

GUIDELINES FOR THE ISSUANCE OF A UNIVERSAL BANKING AUTHORITY FOR BRANCHES OF FOREIGN BANKS

(Appendix to Sec. 103)

I. QUALIFICATION AND DOCUMENTATION REQUIREMENTS

A. Minimum Capital Required. The capital, as defined under prevailing rules and regulations, of a foreign bank branch applying for a universal banking (UB) authority shall be equivalent to at least the amount prescribed by the Monetary Board for UBs.

B. Financial Resources, Past Performance and General Compliance with Banking Laws and Regulations. Applicant bank shall comply with capital adequacy ratios (Common Equity Tier 1, Tier 1, Capital Adequacy Ratio, and combined requirement for the Capital Conservation Buffer and Countercyclical Capital Buffer) under Section 34 of R.A. No. 8791, Sec. 103 (*Risk-based capital for foreign bank branch*) and *Appendix 59*, for the year preceding the filing of application. It shall have sufficient valuation reserves to cover estimated losses.

Applicant bank shall not have incurred net deficiencies in its reserves against deposit liabilities and/or deposit substitute liabilities for the three (3)-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.

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 or satisfactorily explained.

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

1. 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.
2. Bio-data that should be prepared for each of the proposed key personnel in the investment banking department.

B. Corporate Strategy

1. The statement of corporate strategy of the UB and the immediate and long-term goals and objectives.
2. The lending program and special policies lined up for the first five (5) years including details on guidelines and standards to be established on exposure limits, portfolio diversification, collateral requirements, geographical expansion, assistance to pioneer and priority areas of economic activities and relationship with clients.
3. Investment policies and program to be implemented within the first five (5) years of operation including the broad categories of undertakings in which the UB may invest, the portfolio mix to be observed, the extent of control over subscribed capital stock and voting stock to be exercised in financial allied undertakings, quasi-banks and non-financial allied undertakings.
4. Local branches of foreign banks may invest in the equity of financial as well as non-financial allied undertakings and non-allied undertakings wherein locally incorporated commercial banks with UB authority are allowed to invest. However, the branches' equity investments shall be subject to equity ceilings set in pertinent laws.
5. Fund generation program for the first five (5) years of operation to support the expansion in loans and investments.
6. Quarterly underwriting program for one (1) year stating industry of issuer, the volume of underwriting business classified into equity and debt, public offering and private placement and other information.

C. Financial Projections

1. The detailed statements of the underlying assumptions made in projecting the financial statements and ratios.
2. The detailed projected statement of income and expenses for the first five (5) years of operation.
3. The projected operating ratios for the first five (5) years of operation.
4. The actual statement of condition of UB at month-end before filing of application and the projected statement of condition as of the first five (5) years- end of operation.
5. The projected balance sheet ratios as of the first five (5) years of operation.
6. The projected funds flow for the first five (5) years of operation.

(Circular Nos. 1024 dated 06 December 2018 and 858 dated 21 November 2014)