

[**CIRCULAR NO. 890, November 12, 2015**]

**AMENDMENTS TO THE MANUAL OF REGULATIONS FOR BANKS
AND MANUAL OF REGULATIONS FOR NON-BANK FINANCIAL
INSTITUTIONS**

*Adopted: 02 November 2015
Date Filed: 12 November 2015*

The Monetary Board, in its Resolution No. 1541 dated 08 October 2015, approved the following amendments to the Manual of Regulations for Banks

(MORB) and Manual of Regulations for Non-Bank Financial Institutions (MORNBFI).

Section 1. The following provisions of Circular No. 829 dated 13 March 2014 [Amendments to Consolidated Rules and Regulations on Currency Notes and Coins (BSP Circular No. 61, Series of 1995)] are numbered as follows to align with existing sections/subsections of the MORB/MORNBFI:

Portion of the Circular	Title	MORB Section/ Subsections	MORNBFI Section
	Philippine and Foreign Currency and Notes	X950	4950Q/ 4650S/ 4650P/ 4650N
Definition of Terms	Definition of Terms	X950.1	4950Q.1
Chapter I	Treatment and disposition of counterfeit Philippine and foreign currency notes and coins	X950.2	4950Q.2
Chapter II	Reproduction and/or use of facsimiles of legal tender Philippine currency notes	X950.3	4950Q.3
Chapter III	Reproduction and/or use of facsimiles of legal tender Philippine currency coins	X950.4	4950Q.4
Chapter IV	Clean note and coin policy	X950.5	-
Chapter V	Replacement and redemption of legal tender Philippine currency notes and coins considered mutilated or unfit for circulation	X950.6	4950Q.6
Chapter VI	Treatment and disposition of Philippine currency notes and coins called in for replacement	X950.7	4950Q.7
Chapter VII	Penalties	X950.8	4950Q.8

Section 2. The following subsection/appendices of the MORB are assigned to the provisions of Circular No. 850 dated 08 September 2014 (Report on Cross- Border Financial Position of Banks):

Portion of the	Title	New Subsection/
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Circular		Appendices
2nd par	Report on Cross-border Financial Position	X192.13
Item 2	Report on Cross-Border Financial Positions	App. 6
Annex A	Guidelines on the Completion of the Report on Cross-Border Financial Positions	App. 106

Section 3. The attachment (Framework for Dealing with Domestic Systemically Important Banks) to Circular No. 856 dated 29 October 2014 (Implementing Guidelines on the Framework for Dealing with Domestic Systemically Important Banks Under Basel III) is appended to the MORB / MORNBF, as follows:

Portion of the Circular	Title	Appendices
Attachment	Framework for Dealing with Domestic Systemically Important Banks	App. 6 App. 107 App. Q-3 App. Q-62

References to the above appendices are added to Subsections X115.5 and 4115Q.5 of the MORB and MORNBF, respectively.

Section 4. The attachment (Guidelines on EMV Implementation) to Circular No. 859 dated 24 November 2014 [Europay, MasterCard and Visa (EMV) Implementation Guidelines] is appended to MORB as follows:

Portion of the Circular	Title	New Appendix
Attachment	Europay, Mastercard and Visa (EMV) Implementation Guidelines	App. 108

Reference to the above appendix is added to Subsection X177.7 of the MORB.

Section 5. The following sections/subsections of the MORB/MORNBF are assigned to the provisions of Circular No. 860 dated 23 November 2014 [Guidelines on the Qualification/Accreditation Requirements of Personal Equity and Retirement Account (PERA) Market Participants and PERA Investment products]]:

Portion of the Circular	Title	New Section/ Subsections
Introduction	Personal Equity and Retirement Account (PERA) Market Participants and PERA Investment Products.	X960 4960Q 4460N
Section 1	Applicability	X960.1 4960Q.1
Section 2	Eligibility Criteria	X960.2 4960Q.2
Section 3	Qualifications/Accreditation Requirements	X960.3 4960Q.3
Section 4	Application for qualification/ accreditation	X960.4 4960Q.4
Section 5	Security for the faithful performance of administrators	X960.5 4960Q.5
Section 6	Grounds for suspension or revocation of qualification/accreditation of	X960.6 4960Q.6

	administrator, investment manager or custodian.	
Section 7	Penalty	X960.7 4960Q.7
Section 8	Reportorial Requirements	X960.8 4960Q.8

Section 6. References used in the following Circulars are renumbered for consistency with the MORB/MORNBF1 numbering:

Circular No.	Circular Reference	MORB/MORNBF1 Sections/Subsections/ Subsection Item/Appendices
826	App.Q-46b	App.Q-46
855	4306Q.1 – Item “h”	4306Q.1 – Item “i”
857	Part 9 Banks and Q-Regulations	X1001 4403S X1001.1 - X1001.2 4403S.1 - 4403S.2 X1002 4401P X1002.1-X1002.5 4401P.1 - 4401P.2 X1003 4402P X1003.1-X1003.2 4402P.1 - 4402P.5 41001Q 4403P 41001Q.1 - 41001.Q.2 4403P.1 - 4403P.2 41002Q 4701N 41002Q.1 - 41002Q.5 4701N.1 - 4701N.2 41003Q 4702N 41003Q.1 - 41003Q.2 4702N.1 - 4702N.5 4401S 4703N 4401S.1 - 4401S.2 4703N.1 - 4703N.2 4402S App. 110 4402S.1 – 4402S.5 App.Q-04

Section 7. The Transitory Provisions of the following Circulars are footnoted in the sections/subsections of the MORB/MORNBF1.

Circular No.	Sections/Subsections
823	X181.2
824	X233.9
830	X253.1, X405.5, 4235Q, 4405Q.5
832	X253.1, X405.5, 4235Q, 4405Q.5
844	X172

The *Transitory Provisions* of the following subsections in the MORB/MORNBF1 that have already expired are transferred as footnotes:

1. X303.5
2. X304.10
3. 4409Q.17

Section 8. The following Memoranda to Banks are incorporated to create/update the following sections/subsections/ appendices of the MORB/ MORNBF1:

Memorandum No.	Sections/Subsections
002	X111.4
003	X108.4 App. 94a
006	X192.2, X257, X269.6, X269.8, X302, X306, X338, App. 18, App. 89
007	X190.6
009	X191.2, App. 6, App. 77
010	App. 6
014	X901.1, App. 88, 4901Q.1, App. 51
015	App. 6
017	App. 6
019	App. 6, App. Q-3
020	App. 6, App. Q-3
021	X954
023	X233.9

024	App. 6
025	App. 6
026	App. 6
031	X192.2, x257, X269.6, X269.8, X302, X306, X338, App. 18, App. 89
032	App. 6
034	X233.9
035	App. 6
039	X192.2, X257, X269.6, X269.8, X302, X306, X338, App. 18, App. 89
044	App. 6
045	X960, App. 109, 4960Q, App. Q-63
046	App. 6

Section 9. The following sections/subsections of the MORB/MORNBFII are modified for consistency and shall read as follows:

<p>1. Item I of Section 1397</p> <p>Real Estate Loan Limit. Total real estate loans of UB/KBs, excluding Items "a" to "d" below, shall not exceed twenty percent (20%) of the total loan portfolio, net of interbank loans: xxx xxx xxx</p>
<p>2. Item 1.d. of 1397</p> <p>Loans to the extent collateralized by non-risk assets under existing regulations. xxx xxx xxx</p>
<p>3. Item 2 of Section 1397</p> <p><i>Real Estate Stress Test (REST) Limits.</i> A prudential limit is set for real estate exposures and other real estate property of UBs/KBs. Real estate exposures shall refer to:</p> <p>a. Real estate loans (RELs), which shall consist of:</p> <p>(1) Residential real estate loans to individual households for occupancy; and</p> <p>(2) Commercial real estate loans, which shall refer to loans granted to the following:</p> <p>(a) individuals;</p> <p>(b) land developers/ construction companies; and</p> <p>(c) other borrowers, such as</p> <p>(i) real estate brokers; (ii) real estate lessors;</p> <p>(iii) property management companies;</p> <p>(iv) holding companies; and</p> <p>(v) others, including other corporate borrowers;</p> <p>for purposes of financing real estate activities;</p> <p>b. Investments in debt securities issued by land developers/construction companies and other corporate borrowers, such as real estate brokers, real estate lessors, property management companies and holding companies, for purposes of financing real estate activities; and</p> <p>c. Investments in equity securities issued by land developers/construction companies and other corporate borrowers, such as real estate brokers, real estate lessors and property management companies, for purposes of financing real estate activities. Equity securities issued by holding companies are likewise covered, if proceeds from the issue shall be/has been invested by the holding company in its subsidiary corporation/s that is/are engaged in real estate activities.</p>