

BASIC GUIDELINES IN ESTABLISHING DOMESTIC BANKS
(Appendix to Section 102)

A. THE APPLICATION PROCESS

PRE-APPROVAL

1. The application for authority to establish a bank shall be submitted to the Office of Supervisory Policy Development (OSPD) in two (2) copies.
2. The required papers/documents and other information in support of the application are, as follows:
 - a. Agreement to organize a bank.
 - b. For each individual Filipino/non-Filipino incorporators, subscribers, proposed directors and principal officers:

Requirements	Incorporators	Subscribers	Directors	Principal Officers
1. Biographical data	✓	✓	✓	✓
2. Evidence of citizenship	✓	✓	✓	✓
3. Evidence of financial capacity as of a date not earlier than ninety (90) days prior to the filing of application such as credit reports, bank deposits, investments, real estate owned, etc., accompanied by waiver of rights under R. A. No. 1405, as amended, for covered items	✓	✓		
4. Certified photocopies of Income Tax Returns (ITRs) for the last two (2) calendar years	✓	✓		
5. Clearances from the National Bureau of Investigation (NBI) and Bureau of Internal Revenue (BIR) as well as equivalent clearances from home country for non-Filipinos	✓	✓	✓	✓

- c. For corporate subscribers:

Requirements	Domestic		Foreign ¹	
	Bank	Non-bank	Bank ²	Non-bank

1. Board resolution authorizing the corporation to invest in such bank; and designating the person who will represent the corporation in connection therewith	✓	✓	✓	✓
2. Latest articles of incorporation and by-laws	✓	✓	✓	✓
3. Corporate background providing the following:		✓	✓	✓
a. date and place of incorporation;				
b. list of domestic and foreign branches, agencies, other offices, subsidiaries and affiliates and their location and line of business;				
c. range of products/services offered to their clients;				
d. Conglomerate structure/map where the corporate subscriber belongs; and				
e. Financial and commercial relationship with the Philippine government, local banks, business entities and residents, past and present				
4. Latest General Information Sheet filed with the Securities and Exchange Commission (SEC)	✓	✓		
5. List of all stockholders, including the corporation's ultimate beneficial owners, indicating the citizenship and the number, amount and percentage of the voting and non-voting shares held by them	✓	✓	✓	✓
6. Annual report with audited financial statements for the last two (2) years prior to the filing of application	✓	✓	✓	✓
7. Certified photocopies of ITRs for the last two (2) calendar/ fiscal years	✓	✓		
8. BIR clearance	✓	✓		
9. Certification from the board of directors that it is compliant with the applicable conditions set forth in Sec. 371 and its subsections for the equity investment to the proposed bank	✓			
10. List of directors and principal officers including their citizenships	✓	✓	✓	✓

11. Certification from home country supervisory authority that it has no objection to the investment in a bank in the Philippines, and it will provide the Bangko Sentral with relevant supervisory information on the foreign bank subscriber to the extent allowed under existing laws			✓	
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- d. Corporate plan describing in meaningful details its business model, corporate strategy and economic justification for establishing the bank.
 - e. Feasibility study to show viable business together with projected monthly financial statements for the first twelve (12) months of operations, using realistic assumptions consistent with the proposed business model and corporate strategy.
 - f. Notarized Certification executed by each of the subscribers that the amount committed to pay the proposed paid-up capitalization in the bank was not derived from borrowings, unlawful activity or any money laundering activity.
3. The application shall be processed on a first-come, first-served basis: Provided, That all the required documents are complete and properly accomplished. The application fee shall be paid upon acceptance of application.
 4. Prescribed application form, together with other forms, is available at the Bangko Sentral website³.

EVALUATION

Capital Requirements/Stockholdings

1. Banks to be established shall comply with the required minimum capital prescribed under Sec. 121 (minimum capitalization).
2. At least twenty-five percent (25%) of the total authorized capital stock shall be subscribed by the subscribers of the proposed bank, and at least twenty-five percent (25%) of such subscription shall be paid-up: Provided, That in no case shall the paid-up capital be less than the minimum required capital stated in Item "1" above.
3. The stockholdings in any bank shall be subject to the limits on stockholdings in a single bank and several banks as prescribed under Secs. 122 (Limits of stockholdings in a single bank) and 122-A (Limits on stockholdings in several banks), respectively.

Incorporators, Subscribers, Directors and Officers

1. The incorporators, subscribers and proposed directors and officers must be persons of integrity and of good credit standing in the business community. The subscribers must have adequate financial strength to pay their proposed subscriptions in the bank.
2. The incorporators, subscribers and proposed directors and officers must not have been convicted of any crime involving moral turpitude, and unless otherwise allowed under the provisions of existing laws are not officers or employees of a government agency, instrumentality, department or office charged with the supervision of, or the granting of loans to banks.
3. A bank may be organized with not less than five (5) nor more than fifteen (15) incorporators.
4. The number and nationality of the members of the board of directors of the bank shall be subject to the limits prescribed under Sec. 132 (*Composition of the board of directors*).
5. No appointive or elective public official, whether full-time or part-time shall at the same time serve as officer of a bank except in cases where such service is incident to financial assistance provided by the government or a government-owned or-controlled corporation (GOCC) to the bank or in cases allowed under existing laws.
6. The proposed directors and officers of the bank shall be subject to qualifications and other requirements under Sec. 132 and Sec. 134.
7. The disqualifications of directors and officers prescribed under Sec. 138 shall also apply.

APPROVAL

1. Within thirty (30) days from receipt of advice of approval by the Monetary Board of their application for authority to establish the bank, the organizers shall:
 - a. Submit the proposed articles of incorporation, by-laws and treasurer's sworn statement in four (4) copies;
 - b. Deposit with any KB (for KBs and TBs) and any bank (for RBs) the initial paid-up capital of the proposed bank;
 - c. Pay the applicable license fee at the Bangko Sentral Cash Department, net of the previously paid application fee; and
 - d. Proof of inward remittance of capital, in the case of foreign subscribers.

2. Within sixty (60) days after the articles of incorporation and by-laws had been passed upon by the Office of the General Counsel and the corresponding certificates of authority to register had been issued, the organizers shall effect the filing of said documents with the SEC.
3. Within one (1) year from receipt of advice of approval by the Monetary Board of their application for authority to establish the bank, the organizers shall:
 - a. Complete the establishment of the bank premises, with the minimum security measures under Sec. 147 (*Minimum security measures*) and the requirements under Batas Pambansa Blg. 344⁴ and Republic Act No. 9994⁵;
 - b. Effect and complete the recruitment and hiring of officers and employees of the bank;
 - c. Attend the briefing on Bangko Sentral reportorial requirements conducted by the appropriate supervising department of the Bangko Sentral together with the relevant officers of the bank;
 - d. Submit the following documentary requirements at least thirty (30) days before the scheduled start of operations:
 - (1) Proof of registration of articles of incorporation and by-laws with the SEC;
 - (2) Notarized Certification signed by all the directors stating that –
 - i. All the conditions of the approval to establish the proposed bank have been complied with;
 - ii. The manual of operations embodying the policies and operating procedures of each department/ unit/office, covering all risk areas of the proposed bank have been prepared;
 - iii. The necessary bond policy on custodial officers and insurance policy on bank properties required to be insured have been obtained;
 - iv. All pre-operating requirements under existing laws and regulations, which include among others, (a) use of business name, (b) posting of schedule of banking days and hours, notice to depositors on clearing cut- off time, and disclosure statement on loan/ credit transaction, (c) Batas Pambansa Blg. 344 and Republic Act No. 9994; (d) minimum security measures; and (e) publication of consumer assistance management system have been complied with; and
 - v. No person who is the spouse or relative within the second degree of consanguinity or affinity will be appointed to any officership positions across the following functional categories in the bank: (a) decision making and senior management function, (b)

treasury function, (c) recordkeeping and financial reporting function, (d) safekeeping of assets, (e) risk management function, (f) compliance function, and (g) internal audit function.

- (3) Proof of compliance with all the pre- operating requirements under existing rules and regulations;
- (4) List of principal and junior officers and their respective designations and salaries;
- (5) Chart of organization;
- (6) Contract of lease on bank's premises, if the same are to be leased;
- (7) List of stockholders stating the number and percentage of voting stocks owned by them as well as their citizenships;
- (8) Certification from the PDIC stating that the organizers have undergone a briefing on all of its requirements;
- (9) Alien Employment Permit issued by the Department of Labor and Employment for foreign directors and officers; and
- (10) Other documents/papers which may be required.

B. OPENING OF THE BANK FOR BUSINESS AFTER THE CERTIFICATE OF AUTHORITY TO OPERATE HAS BEEN ISSUED

C. START OF OPERATIONS

Within five (5) banking days after the start of operation, the bank shall –

1. Inform the Bangko Sentral of the first day of operation and the banking days and hours; and
2. Submit a statement of condition as of the first day of operation.

D. REVOCATION OF AUTHORITY TO ESTABLISH A BANK

The authority to establish a bank shall be automatically revoked if the bank is not organized and opened for business within one year after receipt by the organizers of the notice of approval by the Monetary Board of their application.

(Circular Nos. 969 dated 22 August 2017, 930 dated 18 November 2016, and 902 dated 15 February 2016)

Footnotes

1. For foreign corporate subscribers, Items "1", "2" and "11" should be duly consularized by the Philippine Consulate Officer or authorized officer of the Philippine Representative Office in the country of origin
2. For Foreign bank subscriber other than those entering via R.A. No. 7721, as amended by R.A. No. 10641.
3. <http://www.bsp.gov.ph/downloads/Regulations/guidelines/guidelines%20for%20banks.pdf>
4. An Act to Enhance the Mobility of Disabled Persons by Requiring Certain Buildings, Institutions,

Establishments and Public Utilities to Install Facilities and Other Devices

5. An Act Granting Additional Benefits and Privileges to Senior Citizens