

November 15, 1965

**EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT BETWEEN
THE REPUBLIC OF THE PHILIPPINES AND THE UNITED STATES
OF AMERICA RELATING TO THE ESTABLISHMENT OF
COMMERCIAL BANKING FACILITIES AT THE UNITED STATES
NAVAL BASE AT SUBIC BAY**

Note: The Agreement entered into force, November 15, 1965.

The American Embassy to the Philippine Department of Foreign Affairs

No. 358

The Embassy of the United States of America presents its compliments to the Department of Foreign Affairs of the Republic of the Philippines and has the honor to refer to recent informal consultations, which have taken place between officers of the Embassy and officials of the Department of Foreign Affairs, concerning the urgent need for establishment of banking facilities at the United States Naval Base at Subic Bay.

As the Government of the Philippines is aware, the need for such banking facilities to serve the requirements of this Base and its personnel has continued to increase significantly.

In order to fulfill a part of this increasingly urgent need, a United States Treasury Facility, an agency of the United States Government, is being established at the United States Naval Base at Subic Bay, in accordance with the provisions of Article XVIII of the Philippine-United States Military Bases Agreement of 1947.

In order to fulfill the remainder of this increasingly urgent need, the United States Government proposes establishment on the Base of a commercial branch by a Philippine bank. In accordance with the provisions of Article XIX of the above referenced Military Bases Agreement, the consent of the Philippine Government is therefore requested for establishment within the limits of the United States Naval Base at Subic Bay of a commercial branch by a Philippine bank. This commercial branch would, of course, be subject to the exercise of all applicable controls by Philippine monetary and banking authorities. The fact that it would actually be located within the limits of the United States Naval Base would convey no immunity whatsoever from such Philippine controls. Philippine Government officials, when required to do so in the performance of their official duties, would be permitted to enter the Base for the purpose of examining the operations of this commercial branch.

As the Government of the Philippines is aware, the Olongapo branch of the Prudential Bank and Trust Company currently provides substantial banking services to the United States Naval Base at Subic Bay and its personnel. The Prudential Bank and Trust Company, which has been designated a Depository of Public Moneys of the United States since July 13, 1959, has proposed to the Commanding Officer of the United States Naval Base at Subic Bay that it be authorized to establish such a commercial branch as referred to above within the limits of the Base. Subject to the consent of the Philippine Government, in accordance with the provisions of Article