



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:
- Common Documents Required by All Agencies (**Annex C**);
 - 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 refiling 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 refile 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.