3) years prior to the date of application;
 - (2) Substantial income derived from international banking operations; and
 - (3) Established correspondent relationship with reputable banks.

Conditions attached to the approved application. An approved application to establish a banking office abroad shall be subject to the following conditions:

- a. Without prejudice to the qualification requirements in the country where the office is to be established, the proposed officer(s), at the time of appointment must be at least:
 - (1) Twenty-five (25) years of age;
 - (2) A college graduate, preferably with training and experience abroad;
 - (3) With three (3) year experience in international banking operations; and
 - (4) Must not possess any of the disqualification of an officer as provided for under existing regulations;
- b. The applicant bank shall comply with the licensing requirements of the host country and the necessary license to operate shall be secured from the appropriate government agency of the host country;
- c. The outward investment representing initial capital outlay and other outlays shall be subject to existing regulations;
- d. The proposed office shall submit periodic reports on its financial condition and profitability and such other reports that may be required by the Bangko Sentral;
- e. An office not authorized to perform banking business (e.g., representative and liaison offices) shall not carry any of the business of a bank as contemplated within the context of the Philippine banking system; and
- f. The applicant shall defray the necessary cost and expenses to be incurred by the appropriate supervising department of the Bangko Sentral.

Date of opening. The opening of any office abroad shall be subject to the provisions under this Section on Opening of branches/branch-lite units.

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Requirements for opening an office abroad. After a bank's application to establish a branch has been approved, it may open the same subject to the following conditions:

- a. Submission by the applicant bank of a written notice at least thirty (30) days prior to the intended date of opening, accompanied by the following:
 - (1) Proof or evidence of outward remittance needed to meet the capital requirements prescribed by the host country;
 - (2) List of principal and junior officers of the proposed branch/es and their respective designations and salaries; and
 - (3) Personal information sheet (Bio-data) for each of the officers to enable the Bangko Sentral to evaluate their qualifications as officers; and

- b. A certification signed by the bank's president or executive vice president that the standard pre-qualification requirements enumerated in *Appendix 5* have been complied with up to the date of the aforementioned written notice.

A bank that fails to continuously comply with the requirements shall be given an extension of time to open such office after it has shown compliance for another test period of the same duration required of each requirement: *Provided*, That the provisions under this Section on Opening of branches/branch-lite units shall be observed if the branch cannot open within six (6) months from the date of approval thereof: *Provided, further*, That before such branch opens for business, the bank shall submit to the Bangko Sentral the requirements under this Section on Requirements for opening an office abroad together with a certification stating that the bank has complied with the standard pre-qualification requirements in *Appendix 5* up to the date of the written notice within the period prescribed therein.

Sanctions. If any part of the certification submitted by the bank as required in this Section is found to be false, the sanctions under this Section on Supervisory enforcement shall be imposed.

Establishment of a foreign subsidiary by a bank subsidiary. The establishment of a foreign subsidiary by a bank subsidiary are subject to the guidelines in Sec. 377.

(Circular Nos. 987 dated 28 December 2017, 932 dated 16 December 2016, 930 dated 18 November 2016 and 847 dated 28 August 2014)

Footnotes

1. As described under Sec. 612 (Client suitability guidelines)
2. Refer to the cities of Makati, Mandaluyong, Manila, Paranaque, Pasay, Pasig, Quezon, and San Juan. The branching restriction in these areas was fully lifted effective on 1 July 2014.
3. Branch applications that have been approved prior to 7 January 2017 shall be allowed to open the

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corresponding branches within three (3) years from date of approval.