

**[ BSP CIRCULAR NO. 701, S. 2010, December 13, 2010 ]**

**AMENDMENTS TO THE REGULATIONS ON THE  
RECLASSIFICATION OF REAL AND OTHER PROPERTIES  
ACQUIRED (ROPA) TO BANK/QB PREMISES, FURNITURE,  
FIXTURE AND EQUIPMENT**

The Monetary Board in its Resolution No. 1644 dated 19 November 2010, approved the following amendments to the regulations on the reclassification of real and other properties acquired (ROPA) to bank/QB premises, furniture, fixture and equipment, as well as the selected sections and schedules of the Financial Reporting Package (FRP) issued under Circular No. 512 dated 3 February 2006, as amended, and the Simplified FRP issued under Circular No. 644 dated 10 February 2009, as amended.

**Section 1.** Subsection X160.3 of the Manual of Regulations for Banks (MORB) and Subsection 4160Q.3 of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) are hereby amended as follows:

**"Subsection X160.3/4160Q.3 Reclassification of real and other properties acquired (ROPA) to bank/QB premises, furniture, fixture and equipment.** Banks/QBs may reclassify real and other properties acquired (ROPA) to bank/QB premises, furniture, fixture and equipment, subject to the following conditions:

"(a) Prior written approval of the majority of the members of the board of directors has been obtained for such reclassification. The approval shall be manifested in a resolution passed by the board of directors during a meeting and shall contain the following information:

- " Date ROPA was acquired;  
(1)
- " Description of ROPA property;  
(2)
- " Outstanding balance of ROPA at the time of  
(3)reclassification;
- " Specific purpose for reclassifying said  
(4)property to bank/QB premises, furniture,  
fixture and equipment; and
- " Justification and plan for expansion, in the  
(5)case of real and other property earmarked  
for future use.

"Said resolution shall also be made available for inspection by BSP examiners, together with the supporting records and documents involving the ROPA account; and

"(b) Only such acquired asset, or a portion thereof, that will be (i) immediately used, or (ii) ready and available for use within a two (2)-year period from date of reclassification (in case of ROPA earmarked for future use) may be reclassified to bank/QB premises, furniture, fixture and equipment;

"(c) ROPA reclassified to bank/QB premises, furniture, fixture and equipment shall be recorded at its net carrying amount where the amounts booked as cost, accumulated depreciation and allowance for losses for bank/QB premises, furniture, fixture and equipment shall correspond to the balance of these accounts under ROPA at the time of reclassification. As such, the reclassification shall not give rise to any gains/(losses) being recognized in the bank/QB's books; and

"(d) Said reclassification shall not cause the bank to exceed the prescribed ceiling on investment in real estate and improvements thereon, including bank equipment, provided under Subsection X160.2 of the MORB.

"Within five (5) banking/business days from date of reclassification, the bank/ QB shall submit the Certification on Compliance with Regulations on the Reclassification of Real and Other Properties Acquired to Bank/QB Premises, Furniture, Fixture and Equipment (Annex A<sup>\*</sup>) signed by the president of the bank/QB or officer of equivalent rank, to the appropriate department of the SES. Said certification shall be accompanied by the certified true copy of the resolution of the bank/QB's board of directors authorizing the reclassification.

"*Sanctions.* The following sanctions shall be imposed for violations noted:

*"1. On the bank/QB*

*"a. Monetary fines*

"A bank/QB which fails to comply with the provisions of this Subsection shall be subject to monetary penalties under Appendix 67 of the MORB/Appendix Q-39 of the MORNBFI.

*"1) For non-submission of the required certification*

A bank/QB which fails to submit the required Certification on Compliance with Regulations on the

Reclassification of Real and Other Properties Acquired (ROPA) to Bank/QB Premises, Furniture, Fixture and Equipment or the certified true copy of the resolution of the board of directors authorizing said reclassification within the prescribed deadline shall be subject to monetary penalties applicable to minor offenses under Appendix 67 of the MORB/Appendix Q-39 of the MORNBFI which shall be reckoned on a daily basis from the day following the due date of submission until the required certification on compliance or the certified true copy of the resolution of the board of directors is filed with the BSP.

*"2) For false/misleading statements*

A bank/QB which has been found to have willfully made a false or misleading statement in the required Certification on Compliance with Rules and Regulations on the Reclassification of Real and Other Properties Acquired (ROPA) to Bank/QB Premises, Furniture, Fixture and Equipment or in the certified true copy of the resolution of the bank/QB's board of directors shall be subject to the monetary penalties applicable to minor offenses under Appendix 67 of the MORB/Appendix Q-39 of the MORNBFI for the willful making of a false or misleading statement which shall be reckoned on a daily basis from the day following the due date of the said certification until such time that an amended or corrected certification on compliance or certified true copy of the resolution of the board of directors has been submitted to the BSP.

*"2. On the concerned directors/officers of the bank/QB*

*"a. For willful non-compliance*

Directors/officers of the bank/QB who willfully fail/refuse to comply with the provisions of this Subsection shall be subject to the monetary penalties applicable to minor offenses under Appendix 67 of the MORB/Appendix Q-39 of the MORNBFI.

*"b. For false/misleading statements*

Directors/officers of the bank/QB which have been found to have willfully falsely certified or willfully submitted misleading statements in the required Certification on Compliance with Regulations on the Reclassification of Real and Other Property Acquired (ROPA) to Bank/QB Premises, Furniture, Fixture and Equipment or in the certified true copy of the resolution of the bank/ QB's board of directors shall be subject to