

106 ESTABLISHMENT OF SUB-BRANCHES OF FOREIGN BANK BRANCHES

Authority to establish sub-branches of foreign banks may be granted subject to Monetary Board approval. The following guidelines shall govern the establishment of sub-branches of foreign banks in the Philippines pursuant to R.A. No. 7721, as amended by R.A. No. 10641.

Application for authority to establish sub-branches. An application for authority to establish sub-branches shall be signed by the country manager or the highest ranking officer in the Philippines of the applicant foreign bank, and shall be accompanied by the following information/documents:

- a. Certified true copy of the resolution of the foreign bank's board of directors authorizing the foreign bank's country manager or highest ranking officer in the Philippines to apply for authority to establish sub-branch/es and represent the bank in connection therewith; and
- b. Proposed business plan for the sub- branch/es.

Requirements for establishment of sub-branches of foreign bank branches. In addition to the pre-requisites for the grant of authority to establish a branch/branch-lite unit under Sec. 105 (*Pre-requisites for the grant of authority to establish a branch/branch-lite unit*), the applicant foreign bank branch in the Philippines shall be subject to the processing fee provided in Sec. 105 (*Processing and special licensing fees*): Provided, That sub-branch applications in the cities previously considered as restricted areas as defined under Sec. 105 (*Location of branches/branch-lite units*) shall also be subject to the special licensing fee under Sec. 105 (*Processing and special licensing fees*), as applicable.

Date of opening. The opening of approved sub-branches shall be subject to the provisions of Sec. 105 (*Opening of branches/branch-lite units*).

Requirements for opening a sub-branch of foreign bank branches. Not later than five (5) banking days from the date of opening of a sub branch, the foreign bank branch, through its country manager or the highest ranking officer in the Philippines shall submit the following documents:

- a. Written notice to the appropriate supervising department of the Bangko Sentral of the actual date of opening of the sub-branch;
- b. Proof or evidence of inward remittance needed to meet the additional capital requirements under Sec. 121 (*Minimum capitalization*), as applicable; and
- c. Certification on compliance with Item "b" of Sec. 105 on the requirements for opening a branch/branch-lite unit.

Limitations on establishment of sub-branches of foreign bank branches. A foreign bank authorized

to establish branches in the Philippines pursuant to the provisions of R.A. No. 7721, as amended by R.A. No. 10641, may open up to five (5) sub-branches as may be approved by the Monetary Board. A foreign bank shall also be allowed to establish branch-lite unit subject to the provisions of Sec. 105. In this regard, a branch-lite unit shall be considered as a sub-branch for purposes of complying with the numerical limit set forth under R.A. No. 7721, as amended by R.A. No. 10641.

Supervisory Enforcement. The Bangko Sentral reserves the right to deploy any of its supervisory tools to promote adherence to the requirements set forth in Sec. 106. Non-compliance therein shall subject the foreign bank to supervisory enforcement action, including those mentioned under Sec. 105 (*Supervisory enforcement*).

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