

[BSP CIRCULAR NO. 697, October 29, 2010]

**AMENDMENT OF REGULATIONS ON
RELOCATION/OPENING/VOLUNTARY CLOSURE/SALE OF
EXISTING/APPROVED BUT UNOPENED BRANCHES/OTHER
BANKING OFFICES**

Pursuant to Monetary Board Resolution No. 1424 dated 08 October 2010, the provisions of Subsections X151.7, X151.8, X151.9, X151.10, and X151.11, and Section X152 of the Manual of Regulations for Banks (MORB) are hereby amended, as follows:

Section 1. Subsection X151.7 on opening of approved branches/other banking offices is hereby amended to read as follows:

"Subsec. X151.7 Date of Opening. Approved branches/other banking offices shall be opened within one (1) year from the date of approval thereof and shall not be subject to any extension.

"Approved but not yet opened branches/other banking offices may be relocated upon prior approval by the Deputy Governor, SES, subject to the presentation of justification and valid reason for the relocation, and resubmission of the information/documents enumerated in Subsection X151.3 on application for authority to establish branches: Provided, That the opening of the relocated branch/other banking office shall be made within one (1) year from date of Monetary Board approval of its establishment and shall not be subject to any extension.

"As an incentive to merger/consolidation of banks or purchase/acquisition of majority or all of the outstanding shares of stock of a distressed bank for the purpose of rehabilitating the same, opening or relocation of approved but not yet opened branches/other banking offices may be allowed within two (2) years from date of merger/consolidation or purchase/acquisition of majority or all of the outstanding shares of stock of a distressed bank for the purpose of rehabilitating the same."

Section 2. The last paragraph of Subsection X151.8 on the requirements for opening a branch/other banking office is hereby amended to read as follows:

"Subsec. X151.8 Requirements for opening a branch/other banking office.

"x x x.

"A bank that fails to comply with any one (1) of the requirements in Subsecs. X151.2/X151.6 on the prerequisites for the grant of authority to establish a branch/establishment of other banking offices as of the date of the intended opening of the branch/other banking office shall refrain from opening the branch/other banking office on such date until it has

complied with all of the requirements under Subsecs. X151.2/X151.6: Provided, That the provisions of Subsec. X151.7 on the date of opening of banks shall be observed.”

Section 3. Subsection X151.9 on relocation of branches/other banking offices is hereby amended to read as follows:

“Subsec. X151.9 Relocation of branches/other banking offices.

Relocation of existing/operating branches/other banking offices within the same city or municipality where the branch/other banking office to be transferred is located shall be allowed without prior BSP approval: Provided, That the branch/other banking office shall be relocated and reopened within six (6) months from date of temporary closure in accordance with the following procedures:

a. Notice of relocation or temporary closure for the purpose of relocation of branches/other banking offices signed by the president of the bank or officer of equivalent rank, together with a certified true copy of the resolution of the bank’s board of directors authorizing said temporary closure and relocation; a certification signed by the president of the bank or officer of equivalent rank that the bank has no pending or unresolved supervisory issues; and an undertaking that the bank shall comply with the notification requirement under item “b” below, shall be submitted by the bank to the appropriate department of the SES. The notice shall include information as to the new relocation site, the timetable for said temporary closure and relocation, and the branch/other banking office that will handle the transactions of the branch/other banking office to be temporarily closed and relocated.

b. If no reply is received by the bank from the BSP within thirty calendar days (30) from date of receipt by the BSP of the said notification, notice of temporary closure for the purpose of relocation shall be sent by the bank to depositors and other creditors by registered mail or proof of delivery (POD) service of the Philippine Postal Corporation (PhilPost) or other mail couriers, and posters shall be displayed in conspicuous places in the premises of the branch/other banking office to be closed for relocation at least three (3) months prior to the temporary closure. Information indicating the new relocation site, the duration of the temporary closure, and the address of the branch/other banking office that will handle the transactions of the branch/other banking office to be closed/relocated shall be indicated in the said notice/posters: Provided, That said notification period may be reduced to forty-five (45) calendar days under any of the following circumstances:

- (1) as an incentive to merger or consolidation of banks;
- (2) as an incentive to purchase or acquisition of majority or all of the outstanding shares of stock of a distressed bank for the purpose of rehabilitating the same; or
- (3) the proposed relocation site is within the same barangay of the branch/other banking office to be relocated.

c. Within five (5) banking days from date of temporary closure of the branch/other banking office to be relocated, a notice of such closure, signed by the head of the branches department with the rank of a vice president or equivalent rank or by a higher ranking officer together with a certification that the notification requirement in item "b" above has been complied with and an undertaking that the branch/ other banking office shall be relocated and reopened within six (6) months from date of such closure shall be submitted to the appropriate department of the SES;

d. Within five (5) banking days from the date of relocation and opening of the relocated branch/other banking office, a notice of such relocation and opening, together with a certification signed by the head of the branches department with the rank of vice president or its equivalent rank or by a higher ranking officer that the installation of the required security devices under item "b" of Subsection X171.4 on minimum security measures has been complied with shall be submitted to the appropriate department of the SES.

"Relocation of existing/operating branches/other banking offices (i) within the same city or municipality where the branch/other banking office to be transferred is located involving temporary closure for a period beyond six (6) months but not exceeding one (1) year; or (ii) outside of the city or municipality where the branch/ other banking office to be transferred is located involving temporary closure for a period not exceeding six (6) months may be allowed upon prior approval of the Deputy Governor, SES in accordance with the following procedures:

a. Request for BSP approval of the temporary closure for the purpose of relocation of branches/other banking offices signed by the president of the bank or officer of equivalent rank, together with a certified true copy of the resolution of the bank's board of directors authorizing said temporary closure and relocation; a certification signed by the president of the bank or officer of equivalent rank that the bank has no pending or unresolved supervisory issues; and an undertaking that the bank shall comply with the notification requirement under item "b" below, shall be submitted by the bank to the appropriate department of the SES. The request shall include information as to the new relocation site, the timetable for said temporary closure and relocation, and the branch/other banking office that will handle the transactions of the branch/other banking office to be temporarily closed and relocated.

b. Upon receipt of the BSP approval, but at least three (3) months prior to the temporary closure of the branch/other banking office to be relocated, notice of temporary closure for the purpose of relocation, shall be sent to depositors and other creditors by registered mail or POD service of the PhilPost or other mail couriers, and posters shall be displayed in conspicuous places in the premises of the branch/other banking office to be closed for relocation. Information indicating the new relocation site, the duration of the temporary closure, and the address of the branch/other banking office that will handle the transactions of the branch/ other banking office to be closed/relocated shall be indicated in the said notice/ posters: Provided, That said notification period may be

reduced to forty-five (45) calendar days under any of the following circumstances:

- (1) as an incentive to merger or consolidation of banks; or
- (2) as an incentive to purchase or acquisition of majority or all of the outstanding shares of stock of a distressed bank for the purpose of rehabilitating the same; or
- (3) the proposed relocation site is within the same barangay of the branch/other banking office to be relocated, where applicable.

c. Within five (5) banking days from date of temporary closure of the branch/other banking office to be relocated, a notice of such closure, signed by the head of the branches department with the rank of a vice president or equivalent rank or by a higher ranking officer, together with a certification that the notification requirement in item "b" above has been complied with and an undertaking that the branch/other banking office shall be reopened (i) within one (1) year from date of closure in cases of relocation within the same city or municipality or (ii) six (6) months from date of such closure in case of relocation outside of the city or municipality shall be submitted to the appropriate department of the SES;

d. Within five (5) banking days from the date of relocation and opening of the relocated branch/other banking office, a notice of such relocation and opening, together with a certification signed by the head of branches department with the rank of vice president or its equivalent rank or by a higher ranking officer that the installation of the required security devices under item "b" of Subsection X171.4 on minimum security measures has been complied with, shall be submitted to the appropriate department of the SES.

e. Branches/other banking offices located in the restricted areas may be relocated anywhere; and

f. Branches/other banking offices located in other areas may be relocated only in areas where the bank is allowed to establish branches as provided in and subject to the provisions of the branching guidelines under Subsection X151.4.

"Relocation of existing/operating branches/other banking offices i) within the same city or municipality where the branch/other banking office to be transferred is located involving temporary closure for a period beyond one (1) year but not exceeding two (2) years; or ii) outside of the city or municipality where the branch/ other banking office to be transferred is located involving temporary closure for a period beyond six (6) months but not exceeding two (2) years may be allowed upon prior Monetary Board approval subject to the presentation of justification and valid reason for the relocation, in accordance with the procedures described in Items "a", "b", "c", "d", "e" and "f" above, except that the undertaking required to be submitted under Item "c" for the reopening of the branch/other banking office shall be for a period not exceeding two (2) years.