

## [ BSP CIRCULAR NO. 176, September 07, 1998 ]

### **SANCTIONS FOR NON-COMPLIANCE WITH MINIMUM CAPITAL REQUIREMENTS**

Pursuant to Monetary Board Resolution No. 1266 dated September 2, 1998, the following sanctions for non-compliance with minimum capital requirements are hereby prescribed:

#### **Monetary Penalty:**

For delayed or non-submission of the capital build-up program reckoned from the time the bank was notified in writing up to the time program has been submitted per banking day of delay, a monetary penalty of:

<b><u>Type of Bank</u></b>	<b><u>Amount of Penalty</u></b>
Expanded & Non-Expanded Commercial Banks	P 10,000.00
Thrift Banks	P 5,000.00
Rural Banks	P 1,000.00

#### **Non-Monetary Penalty:**

Non-monetary penalties shall depend on the degree of capital deficiency incurred by the bank, as follows:

#### **For COMMERCIAL BANKS:**

<b>% of Capital Deficiency</b>	<b>Penalty</b>
Up to 20%	<ul style="list-style-type: none"><li>- Suspension of authority to invest in non-allied undertakings (for EKBs only)</li><li>- Suspension of authority to invest in allied undertakings</li><li>- Suspension of securities and dealership functions (for EKBs only)</li><li>- Suspension of branching privileges</li><li>- Suspension of declaration of cash dividends</li></ul>
Up to 40%	<ul style="list-style-type: none"><li>- Suspension of authority to invest in non-allied undertakings (for EKBs only)</li><li>- Suspension of authority to invest in allied undertakings</li><li>- Suspension of securities and dealership functions (for EKBs only)</li><li>- Suspension of branching privileges</li><li>- Suspension of declaration of cash</li></ul>

	dividends
	- Restrictions on overall loan growth/investments (new loans to the extent of collections only)
	- Restrictions on lending affiliates
	- Denial of access to BSP rediscounting facilities
	- Suspension of authority to accept or handle government deposits
Up to 60%	- Suspension of authority to invest in non-allied undertakings (for EKBs only)
	- Suspension of authority to invest in allied undertakings
	- Suspension of securities and dealership functions (for EKBs only)
	- Suspension of branching privileges
	- Suspension of declaration of cash dividends
	- Restrictions on overall loan growth/investments (new loans to the extent of collections only)
	- Restrictions on lending affiliates
	- Denial of access to BSP rediscounting facilities
	- Suspension of authority to accept or handle government deposits
	- Suspension of authority to engage in quasi-banking activities
	- Suspension of authority to engage in derivative activities
	- Suspension of FCDU/EFCDU activities
	- Suspension of trust operations
Up to 80%	- Suspension of authority to invest in non-allied undertakings (for EKBs only)
	- Suspension of authority to invest in allied undertakings
	- Suspension of securities and dealership functions (for EKBs only)
	- Suspension of branching privileges
	- Suspension of declaration of cash dividends
	- Denial of access to BSP rediscounting facilities
	- Suspension of authority to accept or handle government deposits
	- Suspension of authority to engage in quasi-banking activities
	- Suspension of authority to engage in derivative activities