

[BSP CIRCULAR NO. 699, S. 2010, November 17, 2010]

PERSONS DISQUALIFIED TO BECOME OFFICERS

Pursuant to Monetary Board Resolution No. 1515 dated 28 October 2010, the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) are hereby amended as follows:

Section 1. Subsec. X143.2b of the MORB and Subsecs. 4143Q.2b, 4143S.2b, and 4143N.2b of the MORNBFI on persons disqualified to become officers are hereby amended as follows:

***"Subsec. X143.2/Subsecs. 4143Q.2, 4143S.2 and 4143N.2
Persons disqualified to become officers.***

"b. The spouses or relatives within the second degree of consanguinity or affinity are prohibited from holding officership positions across the following functional categories within a bank/ financial institution:

- 1) Decision making and senior management functions, e.g., Chairman, President, Chief Executive Officer (CEO), Chief Operating Officer (COO), General Manager, and Chief Financial Officer (CFO) other than the Treasurer or Controller;
- 2) Treasury function, e.g., Treasurer and Vice President – Treasury;
- 3) Recordkeeping and financial reporting functions, e.g., Controller and Chief Accountant;
- 4) Safekeeping of assets, e.g., Chief Cashier;
- 5) Risk management function, e.g., Chief Risk Officer;
- 6) Compliance function, e.g., Compliance Officer; and
- 7) Internal audit function, e.g., Internal Auditor.

The spouse or a relative within the second degree of consanguinity or affinity of any person holding the position of Manager, Cashier, or Accountant of a branch or extension office of a bank/financial institution or their respective equivalent positions is disqualified from holding or being appointed to any of said positions in the same branch or extension office."

This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.