

[BSP CIRCULAR LETTER, September 19, 1999]

GUIDELINES ON THE SUSPENSION OF THE GRANT OF NEW BANK LICENSES

For the guidance of all concerned, the Monetary Board in its Resolution No. 1224 dated 27 August 1999, approved the issuance of the following clarifications on the suspension of the grant of new bank licenses:

1. On Establishment of New Banks

Pending completion of a study, there shall be an indefinite moratorium on the establishment of new banks, except in cities and municipalities where there are no existing banking offices.

The moratorium shall apply to all applications for establishment of new banks, including pending ones received prior to 16 August 1999.

However, approved but not yet opened banks shall be exempted from the moratorium. Requests for extension of the period within which to open-approved but not yet opened banks shall, however, be evaluated on a case-to-case basis depending, among others, on the bank's substantial compliance with the pre-operating requirements.

2. On mergers and acquisition of domestic banks

Mergers and consolidations among domestic banks, as well as purchases or acquisitions of majority or all of the outstanding shares of stocks of a domestic bank, shall not be subject to moratorium.

3. On foreign banks establishing a branch/subsidiary or acquiring an existing domestic bank

Applications for establishment of a branch/subsidiary or acquisition of an existing domestic bank by a foreign bank pursuant to R.A. No. 7721 shall be exempted from the moratorium.

The exemption from the moratorium shall also apply to applications for establishment of additional branches by foreign banks with existing branch/es.

4. On establishment of new branches

Pending issuance of a new set of guidelines for the establishment of new branches, there shall be a moratorium on the establishment of new branches, except as follows: