

Invitation to Comment on the **Exposure Draft of the Implementing Guidelines** for the Streamlined Procedures for Applications for Mergers, Consolidations, and Acquisitions of Banks

Pursuant to the Government's thrust to promote ease of doing business, the Philippine Deposit Insurance Corporation, Bangko Sentral ng Pilipinas, Securities and Exchange Commission, Cooperative Development Authority, and the Philippine Competition Commission ("Agencies") executed in October 2021 the Memorandum of Agreement on the Procedures for Applications for Mergers, Consolidations and Acquisitions ("MCA") of Banks. The inter-agency agreement embodies the harmonization of requirements and the streamlining of procedures among Agencies in the evaluation of merger, consolidation, and acquisition proposals of banks.

In line with this, the Agencies hereby issue for public consultation the Draft Implementing Guidelines for the Streamlined Procedures for Applications for MCA of Banks. The subject Guidelines shall be for the information and/or guidance of banks.

We would like to seek your comments on the draft Guidelines prior to its issuance. Please submit the duly signed written comments on the exposure draft **until 11 March 2022** to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Email address: \_\_\_\_\_



As of 15 February 2022

## **IMPLEMENTING GUIDELINES For the Streamlined Procedures for Applications for Mergers, Consolidations, and Acquisitions of Banks**

### **Section 1. Scope and Coverage**

The Guidelines shall apply to the applications for Mergers, Consolidations, and Acquisitions (MCA) of banks, which are non-notifiable or are exempted from compulsory notification under an effective guideline or circular issued by the Philippine Competition Commission, and do not involve financial assistance from the Philippine Deposit Insurance Corporation under Section 22 (e) of Republic Act No. 3591, as amended.

### **Section 2. Definition of Terms**

**Acquisitions** – refer to acquisition transactions between banks involving the purchase of recorded assets and assumption of recorded liabilities (P&A), subject to the provisions of existing and applicable laws.

**Agency** – refers individually to any agency between and among the Philippine Competition Commission (PCC), Philippine Deposit Insurance Corporation (PDIC), Bangko Sentral ng Pilipinas (BSP), Securities Exchange Commission (SEC), and Cooperative Development Authority (CDA).

**Agencies** – refers collectively to the PCC, PDIC, BSP, SEC, and CDA involved in the harmonization of the list of requirements and synchronization of process flow and timelines for the evaluation of MCA.

**Agreement** – refers to the “Memorandum of Agreement on the Procedures for Applications for Mergers Consolidations and Acquisitions of Banks” dated 29 October 2021 executed by and among the Agencies.

**Banks** – refer to entities engaged in the lending of funds obtained in the form of deposits and are classified into universal banks, commercial banks, thrift banks, rural banks, cooperative banks, Islamic banks, digital banks, and other classification of banks as determined by the Monetary Board of the BSP.

**Business Day** – refers to Monday to Friday except local and national holidays, and non-working days due to a declaration of suspension or cancellation of work for government offices.

**Calendar Day** – refers to all the days of the year including Saturday, Sunday, and holidays.

**Consolidation** – is the union of two (2) or more banks into a single new bank, called the consolidated bank, all the constituent banks thereby ceasing to exist as separate entities. The consolidated bank shall thereupon and thereafter possess all the rights, privileges, immunities, franchises and properties, and assume all the liabilities and obligations of each of the constituent banks in the same manner as if it had itself incurred such liabilities or obligations.

**Corporate Documents** – refer to the Articles of Incorporation/Cooperation, By-Laws, Articles of Merger/Consolidation, Plan of Merger/Consolidation, Purchase and Sale Agreement, and any other corporate document, including any agreements or documents relating to the incorporation, ownership or management of the entity subject of the MCA application.

**Lead Proponent Bank** – refers to the bank overseeing the arrangement of the merger, consolidation or acquisition transaction; one whose financial condition shall be the basis of determining compliance with the web-based self-assessment questionnaire (SAQ) of the BSP.

**Letter of Acknowledgment** – refers to the PCC's confirmation that the MCA transaction is a Non-Notifiable Transaction.

**Letter of Non-Coverage from Compulsory Notification** – refers to the letter submitted to the PCC by Proponent Banks seeking confirmation that an MCA transaction is not covered by the compulsory notification requirement under Section 17 of the Philippine Competition Act (PCA), if required by the BSP, PDIC, SEC, or CDA.

**Merger** – is the absorption of one (1) or more banks by another existing bank, which retains its identity and takes over the rights, privileges, franchises, and properties, and assumes all the liabilities and obligations of the absorbed bank/s in the same manner as if it had itself incurred such liabilities or obligations. The absorbing bank continues its existence while the life or lives of the other bank/s is/are terminated.

**Non-Notifiable Transactions** – refer to MCA transactions that do not reach the notification thresholds provided under Rule 4, Section 3 of the Implementing Rules and Regulations of R.A. No. 10667 or the PCA, as amended by PCC Memorandum Circular No. 18-001, or provided under a law, or are exempted from compulsory notification under an effective circular or guideline issued by the PCC.

**Proponent Banks** – refers to banks applying for MCA.

### **Section 3. Submission of the Application of the Proponent Banks**

3.1. The Lead Proponent Bank shall accomplish the SAQ (**Annex A**) pursuant to Section 111 and Appendix 124 of the Manual of Regulations for Banks, as implemented by BSP Memorandum No. M-2020-077 dated 28 September 2020. The accomplishment of the SAQ will be acknowledged by the BSP via automatic-reply, copy furnished the Agencies.

Within five (5) business days from the automatic reply, the BSP shall notify/confirm with the Proponent Banks, copy furnished the Agencies, of its eligibility/non-eligibility to submit the MCA application and documentary requirements. The confirmation of eligibility at this point should not be construed as BSP's pre-approval of the MCA application.

3.2. The Proponent Banks shall submit simultaneously to the Agencies concerned the duly-accomplished Application Form (**Annex B**), together with the documents required under the Harmonized List of Requirements classified as follows:

- a. Common Documents Required by All Agencies (**Annex C**);
- b. Distinct Documents Required by Each Agency (**Annex D**).

The authorized signatory/ies is/are the person/s authorized by the respective Boards of the Proponent Banks as its representative/s in the MCA transaction.

Upon receipt by each Agency of the duly filled-up Application Form and documentary requirements, the application form shall be stamped, either in wet, digital and/or electronic stamp/signature, with the actual date of receipt by the Agencies.

3.3. BSP shall assign a Unified Application Number (UAN) to the MCA application upon confirmation of receipt thereof by all the Agencies. The BSP shall immediately disseminate the UAN to the Agencies through e-mail. All correspondences regarding the MCA application shall indicate thereon the assigned UAN.

3.4. The MCA Application and documentary requirements may be submitted to the Agencies either by personal service, registered mail or courier service, or transmitted by electronic mail or other electronic means, in accordance with each Agency's rules and regulations, addressed to the following:

Agency	Designated Officer and Address	Email address
PCC	The Director Mergers and Acquisitions Office Philippine Competition Commission 25F Vertis North Corporate Center 1 North Avenue, Quezon City	mergers@phcc.gov.ph or mergers1nd@phcc.gov.ph
PDIC	President and CEO Philippine Deposit Insurance Corporation 7F SSS Building Ayala Ave., Cor. Rufino St., Makati City	mca@pdic.gov.ph
BSP	The Director Financial Supervision Department Bangko Sentral ng Pilipinas A. Mabini St. Malate, Manila	mca-applications@bsp.gov.ph
SEC	Assistant Director Financial Analysis and Audit Division Company Registration and Monitoring Department Securities and Exchange Commission	mergersconsobanks_faad@sec.gov.ph

CDA	The Administrator, thru The Director Registration, Supervision and Examination Service Cooperative Development Authority 827 Aurora Blvd, Brgy. Immaculate Concepcion Cubao, Quezon City	registration@cda.gov.ph
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MCA Application and documentary requirements transmitted by electronic mail or other electronic means shall be encrypted or password-protected. The transmission of the password of the files shall be made in a separate e-mail or through other means.

#### **Section 4. Assessment of the Completeness of Documents**

- 4.1. Each Agency shall undertake an independent initial review/assessment of the submitted documents as to completeness, based on their respective mandates and requirements and in accordance with the respective turn-around times (TAT) of the Agencies.
- 4.2. If found to be incomplete, each Agency shall notify the Proponent Banks of, the deficiencies noted, within the TAT provided below:

Agency	TAT to Notify Proponent Banks
PCC	Within seven (7) business days from receipt of the MCA application
PDIC	Within seven (7) business days from receipt of the MCA application
BSP	Within seven (7) business days from latest receipt by any of the Agencies of the MCA application
SEC	Within seven (7) business days from receipt of the MCA application
CDA	Within seven (7) business days from receipt of the MCA application

The Proponent Banks shall have fifteen (15) calendar days from receipt of notice within which to submit/comply with any noted deficiency subject to the inextendible period of five (5) calendar days upon written request from the Proponent Banks to the Agencies concerned prior to the lapse of the first fifteen (15) days of compliance. Should the Proponent Banks fail to comply/submit the noted deficiencies within the periods provided in this Section, the MCA application shall no longer be processed and considered closed or terminated without prejudice to the re-filing thereof.

- 4.3. The Agencies shall commence their respective evaluation of the Proponent Banks' application upon receipt of the MCA application and complete requirements and payment of fees, as applicable.

## Section 5. Evaluation of the MCA Application

5.1. Each Agency shall undertake an independent evaluation of the MCA application, based on their respective mandates, as follows:

Agency	Determination
PCC	Determination if the proposed MCA transaction is non-notifiable  Should the PCC find during the evaluation of an MCA Application that the Proponent Banks must file Notification Forms, the PCC shall inform the Proponent Banks of such finding and require the Proponent Banks to file Notification Forms. In such case, the fifty-five (55) business days timeline under these Guidelines shall not apply. The BSP, PDIC, SEC or CDA shall proceed with the processing of the MCA application in accordance with their respective policies, rules, and regulations.
PDIC	Compliance with PDIC Charter and PDIC Regulatory Issuances
BSP	Viability assessment of the business plan, and compliance with banking laws and BSP regulations
SEC	Compliance with the Revised Corporation Code and applicable Rules and Regulations
CDA	Compliance with the Philippine Cooperative Code of 2008

5.2. The Agencies shall have a total of fifty-five (55) business days to process the MCA application, which shall be reckoned from the date of receipt by the Lead Proponent Banks of the latest Notice of Complete Submission issued by any of the Agencies or the receipt by the BSP, PDIC, SEC, and CDA of the PCC's email notifying the other Agencies of the complete submission of requirements by the Proponent Banks, whichever is later (the "Reckoning Date").

5.3. The Proponent Banks shall have a continuing obligation to inform the Agencies of any change in their proposal.

The MCA application shall be deemed withdrawn and/or terminated, without prejudice to refiling in case of any of the following major changes, such as, but not limited to:

- a. Changes in the composition of the Proponent Banks and/or change in the Lead Proponent Bank;
- b. Changes in the mode of business combination (e.g., from merger to consolidation or to P&A or vice-versa);
- c. Changes in the ownership and/or beneficial ownership; or
- d. Changes in the cut-off dates of the assets and liabilities to be transferred to the Surviving Bank (for mergers or P&A) or to the new entity (for consolidation).

Should there be other changes in their proposal considered to be major by any of the Agencies, the Proponent Banks will be notified by the Agency concerned, copy furnished the other Agencies, that the MCA application is deemed withdrawn and/or terminated without prejudice to re-filing.

Should the change occur after the PCC shall have issued the Letter of Acknowledgment stated in Section 5.4 for changes not deemed a substantial modification under the PCC Rules on Merger Procedure, said Letter shall be vacated without prejudice to reinstatement after re-filing and upon full compliance by the Proponent Banks with the requirements of all the Agencies.

- 5.4. Each Agency shall evaluate the MCA application and issue the following notices/issuances to the Proponent Banks, copy furnished the other Agencies, within the TAT hereunder indicated:

Agency	TAT from Reckoning Date	Document to be Issued
PCC	Within seven (7) business days	Letter of Acknowledgment
PDIC	Within twenty (20) business days	Written consent subject to the approval of the MB and the conditions enumerated under Section 5.5
BSP	Within forty (40) business days	Certificate of Authority to Register (CoAR) or favorable recommendation in case of Mergers and Consolidations, or, the Notice of Approval by the Monetary Board in case of Acquisitions; or, Letter of Non-Compliance, informing the Proponent Banks, of the: (i) deficiencies noted; and (ii) the return of its application and accompanying documents and that the same is considered as "closed," as applicable.
SEC	Within twenty (20) business days	Notification Letter to the BSP on the Proponent Banks' compliance with the Revised Corporation Code and applicable Rules and Regulations; or, Letter of Non-compliance to the Proponent Banks, as applicable.
CDA	Within twenty (20) business days	Notification Letter to the BSP on the Proponent Banks' compliance with the Philippine Cooperative Code of 2008 and applicable rules and regulation; or, Letter of Non-Compliance to the Proponent Banks, as applicable.

- 5.5. Not later than five (5) business days after receipt of the CoAR/favorable recommendation or MB approval, as applicable, the Proponent Banks shall submit to the PDIC, BSP, and SEC / CDA, a Notarized Certification and/or Proof of Notice to Creditors/Depositors and Proof of Publication or Posting Announcement of merger, consolidation, or acquisition by the Proponent Banks that shall include the following:

- (a) the respective depositors and creditors have been duly notified of the approved transaction and its full implication on the: (1) deposit liabilities of the Proponent Banks and (2) the rights of the depositors; and
- (b) the Proponent Banks have set aside sufficient funds to cover possible withdrawal of depositors upon the actual merger, consolidation or acquisition.

5.6. The SEC or the CDA, as applicable, shall issue the following within the period indicated and after payment of applicable fees:

Agency	Documents to be Issued	TAT from receipt of the Notice to Depositors/Creditors under 5.5 and payment of applicable fees
SEC	Certificate of Filing of the Articles and Plan of Merger or Certificate of Filing of the Articles and Plan of Consolidation	Within fifteen (15) business days
CDA	Certificate of Merger or Certificate of Registration	Within ten (10) business days

5.7. If upon evaluation, the MCA application does not meet the requirements of one or more Agencies, the MCA application shall be returned and the application process shall be deemed terminated. The Agency/ies concerned shall issue the following notice or letter copy furnished the other Agencies indicating the ground/s for the denial and/or termination of the application:

Agency	Document to be Issued
PCC	Notice of Non-Acceptance of the Letter of Non-Coverage from Compulsory Notification
PDIC	Letter of Denial of MCA Application
BSP	Letter of Non-Compliance
SEC	Letter of Non-Compliance
CDA	Letter of Non-Compliance

Upon receipt by the Proponent Banks of any of the above notice or letter as applicable, from the Agency/ies concerned, clearances which may have been issued by the PDIC, BSP, SEC or CDA to the MCA application prior to such Letter of Denial from PDIC, or Letter of Non-Compliance from BSP, SEC or CDA, shall cease to have force and effect.

Such Letter of Denial of the MCA application from PDIC, or Letter of Non-Compliance from BSP, SEC or CDA shall be without prejudice to the filing by the Proponent Banks of another MCA application.

5.8. Notices shall be served to the Proponents Banks either through email, registered mail, or courier addressed to the Proponent Banks' designated email address or contact person.



Notice to the Proponent Banks shall be deemed complete, as follows:

- a. E-mail – upon transmission unless notice on the failure of delivery is received.
- b. Correspondence sent through courier or delivered through personal service – based on the date of receipt by the addressee.
- c. Registered mail – upon actual receipt by the addressee or five (5) calendar days after the date of receipt of the first notice from the postmaster.

5.9. The mode of communication to the Proponent Banks and among the Agencies shall be through printed letter or electronically-signed letter sent via email using the official addresses indicated in Section 3.4 of this Guidelines.

#### **Section 6. Amendment and Review**

These Guidelines may be reviewed and amended by the Agencies as the need arises in order to carry out the objectives of the Agreement. Any request for the amendment of all or any part of these Guidelines may be made at the instance of any Agency. Any such amendment agreed to shall be reduced in writing via issuance of another Joint Circular by the Agencies to provide proper notice to the banks and shall come into force and effect upon date of publication.

#### **Section 7. Effectivity**

These Guidelines shall take effect within fifteen (15) calendar days from the date of publication in a newspaper of general circulation.

**GUIDELINES ON THE USE OF THE WEB-BASED SELF-ASSESSMENT  
QUESTIONNAIRE (SAQ) FOR MERGER, CONSOLIDATION  
and ACQUISITION (MCA) TRANSACTIONS**

*Adopted from BSP Memorandum No. M- 2020 – 077 dated 28 September 2020*

### Coverage

1. All Lead Proponent Banks shall conduct an eligibility test and self-assessment pursuant to Section 111 and Appendix 124 of the Manual of Regulations for Banks (MORB), as implemented by BSP Memorandum No. M- 2020 – 077 dated 28 September 2020. The Lead Proponent Bank shall accomplish the web-based Self-Assessment Questionnaire (SAQ) before submission of a merger, consolidation or acquisition application to the Philippine Competition Commission (PCC), Philippine Deposit Insurance Corporation (PDIC), Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), or Cooperative Development Authority (CDA), herein collectively referred to as the Agencies.

### Mechanics

2. The accomplishment of the SAQ shall be one of the requirements in the submission of an MCA application of banks. Failure to accomplish the SAQ prior to submission of an application shall be a ground for the return of application.
3. The SAQ can be accessed in the BSP website by using the FI Code of the Lead Proponent Bank. It shall be accomplished only by the Lead Proponent Bank's Chief Compliance Officer or any authorized senior officer with the rank of at least Senior Vice-President. The Lead Proponent Bank is reminded that any misrepresentation in the responses in the SAQ may be a ground for the imposition of applicable supervisory enforcement action(s) under Section 37 of Republic Act (R.A.) No. 7653, as amended by R.A. No. 11211, and the return of application.
4. A "Yes" answer to all applicable questions in the SAQ is expected since this is an indication of the qualification of the Lead Proponent Bank for the MCA transaction applied for. In case of "No" answers, however, the BSFI shall provide justification(s) therein including relevant information on the actions taken to comply with a directive or commitment and updates on supervisory concerns, such as on corporate governance, financial condition and risk management, that are necessary in the course of evaluation by the supervising or specialist department.
5. Within twenty-four (24) hours from accomplishing the web-based SAQ, the Lead Proponent Bank will receive an automatic reply (auto-reply)<sup>1</sup> from the

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<sup>1</sup> The concerned BSP-Financial Supervision Department shall be automatically copied in this auto-reply to the lead proponent bank.

BSP, copy furnish the concerned BSP-Financial Supervision Department (FSD) and Agencies. In the event that the Lead Proponent Bank does not receive the auto-reply after the lapse of twenty-four (24) hours, the Lead Proponent Bank should immediately inform the BSP of the said concern by sending an email to [mca-applications@bsp.gov.ph](mailto:mca-applications@bsp.gov.ph).

6. Within five (5)-business days from its receipt of the auto-reply, the Lead Proponent Bank, copy furnish the Agencies, shall receive an email notification/confirmation from the concerned BSP-FSD relative to the latter's validation of the Lead Proponent Bank's representations in the SAQ. Only after the Lead Proponent Bank is confirmed as eligible for the MCA transaction applied for as received by the BSP, may the Lead Proponent Bank proceed to submit its application together with complete supporting documents to the Agencies. It bears stressing that a confirmation of eligibility at this point should not be construed as BSP's pre-approval of the MCA application.
7. In case concerns or objections were received from the BSP instead of a confirmation of eligibility, the Lead Proponent Bank shall refrain from submitting its application until the noted concerns or objections are properly addressed, and a subsequent confirmation of eligibility is received from the concerned BSP-FSD.
8. In no case shall the Lead Proponent Bank submit an MCA application without the confirmation of eligibility from the concerned BSP-FSD, informing that it may proceed with the submission of its application to the Agencies.
9. The confirmation of eligibility from the concerned BSP-FSD shall have a 30-business day validity from date of issuance thereof. The Lead Proponent Bank may submit the MCA application to the Agencies within said validity period. However, should there be a need to re-submit the application, the Lead Proponent Bank shall accomplish anew the web-based SAQ upon resubmission of an application, notwithstanding that resubmission is still within the 30-business day validity of the confirmation of eligibility.
10. The Lead Proponent Bank should ensure that it uses only its official email addresses as registered and/or with the Department of Supervisory Analytics updated pursuant to BSP Memorandum Nos. M-2017-026 dated 11 September 2017. The BSP shall not be liable in case the Lead Proponent Bank's submission of the SAQ shall be invalidated and the auto-reply function will fail because of invalid formats used in the SAQ submission. The BSP shall likewise not be liable for any breach of data or information in case BSP response/notification is sent to an incorrect email address provided by the Lead Proponent Bank.



**Annex B**

**Application No.** \_\_\_\_\_  
*(to be filled up by the Agency)*

Type of Transaction                       Merger                       Consolidation                       Purchase of Assets & Assumption of Liabilities (P&A)

Surviving Bank (if merger) \_\_\_\_\_  
Proposed Name (if consolidation) \_\_\_\_\_  
Acquirer (if P&A) \_\_\_\_\_  
Contact Person and Contact No. \_\_\_\_\_

Information on Applicant Banks:

	Bank 1	Bank 2
Name	_____	_____
Type (e.g., Universal, Commercial, Thrift, Rural, Cooperative)	_____	_____
Address	_____	_____
President Chairman of the Board	_____	_____
Major Stockholders (include % of ownership) (add a separate sheet for SH holding more than 10%)	_____ _____ _____	_____ _____ _____
Transaction Approval:		
Board Resolution No.	_____	_____
Date	_____	_____
Stockholders' Resolution No.	_____	_____
Date	_____	_____

Authorized Signatories (as indicated in the Board Resolution of the transaction approval):

[Name of Bank]

[Name of Bank]

\_\_\_\_\_  
(Signature over Printed Name)

\_\_\_\_\_  
(Signature over Printed Name)

Position: \_\_\_\_\_

Position: \_\_\_\_\_

*(Add separate sheet if necessary)*

**JOINT DECLARATION AND UNDERTAKING**

The \_\_\_\_\_, a (type of bank) duly organized and existing under Philippine laws, holding office at \_\_\_\_\_, represented by its \_\_\_\_\_, \_\_\_\_\_, duly authorized for this purpose under Board Resolution No. \_\_\_\_\_ dated \_\_\_\_\_ (Annex 1);

and

The \_\_\_\_\_, a (type of bank) duly organized and existing under Philippine laws, holding office at \_\_\_\_\_, represented by its \_\_\_\_\_, \_\_\_\_\_, duly authorized for this purpose under Board Resolution No. \_\_\_\_\_ dated \_\_\_\_\_ (Annex 2);

(collectively referred to as the **“Proponent Banks”**)

The Proponent Banks hereby declare, warrant, and undertake to the Philippine Competition Commission, Philippine Deposit Insurance Corporation, Bangko Sentral ng Pilipinas, Securities and Exchange Commission or Cooperative Development Authority (the **“Agencies”**) that:

1. The information provided and the documents submitted along with this application for merger/consolidation/acquisition (the “Application”) based on the Harmonized List of Requirements are true, correct and complete;
2. Should there be additional/revised documents required in the processing of the Application, the Proponent Bank/s shall strictly comply within set deadlines from receipt of Notice from the Agency requiring the same. The failure to comply with the Agency’s requirements and to submit the said documents within the allowable period shall render the Application denied and the application process terminated;
3. In case any document or information submitted by the Proponent Bank/s is found to be false, untrue, misrepresenting, or misleading, the same shall render the clearance, consent, certificate, or approval issued by any of the Agencies on the Application revoked or denied.
4. All representations, information, and statements pursuant to the Application are the sole responsibility of the Proponent Banks. The Proponent Banks shall indemnify, and hold the Agencies, their directors, officers, employees, agents and representatives free and harmless, against any and all claims, loss, damage, costs, and expenses of any nature whatsoever, which may arise out of, or based upon, any deficiency, misrepresentation or untrue statement in the Application by the Proponent Banks.

Authorized Signatories:

[Name of Bank]

[Name of Bank]

\_\_\_\_\_  
(Signature over Printed Name)

\_\_\_\_\_  
(Signature over Printed Name)

Position: \_\_\_\_\_

Position: \_\_\_\_\_

*(Add separate sheet if necessary)*

SUBSCRIBED AND SWORN TO before me, a Notary Public for and in \_\_\_\_\_ this \_\_\_\_  
day of \_\_\_\_\_, by:

Name

Competent Proof of Identity

Doc. No. \_\_\_\_\_:

Page No. \_\_\_\_\_:

Book No. \_\_\_\_\_:

Series of \_\_\_\_\_.



Annex C

Merger, Consolidation, and Acquisition<sup>1</sup> Transactions of Banks  
**Common Documents Required by All Agencies**

Legend: PC – Printed Copy  
 EC – Electronic Copy

Description of Documents	PCC	PDIC	BSP	SEC	CDA
<b>STAGE 1. COMPLETENESS CHECK</b>					
1. Articles of Merger or Consolidation (templates provided)	PC EC	EC	EC	PC EC	
2. For mergers (with proposed increase in capital stock and/or any amendment in the Articles of Incorporation/ Cooperation)					
2.1 Proposed Amended Articles of Incorporation/ Cooperation of surviving bank/cooperative bank			EC	PC EC	PC EC
2.2 Certificate of increase in capital stock of surviving bank			EC	PC EC	PC EC
2.3 Treasurer's Affidavit certifying the increase in capital stock, the amount subscribed, and the amount received as payment thereto			EC	PC EC	PC EC
2.4 Notarized Directors' Certificate (surviving bank) signed by the majority of the directors and the Corporate Secretary certifying the following information: <ul style="list-style-type: none"> <li>• amendment of the Articles of Incorporation/Cooperation,</li> <li>• votes of the directors and Stockholders (SH)/ Members, as applicable, thereto, and</li> <li>• place and date of SH/Members' meeting, as applicable.</li> </ul>			EC	PC EC	PC EC
For consolidation:					
2.5 Name verification/ reservation			EC	PC EC	PC EC
2.6 New Articles of Incorporation/Cooperation and By-Laws			EC	PC EC	PC EC
2.7 Treasurer's Affidavit (for stock)			EC	PC EC	PC EC
2.8 Undertaking to change name (if not incorporated in the Articles of Incorporation/Cooperation).				PC EC	PC EC

<sup>1</sup> For PCC, acquisition includes purchase of assets and assumption of liabilities and/or acquisition of control. For PDIC, acquisition refers to purchase of assets and assumption of liabilities involving deposit liabilities only.

Description of Documents	PCC	PDIC	BSP	SEC	CDA
3. Plan of Merger or Consolidation (templates will be provided)	PC EC	SC	EC	PC EC	PC EC
For Purchase of Assets and Assumption of Liabilities (P&A): 3.1. Purchase and Sale Agreement (PSA) setting forth the following: <ul style="list-style-type: none"> <li>▪ Names of the proponent institutions;</li> <li>▪ Terms of the PSA and the mode of carrying the same into effect including, but not limited to, -- <ul style="list-style-type: none"> <li>○ Breakdown and details of assets to be acquired;</li> <li>○ Breakdown and details of liabilities to be assumed;</li> <li>○ Purchase price of the assets and liabilities and the mode of payment;</li> <li>○ Such other provisions with respect to the proposed asset acquisition/assumption of liabilities as are deemed necessary or desirable.</li> </ul> </li> </ul>	PC EC	EC	EC		
3.2. Notarized certification signed by the duly-authorized signatory of the selling party that all requirements under the Bulk Sales Law (Act No. 3952) and all laws relevant thereto have been complied with.		EC	EC		
4. Corporate secretary's certificates of the respective banks on the stockholders' and/or board of directors' approval of the application for merger/consolidation/acquisition, including the duly-authorized signatories of the proponent banks. <ul style="list-style-type: none"> <li>• certified under oath by the Corporate Secretaries of the respective institutions</li> </ul> For Cooperatives, resolutions of the General/ Representatives Assembly of the respective institutions approving the merger, consolidation, or acquisition, including the duly-authorized signatories of the proponent banks. <ul style="list-style-type: none"> <li>• certified under oath by the Corporate Secretaries of the respective institutions</li> </ul>	PC EC	EC	EC	PC EC	
5. Notarized Secretary's Certificate of the list of Stockholders/members and their stockholdings of record before and after the merger/consolidation	PC EC	EC	EC	PC EC	PC EC
6. Notarized Secretary's Certificate on no pending case involving intra-corporate dispute			EC	PC EC	
7. Financial Statements (FS) <ul style="list-style-type: none"> <li>• Latest audited FS of the proponent banks (as applicable)</li> </ul>	PC EC	EC	EC		PC EC
<ul style="list-style-type: none"> <li>• Latest audited FS as of a date not earlier than 120 days prior to date of filing of application</li> </ul>	PC EC			PC	
<ul style="list-style-type: none"> <li>• 3-year financial projections with valid assumptions of the merged or consolidated institution</li> </ul>	PC EC	EC	EC		PC EC



Description of Documents	PCC	PDIC	BSP	SEC	CDA
<p>8. Business Plan or viable operational plan that contains, at a minimum, the following information:</p> <ul style="list-style-type: none"> <li>• Market study/Economic Surveys</li> <li>• Marketing Strategies</li> <li>• Proposed Target Market</li> <li>• Proposed Loan portfolio diversification</li> <li>• Deposit Generation</li> <li>• Operations Support/Capacity (Manpower, Facilities, etc.)</li> <li>• Operations Control</li> <li>• System Integration</li> </ul>	PC EC	EC	EC		PC EC
<p>STAGE 2. EVALUATION PROPER (not required during completeness check)</p>					
<p>9. Requirements from other Government agencies</p> <ul style="list-style-type: none"> <li>• PCC Letter of Acknowledgment/Commission Decision (pre-requisite requirement of PDIC, BSP, SEC or CDA)</li> <li>• PDIC Consent (pre-requisite requirement of BSP, SEC or CDA)</li> <li>• BSP's issuance of Certificate of Authority to Register Plan of Merger/Consolidation and/or Articles of Incorporation or Cooperation/ By-Laws (amended for merger; new for consolidation) and/or Favorable Recommendation from the BSP to SEC/CDA</li> </ul>		EC	EC	PC EC	PC EC
<p>10. Notarized certifications and/or Proof of Notice to Creditors/Depositors and Proof of Publication or Posting Announcement of merger, consolidation, or acquisition by the proponent banks that may include the following:</p> <p>(a) the respective depositors and creditors have been duly notified of the transaction, and</p> <p>(b) the proponent banks have sufficient funds to cover possible withdrawal of depositors.</p> <p>Note: To be submitted <u>not later than 5 business days</u> after receipt by the banks of MB approval.</p>		EC	EC	PC EC	PC EC
<p>11. Any other reasonable requirement deemed material in the proper evaluation of the merger or consolidation as may subsequently be requested by the agencies.</p>	PC EC	EC	EC	PC EC	PC EC



**Annex D**

**Merger, Consolidation, and Acquisition<sup>1</sup> Transactions of Banks  
Distinct Documents Required by Each Agency**

Legend: PC – Printed copy  
EC – Electronic copy

Description	PC	EC
<b>Philippine Competition Commission (PCC)</b>		
1. Letter of Non-Coverage from Compulsory Notification containing the following information: 1.1. Description of the Proposed Transaction 1.2. Names of the acquiring and acquired parties to the transactions including their respective UPE 1.3. Description of operations in the Philippines 1.4. Assets, shares, or other interests being acquired 1.5. Intended structure of ownership and control after the completion of the transaction 1.6. For acquisition of assets, description of all general classes of assets acquired 1.7. For acquisition of shares, a description of all general classes of the assets of the acquired entity and entities it controls	✓	✓
2. Latest General Information Sheet of the parties	✓	✓
3. Certification from an authorized person within the group of companies of the requesting party that (a) the letter, together with all the appendices and attachments thereto, was prepared and assembled under his supervision and (b) the information and data provided are complete, true, and correct to the best of his knowledge and/or based on authentic records.	✓	✓
<b>For internal restructuring:</b>		
4. Diagrams or charts showing the relationship between the acquiring group and the acquired entity before and after the proposed transaction	✓	✓
5. Evidence of control in cases where the parent company owns one-half or less of the voting power of the entity	✓	✓
(Note: Electronic version saved in a secure Universal Serial Bus)		
<b>Philippine Deposit Insurance Corporation (PDIC)</b>		
1. Joint letter, duly signed by the President of each of the constituent institutions, requesting for PDIC's written consent on the proposed MCA		✓
2. Proponent banks' Notarized Certification on Compliance with PDIC RI signed by the duly authorized representatives (subject to PDIC validation, as necessary)		✓

<sup>1</sup> For PCC, acquisition includes purchase of assets and assumption of liabilities and/or acquisition of control. For PDIC, acquisition refers to purchase of assets and assumption of liabilities involving deposit liabilities only.

<b>Bangko Sentral ng Pilipinas (BSP)</b>	PC	EC
1. Application letter <sup>2</sup> signed by the President or officer of equivalent rank, indicating the justifications on how the merger/consolidation is aligned with the acquiring/ surviving bank's business model and strategic direction. Said letter shall likewise include the list of requested merger/consolidation incentives, if any, with rationale, an affirmative statement that the bank has conducted a self-eligibility test and assessment, and any Anti-Money Laundering-related issues/concerns, if any, have been addressed/resolved.		✓
2. List of proposed officers and directors of the merged/consolidated bank, and the summary of their qualifications		✓
3. Organizational chart of the merged or consolidated institution including the number of offices and locations thereof		✓
4. Scanned Copy of existing Articles of Incorporation/Cooperation and By-Laws of the proponent banks		✓
Pre-requisite requirement of BSP to be provided by the SEC/CDA		
5. Letter notification from SEC/CDA to BSP on proponent banks' compliance with the pertinent laws such as the Revised Corporation Code, Securities Regulations Code, Foreign Investments Act/ Philippine Cooperative Code		✓
6. SEC/CDA Registration (for submission before the issuance of Authority to Operate as a consolidated bank or issuance of a Circular notifying effectivity of the merger)		✓
<b>Securities and Exchange Commission (SEC)</b>		
1. Long-form audit report of latest audited FS for absorbed corporations (not required if the surviving company will not issue shares of stock)	✓	✓
2. SEC Compliance Monitoring Division Clearance and/or clearance from other Departments of SEC	✓	✓
3. Publisher's affidavit on publication of the merger or consolidation, if one or more of the constituent corporations are insolvent;	✓	✓
<b>Cooperative Development Authority (CDA)</b>		
1. Original Certificate of Registration of proponent banks	✓	✓
2. Surety bond of Accountable Officers	✓	✓
3. Written Agreement to settle Obligations	✓	✓

<sup>2</sup> The application letter shall be submitted after accomplishing the self-eligibility test and assessment pursuant to BSP Memorandum No. M-2020-077 dated 28 September 2020, in relation to Section 111 and Appendix 124 of the Manual of Regulations for Banks (MORB).