

GUIDELINES ON GRANTING OF LICENSE/AUTHORITY **(Appendix to Sec. 111)**

I. Guiding Principle

The Bangko Sentral, the licensing authority, has the power to set criteria and reject applications that do not comply with the criteria/standards set. In this light, the Bangko Sentral is providing the following guidelines on its licensing process to establish accountability and promote transparency to banks and BSFIs wishing to apply for any licenses/authorities within the jurisdiction of the Bangko Sentral. These guidelines also aim to provide more consistency in how risk-focused supervision is applied to licensing process.

The Bangko Sentral will not restrict the scope of risk-taking activities of BSFIs consequent of the licenses and/or authorities granted: *Provided*, That these licenses and/ or authorities are in line with their business model and strategic direction: *Provided, further*, that BSFIs demonstrate the capacity and ability to implement these strategies.

As indicated in the new Licensing Policy, applications for licenses and/or authorities are categorized as follows:

- a. *Type "A"* – applications for licenses and/or authorities where compliance with the defined prudential requirements/criteria described in Sec. 111 is a pre- condition for applicants to be considered eligible;
- b. *Type "B"* – applications for licenses and/or authorities processed regardless of risk profile; and
- c. *Type "C"* – activities which no longer require submission of applications and processing but shall be subject to submission of reports/certification/ notification within stated deadlines. However, compliance with pre- qualification requirements is subject to post verification and any false information and/ or misrepresentation may be a basis for the imposition of appropriate enforcement actions described in Sec. 111.

II. Guidelines and Procedures

1. *Process Flow*. The licensing application process involves four (4) stages, to wit:

- a. *Stage 1. Eligibility Test and Assessment*. The Bangko Sentral shall consider an applicant's eligibility for licenses/authorities categorized as *Type "A"* in accordance with the standards and/or prudential criteria described in Sec. 111; and whether approval thereof is consistent

with applicable laws, rules, regulations, policies and safety and soundness considerations.

In this regard, BSFIs shall signify to the appropriate supervising department of the Bangko Sentral its interest to apply for a license(s) or authority/ies. However, the Bangko Sentral expects each BSFI to have conducted self- assessment vis-à-vis prudential criteria and/ or requirements to determine whether it is eligible and/or qualified to apply for any specific license/authority, prior to signifying its interest.

BSFIs with CAMELS composite rating of below “3”, or under the PCA or rehabilitation may still be considered eligible, on a case by case basis, upon showing valid justifications and/or verifiable evidence of significant compliance with the comprehensive PCA plan (PCAP)/ rehabilitation plan approved by the Bangko Sentral and/or if licenses and/or authorities applied for are vital to the implementation of the PCAP/rehabilitation plan.

- b. *Stage 2. Application.* The BSFI upon receipt of notice and/or confirmation from the Bangko Sentral of its eligibility can now formally submit its application letter together with the documentary requirements, as applicable to the license/authority applied for. Applications with incomplete documentation will be returned without prejudice to re-submission of a complete application and collection of applicable fees.
- c. *Stage 3. Processing.* Upon receipt of a complete application, the appropriate supervising department of the Bangko Sentral shall proceed in preparing the memorandum elevating to the appropriate approving authority of the Bangko Sentral its recommended action/s.
- d. *Stage 3. Decision.* Within five (5) working days upon approval and/or confirmation from the appropriate authority of the Bangko Sentral, BSFI’s shall expect to be notified of the decision on their request/application.

The Bangko Sentral may request information and/or documents aside from the minimum documentary requirements for each type of license/authority to arrive at an informed decision. It may also conduct limited inspection or validation, when warranted.

The Bangko Sentral may approve any application of an eligible applicant after evaluating the application and considering relevant factors. Likewise, the Bangko Sentral may deny applications if (a) significant supervisory or compliance concerns exist or (b) the applicants fail to provide material information necessary to make an informed decision.

2. Responsibility

The Bangko Sentral expects each applicant to prepare accurately and completely each application/certification/reports submitted to the appropriate supervising department of the Bangko Sentral.

By virtue of the application, the applicant authorizes the Bangko Sentral to conduct an on-site evaluation or inspection for the purpose of ascertaining compliance with relevant laws, rules, regulations and/or directives, and/or applicant's risk management capabilities, when warranted.

For this purpose, the applicant shall include in its application letter the authorization in favor of the Bangko Sentral giving its consent to the conduct of on-site verification of the documents and/or representations stated in the application filed in connection with the license or authority applied for.

3. Fees

An applicant, depending on its classification and type of license/authority applied for, shall be assessed the following fees per application:

- i. Processing fee – shall be charged upon filing of an application and is non-refundable. In case of re-submission of application that is returned for incomplete documentation, another processing fee shall be charged anew; and
- ii. Licensing fee – shall be charged to certain application upon approval. The licensing fee shall be net of the processing fee.

For Banks, assessed fees shall be debited from the applicant's demand deposit account with the Bangko Sentral upon the lapse of fifteen (15) calendar days reckoned from receipt of Bangko Sentral's decision on its request/application. For this purpose, banks shall, upon filing of an application, state in its application letter the authority to debit their demand deposit account with the Bangko Sentral for the applicable fees to the license or authority applied for. Otherwise, assessed fees shall be paid to the Bangko Sentral.

4. Post Decision

Unless otherwise prescribed by the Bangko Sentral, an applicant may file a new application for a denied and/or withdrawn application after the lapse of six (6) months reckoned from the date of denial/ withdrawal: *Provided*, That any weaknesses, deficiencies and/or non compliance with any laws, rules, regulations and/or directives that made the applicants ineligible have already been satisfactorily addressed.

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