Explanatory Note

No less than the 1987 Constitution mandates the establishment of a central monetary authority that shall provide policy direction in the areas of money, banking, and credit, and exercise supervision over the operations of banks, finance companies and other institutions performing similar functions.

With these in mind, Congress enacted a new Central Bank law in 1993 to replace the old one, which was in effect as early as 1948. While the old Central Bank law – Republic Act 265 – was amended four times during its lifetime, the new law or RA No. 7653 has never been changed in its 17 years of effectivity.

It is therefore imperative that RA 7653 - the law that created the present Bangko Sentral ng Pilipinas (BSP) – be revisited and amended accordingly to respond to the changing times. The prevailing situation 17 years ago are not the same as today and there is a need to redefine or clarify some concepts in the BSP charter in order to render it more effective.

This bill aims to amend the BSP charter to strengthen the institution and plug the supposed gaps and loopholes which the present law's authors failed to anticipate 17 years ago.

One of the most important amendments of this proposed measure is to incorporate the promotion of full employment as one of two primary objectives of the BSP in its formulation of monetary policy, along with maintaining price stability.

It is the contention of the author that the inclusion of advancing full employment as one of the primary objectives of the BSP will have significant and positive effects on the country’s economic and financial development. It will also affirm the State’s mandate to make labor a primary social economic force.

Other salient provisions of the bill include the following:

- Establishing a mechanism for the full payment of the national government’s unpaid subscription to the BSP as mandated by RA 7653.
- Expanding the BSP’s supervisory powers to include credit card companies, e-money issuers, remittance agents and institutions performing similar functions.
- Deletion of the provision requiring the confirmation of the BSP Governor by the Commission on Appointments.
Proposing that no member of the Monetary Board, including the BSP governor and vice governors, shall be elected as director, or employed as officer or employee, or hired as consultant, adviser, lawyer, or in any other capacity in institutions regulated by the BSP three (3) years after their term.

Allowing the Monetary Board to conduct a meeting through video conferencing or teleconferencing, as required by circumstances.

Increasing the number of deputy governors from three (3) to five (5).

Semi-annual appearance before key committees in both houses of Congress.

Other key features of the bill include amendments to provisions governing Reports of Examination (ROEs); appointment of conservators; proceedings in receivership and liquidation; prompt corrective actions; bridge banking; credit facilities for Islamic banks; and the BSP's exemption from taxes and Customs duties.

These amendments are seen to improve the BSP in its mandate to provide policy direction in the areas of money, banking, and credit. They will also aid the BSP in the exercise of its regulatory and supervisory powers over the operations of banks, finance companies and other institutions performing similar functions.

In view of the foregoing, the passage of this bill is earnestly sought.

RALPH C. Recto
FIFTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES

First Regular Session

SENATE
S. B. No. 2742

Introduced by Senator Ralph G. Recto

AN ACT

PROVIDING FOR A COMPREHENSIVE REVISION OF THE CHARTER OF THE BANGKO SENTRAL NG PILIPINAS (BSP) BY AMENDING REPUBLIC ACT NO. 7653, OTHERWISE KNOWN AS "THE NEW CENTRAL BANK ACT"

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

1. SECTION 1. Section 2 of Republic Act No. 7653 is hereby amended to read as follows:
   "SEC. 2. Creation of the Bangko Sentral. — There is hereby established an independent central monetary authority, which shall be a body corporate known as the Bangko Sentral ng Pilipinas, hereafter referred to as the Bangko Sentral. The capital of the Bangko Sentral shall be Fifty Billion Pesos (P50,000,000,000), to be fully subscribed by the Government of the Republic, hereafter referred to as the Government, Ten Billion Pesos (P10,000,000,000) of which shall be fully paid for by the Government upon the effectivity of this Act [and the balance to be paid for within two (2) years from the effectivity of this Act in such manner and form as the Government, through the Secretary of Finance and the Secretary of Budget and Management, may thereafter determine]. THE BALANCE SHALL BE PAID FOR IN CASH AVAILABLE TO THE GOVERNMENT OR THROUGH THE ISSUANCE OF READILY MARKETABLE GOVERNMENT SECURITIES OF EQUIVALENT MARKET VALUE TO THE BALANCE OF THE UNPAID SUBSCRIPTION OF THE GOVERNMENT TO THE BANGKO SENTRAL: PROVIDED, THAT THE CASH OR GOVERNMENT SECURITIES ISSUED PURSUANT HERETO ARE HEREBY AUTHORIZED AND SHALL BE DEEMED AUTOMATICALLY APPROPRIATED FOR THE PURPOSE OF ENABLING THE GOVERNMENT TO COMPLY WITH ITS OBLIGATION TO PAY FOR ITS UNPAID SUBSCRIPTION TO THE BANGKO SENTRAL."

2. SEC. 2. Section 3 of Republic Act No. 7653 is hereby amended to read as follows:
   "SEC. 3. Responsibility and Primary Objective. — The Bangko Sentral shall provide policy directions in the areas of money, banking, and credit. It shall have supervision over the operations of banks and exercise such regulatory powers as provided in this Act and other pertinent laws over the operations of finance companies
and non-bank financial institutions performing quasi-banking functions, hereafter referred to as quasi-banks, including credit card companies, E-money issuers, remittance agents and institutions performing similar functions regulated by the Bangko Sentral under this Act or under special laws.

[The primary objective of the Bangko Sentral is to maintain price stability conducive to a balanced and sustainable growth of the economy.] In the formulation of monetary policy, the Bangko Sentral shall promote and advance the primary goals of full employment and price stability conducive to a balanced and sustainable growth of the economy. It shall also promote and maintain monetary stability and the convertibility of the peso.”

SEC. 3. Section 6 of Republic Act No. 7653 is hereby amended to read as follows:

“SEC. 6. Composition of the Monetary Board. — The powers and functions of the Bangko Sentral shall be exercised by the Bangko Sentral Monetary Board, hereafter referred to as the Monetary Board, composed of seven (7) members appointed by the President of the Philippines for a term of six (6) years.

The seven (7) members are:

(a) the Governor of the Bangko Sentral who shall be the Chairman of the Monetary Board. [The Governor of the Bangko Sentral shall be head of a department and his appointment shall be subject to confirmation by the Commission on Appointments.] Whenever the Governor is unable to attend a meeting of the Board, he shall designate a Deputy Governor to act as his alternate and the attendance of the latter as an alternate to the Governor shall be considered in determining the quorum but said alternate, while entitled to be heard, shall have no right to vote; provided, however, That in [such event] the absence of the Governor at the meeting of the Board, the Monetary Board shall designate one of its members as acting Chairman;

(b) a member of the Cabinet to be designated by the President of the Philippines. Whenever the designated Cabinet Member is unable to attend a meeting of the Board, he shall designate an Undersecretary in his Department to attend as his alternate whose attendance at the meeting of the Board shall be considered in determining a quorum but said alternate, while entitled to be heard, shall have no right to vote; and

(c) five (5) members who shall come from the private sector, all of whom shall serve full-time: provided, however, That of the members first appointed under the provisions of this subsection, three (3) shall have a term of six (6) years, and the other two (2), three (3) years. No member of the Monetary Board may be reappointed more than once.”
SEC. 4. Section 9 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 9. Disqualifications. — In addition to the disqualifications imposed by Republic Act No. 6713, a member of the Monetary Board is disqualified from being a director, officer, employee, consultant, lawyer, agent or stockholder of any bank, quasi-bank or any other institution which is subject to supervision or examination by the Bangko Sentral, in which case such member shall resign from, and divest himself of any and all interests in such institution before assumption of office as member of the Monetary Board.

The members of the Monetary Board coming from the private sector shall not hold any other public office or public employment during their tenure.

No person shall be a member of the Monetary Board if he has been connected directly with any [multilateral] banking or financial institution or has a substantial interest in any private bank in the Philippines, within one (1) year prior to his appointment [; likewise, no member of the Monetary Board shall be employed in any such institution within two (2) years after the expiration of his term except when he serves as an official representative of the Philippine Government to such institution].

NO MEMBER OF THE MONETARY BOARD, INCLUDING THE GOVERNOR AND ANY DEPUTY GOVERNOR OF THE BANGKO SENTRAL SHALL BE ELECTED AS DIRECTOR, OR EMPLOYED AS OFFICER OR EMPLOYEE, OR HIRED AS CONSULTANT, ADVISER, LAWYER OR IN OTHER CONTRACTUAL CAPACITY OF ANY BANK, QUASI-BANK, FINANCE COMPANY, NON-BANK FINANCIAL INTERMEDIARY, OR IN SIMILAR CAPACITIES IN OTHER INSTITUTIONS THAT ARE SUPERVISED/REGULATED BY THE BANGKO SENTRAL WITHIN THREE (3) YEARS AFTER THE EXPIRATION OF THEIR RESPECTIVE TERMS OF OFFICE OR AFTER ANY OF SUCH OFFICIALS RETIRES OR RESIGNS FROM THEIR RESPECTIVE POSITIONS IN THE BANGKO SENTRAL EXCEPT WHEN ANY OF SUCH OFFICIALS IS APPOINTED OR DESIGNATED AS AN OFFICIAL REPRESENTATIVE OF THE PHILIPPINE GOVERNMENT IN A MULTILATERAL OR INTERNATIONAL FINANCIAL INSTITUTION."

SEC. 5. Section 11 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 11. Meetings. — The Monetary Board shall meet at least once a week. The Board may be called to a meeting by the Governor of the Bangko Sentral or by two (2) other members of the Board.

The presence of four (4) members shall constitute a quorum: Provided, That in all cases the Governor or his duty designated alternate shall be among the four (4).
Unless otherwise provided in this Act, all decisions of the Monetary Board shall require the concurrence of at least four (4) members.

THE MEETING OF THE MONETARY BOARD, AS REQUIRED BY CIRCUMSTANCES, MAY BE CONDUCTED THROUGH TELECONFERENCING OR VIDEO CONFERENCING SUBJECT TO PRIOR NOTICE TO ALL THE MEMBERS OF THE BOARD OF THE CALL FOR SUCH METHOD OF CONFERENCING AND SUBJECT FURTHER TO THE REQUIREMENT THAT THE CHAIRMAN OF THE BOARD OR THE ALTERR\NATE PRESIDING OFFICER IS PHYSICALLY PRESENT, TOGETHER WITH THREE (3) OTHER MEMBERS OF THE BOARD, AT THE DESIGNATED VENUE OF THE MEETING.

THE GOVERNOR SHALL VOTE, AT MEETINGS OF THE MONETARY BOARD SUBJECT TO THE LIMITATIONS OF SECTION 14 (WITHDRAWAL DUE TO PERSONAL OR PECUNIARY INTEREST) HEREN. EACH AND EVERY VOTE OF THE GOVERNOR AND THE MONETARY BOARD MEMBERS, BE IT IN THE AFFIRMATIVE, NEGATIVE OR ABSTENTION, SHOULD BE REFLECTED IN THE MINUTES OF THE MEETING.

The Bangko Sentral shall maintain and preserve a complete record of the proceedings and deliberations of the Monetary Board, including the tapes and transcripts of the stenographic notes, either in their original form, or in microfilm or in other recording media."

SEC. 6. Section 12 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 12. Attendance of the Deputy Governors. — The Deputy Governors shall, upon the order of the Governor or the Monetary Board, attend the meetings of the Monetary Board with the right to be heard. OTHER OFFICIALS OF THE BANGKO SENTRAL MAY BE DIRECTED TO ATTEND THE MONETARY BOARD MEETINGS UPON INVITATION OF THE MONETARY BOARD ON A PER MEETING BASIS IF THEIR EXPERTISE IS NEEDED IN A PARTICULAR AGENDA OR MATTER."

SEC. 7. Section 15 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 15. Exercise of Authority. — In the exercise of its authority, the Monetary Board shall:

(a) issue rules and regulations it considers necessary for the effective discharge of the responsibilities and exercise of the powers vested upon the Monetary Board and the Bangko Sentral. The rules and regulations issued shall be reported to the President and the Congress within fifteen (15) days from the date of their issuance;}
ANY ISSUANCE THAT AFFECTS THIRD PARTIES OR IMPOSES A
PENALTY OR SANCTION AGAINST THE INSTITUTIONS
SUPERVISED/REGULATED BY THE BANGKO SENTRAL OR THEIR
DIRECTORS OR OFFICERS SHALL, BEFORE ITS ISSUANCE, BE
SUBJECT TO PUBLIC HEARINGS OF THE PARTIES AND INSTITUTIONS
TO BE AFFECTED.

NO RULES AND REGULATIONS SHALL BECOME EFFECTIVE
UNLESS PUBLISHED IN TWO (2) NEWSPAPERS OF NATIONAL
CIRCULATION;

(b) direct the management, operations, and administration of the Bangko
Sentral, reorganize its personnel AND IN CONNECTION THEREWITH
PROVIDE SEPARATION BENEFITS AS DEEMED APPROPRIATE, and issue
such rules and regulations as it may deem necessary or convenient for this purpose.
[The legal units of the Bangko Sentral shall be under the exclusive supervision and
control of the Monetary Board;]

THE MONETARY BOARD SHALL ESTABLISH A LEGAL UNIT
UNDER ITS EXCLUSIVE SUPERVISION AND CONTROL THAT SHALL
ASSIST THE MONETARY BOARD IN ITS POLICY FORMULATION, IN
THE PROMULGATION OF IMPLEMENTING RULES AND REGULATIONS
AND IN REVIEWING THE LEGAL ASPECT OF MEASURES INCLUDED IN
THE AGENDA OF THE MEETINGS OF THE MONETARY BOARD;

(c) establish a human resource management system which shall govern the
selection, hiring, appointment, transfer, promotion, or dismissal of all personnel. Such
system shall aim to establish professionalism and excellence at all levels of the Bangko
Sentral in accordance with sound principles of management.

A compensation structure, based on job evaluation studies and wage surveys
and subject to the Board’s approval, shall be instituted as an integral component of the
Bangko Sentral’s human resource development program: Provided, That the
Monetary Board shall make its own system conform as closely as possible with the
principles provided for under Republic Act No. 6758[; Provided, however, That
compensation and wage structure of employees whose positions fall under salary
grade 19 and below shall be in accordance with the rates prescribed under Republic
Act No. 6758].

On the recommendation of the Governor, appoint, fix the remunerations and
other emoluments, and remove personnel of the Bangko Sentral, subject to pertinent
civil service laws: Provided, That the Monetary Board shall have exclusive and final
authority to promote, transfer, assign, or reassign personnel of the Bangko Sentral and
these personnel actions are deemed made in the interest of the service and not
disciplinary: Provided, further, That the Monetary Board may delegate such authority to the Governor under such guidelines as it may determine.

(d) adopt an annual budget for and authorize such expenditures by the Bangko Sentral as are in the interest of the effective administration and operations of the Bangko Sentral in accordance with applicable laws and regulations; and

(e) indemnify its members and other officials of the Bangko Sentral, including personnel [of the departments] performing supervision and examination functions, CREDIT AND MONETARY POLICY OPERATIONS against all costs and expenses reasonably incurred by such persons in connection with any civil or criminal action, suit or proceedings to which he may be, or is, made a party by reason of the performance of his functions or duties, unless he is finally adjudged in such action or proceeding to be liable for BAD FAITH, MALICE, negligence or misconduct.

In the event of a settlement or compromise, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Bangko Sentral is advised by external counsel that the person to be indemnified [did not commit any] HAD NOT ACTED WITH BAD FAITH, MALICE, negligence or misconduct.

The costs and expenses incurred in defending the aforementioned action, suit or proceeding may be paid by the Bangko Sentral in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the member, officer, or employee REFERRED TO IN SUBSECTION (E) to repay the amount advanced should it ultimately be determined by the Monetary Board that he is not entitled to be indemnified as provided in this subsection ON ACCOUNT OF BAD FAITH, MALICE, NEGLIGENCE OR MISCONDUCT."

SEC. 8. Section 16 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 16. Responsibility. - Members of the Monetary Board, officials, examiners, and employees of the Bangko Sentral who willfully violate this Act or who are guilty of negligence, abuses or acts of malfeasance or misfeasance or fail to exercise extraordinary diligence in the performance of his duties shall be held liable for any loss or injury suffered by the Bangko Sentral or other banking institutions as a result of such violation, negligence, abuse, malfeasance, misfeasance or failure to exercise extraordinary diligence.

Similar responsibility shall apply to members, officers, and employees of the Bangko Sentral for: (1) the disclosure of any information of a confidential nature, [or any information on the discussions or resolutions of the Monetary Board,] or about the confidential operations of the Bangko Sentral, unless the disclosure is in connection with the performance of official functions with the Bangko Sentral, or is with prior authorization of the Monetary Board or the Governor; or (2) the use of such
information for personal gain or to the detriment of the Government, the Bangko
Sentral or third parties: Provided, however, That any data or information required to be
submitted to the President and/or the Congress, or to be published under the provisions
of this Act shall not be considered confidential.”

SEC. 9. Section 17 of Republic Act No. 7653 is hereby amended to read as follows:

“SEC. 17. Powers and Duties of the Governor. — The Governor shall be the
chief executive officer of the Bangko Sentral. His powers and duties shall be to:

(a) prepare, AT HIS INITIATIVE, OR UPON THE
RECOMMENDATION OF A MEMBER OF THE MONETARY BOARD, the
agenda for the meetings of the Monetary Board and to submit for the consideration of
the Board the policies and measures [which he believes] DEEMED to be necessary to
carry out the purposes and provisions of this Act. THE SUPPORTING
MEMORANDUM FOR ANY ITEM INCLUDED IN THE AGENDA FOR THE
MEETINGS OF THE MONETARY BOARD SHALL BE DISTRIBUTED TO
THE MEMBERS AT LEAST THREE (3) WORKING DAYS BEFORE THE
SCHEDULED MEETING IN ORDER TO ENABLE THE MEMBERS OF THE
BOARD TO STUDY, REVIEW, AND EVALUATE EACH AND EVERY ITEM
INCLUDED IN THE AGENDA; PROVIDED, HOWEVER, THAT IN
EMERGENCY CASES, PRIOR ONE (1) WORKING DAY BEFORE A
MEETING SHALL APPLY;

(b) execute and administer the policies and measures approved by the
Monetary Board UPON THEIR EFFECTIVITY;

(c) direct and supervise the operations and internal administration of the
Bangko Sentral. The Governor may delegate IN WRITING certain of his
administrative responsibilities OR SPECIFIC TASKS to other officers or may assign
specific tasks or responsibilities to any full-time member of the Monetary Board
without additional remuneration or allowance whenever he may deem fit SUBJECT
TO SUCH GUIDELINES AND REPORTORIAL REQUIREMENTS AS HE
SHALL REQUIRE or subject to such rules and regulations as the Monetary Board
may prescribe FOR THE DELEGATED AUTHORITY; PROVIDED, HOWEVER,
THAT A POWER OR AUTHORITY DIRECTLY VESTED BY LAW TO BE
EXERCISED BY THE MONETARY BOARD UNDER THIS ACT AND/OR
UNDER ANY OTHER SPECIAL LAW SHALL NOT BE DELEGATED TO BE
EXERCISED BY THE GOVERNOR OR ANY OTHER EXECUTIVE OFFICER
OF THE BANGKO SENTRAL, BUT THE POWER OR AUTHORITY
EXERCISED BY THE MONETARY BOARD PURSUANT TO LAW
THROUGH THE RULES AND REGULATIONS PROMULGATED BY IT, OR
THE DECISIONS, RULINGS OR ORDERS ISSUED BY THE MONETARY
BOARD SHALL BE IMPLEMENTED OR EXECUTED BY THE GOVERNOR
AND/OR OTHER PERTINENT EXECUTIVE OFFICERS OF THE BANGKO SENTRAL;

(d) appoint and fix the remunerations and other emoluments of personnel below the rank of a department head in accordance with the position and compensation plans approved by the Monetary Board, as well as to impose disciplinary measures upon personnel of the Bangko Sentral, subject to the provisions of Section 15(c) of this Act: Provided, That removal of personnel shall be with the approval of the Monetary Board; AND

[(e) render opinions, decisions, or rulings, which shall be final and executory until reversed or modified by the Monetary Board, on matters regarding application or enforcement of laws pertaining to institutions supervised by the Bangko Sentral and laws pertaining to quasi-banks, as well as regulations, policies or instructions issued by the Monetary Board, and the implementation thereof; and]

[(f) (E) exercise such other powers as may be vested in him by the Monetary Board.]

SEC. 10. Section 19 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 19. Authority of the Governor in Emergencies. — In case of emergencies where time is insufficient to call a FORMAL meeting of the Monetary Board, the Governor of the Bangko Sentral, with the concurrence of [two (2)] THREE (3) other members of the Monetary Board, may decide [any] AN URGENT matter or take [any] action [within the authority of the Board] RELEVANT TO THE EMERGENCY INVOLVED, WITHOUT FORMALLY CONVENING A MEETING OF THE MONETARY BOARD.

The Governor shall submit a report to the President and Congress within seventy-two (72) hours after the action has been taken.

At the soonest possible time, the Governor shall call a meeting of the Monetary Board to submit his action for ratification."

SEC. 11. Section 21 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 21. Deputy Governors. — The Governor of the Bangko Sentral, with the approval of the Monetary Board, shall appoint not more than [three (3)] FIVE (5) Deputy Governors who shall perform duties AND RESPONSIBILITIES CONSISTENT WITH THEIR RESPECTIVE SECTORS ASSIGNED TO THEM BY THE MONETARY BOARD, TO WIT: [as may be assigned to them by the Governor and the Board.]

(A) DEPUTY GOVERNOR FOR THE MONETARY AND CURRENCY MANAGEMENT SECTOR;
(B) DEPUTY GOVERNOR FOR SUPERVISION AND EXAMINATION OF COMMERCIAL AND UNIVERSAL BANKS (INCLUDING THEIR SUBSIDIARIES AND AFFILIATES ENGAGED IN FINANCIAL ALLIED UNDERTAKINGS) AS WELL AS GOVERNMENT-OWNED AND CONTROLLED BANKS;

(C) DEPUTY GOVERNOR FOR SUPERVISION AND EXAMINATION OF STAND-ALONE RURAL BANKS AND THRIFT BANKS (WHICH ARE NOT AFFILIATED TO UNIVERSAL OR COMMERCIAL BANKS); COOPERATIVE BANKS; AND MICROFINANCE BANKS;

(D) DEPUTY GOVERNOR FOR SUPERVISION AND EXAMINATION OF NON-BANK FINANCIAL INTERMEDIARIES WHICH BY SPECIAL LAWS HAVE BEEN PLACED UNDER THE SUPERVISION OF THE BANGKO SENTRAL WHICH INCLUDE INVESTMENT HOUSES; SAVINGS AND LOAN ASSOCIATIONS; PAWNSHOPS; CREDIT CARD COMPANIES; REMITTANCE AGENTS; AND E-MONEY ISSUERS;


[In the absence of the Governor, a Deputy Governor designated by the Governor shall act as chief executive of the Bangko Sentral and shall exercise the powers and perform the duties of the Governor. Whenever the Government is unable to attend meetings of government boards or councils in which he is an ex officio member pursuant to provisions of special laws, a Deputy Governor as may be designated by the Governor shall be vested with authority to participate and exercise the right to vote in such meetings.]

SEC. 12. Section 23 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 23. Authority to Obtain Data and Information. — The Bangko Sentral shall have the authority to [request] REQUIRE from government offices and instrumentalities, or government-owned or controlled corporations, any data which it may require for the proper discharge of its functions and responsibilities. The Bangko Sentral through the Governor or in his absence, a [duly authorized representative] DEPUTY GOVERNOR DULY AUTHORIZED IN WRITING shall have the power to issue a subpoena [for the production of the books and records for the aforesaid purpose] SPECIFYING THE DATA REQUIRED AND THE SPECIFIC PURPOSE FOR WHICH SUCH DATA SHALL BE ISSUED. Those who refuse the subpoena without justifiable cause, or who refuse to supply the [bank] BANGKO SENTRAL with data [requested or] required, shall be subject to punishment for contempt in accordance with the provisions of the Rules of Court.

Data on individual firms, other than banks, gathered by the Department of Economic Research and other departments or units of the Bangko Sentral shall not be made available to any person or entity outside of the Bangko Sentral whether public or private except under order of the court or under such conditions as may be prescribed by the Monetary Board: Provided, however, That the collective data on firms may be released to interested persons or entities: Provided, Finally, That in the case of data on banks, the provisions of Section 27 of this Act shall apply."

SEC. 13. Section 24 of Republic Act No. 7653 is hereby amended to read as follows:
"Sec. 24. Training of Technical Personnel. — The Bangko Sentral shall promote and
sponsor the training of technical personnel in the fields of [money and banking]
BANKING, QUASI-BANKING, NON-BANK FINANCIAL INTERMEDIARIES,
MICROFINANCE, DERIVATIVES, ARBITRAGE, FOREIGN EXCHANGE,
SAVINGS FORMATION, PAYMENT AND SETTLEMENT SYSTEMS,
INFORMATION TECHNOLOGY, MONEY AND CAPITAL MARKETS
DEVELOPMENT TRENDS, INNOVATIONS AND PRACTICES AND SUCH
OTHER TRAINING PROGRAMS AS THE MONETARY BOARD SHALL
APPROVE. Toward this end, the Bangko Sentral is hereby authorized to defray the
costs of study, at home or abroad, of qualified employees of the Bangko Sentral, of
promising university graduates or of any other qualified persons who shall be
determined by proper competitive examinations. The Monetary Board shall prescribe
rules and regulations to govern the training program of the Bangko Sentral."

SEC. 14. Section 25 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 25. Supervision and Examination. — SUBJECT TO THE
PROVISIONS OF SECTION 28 OF THIS ACT, the Bangko Sentral THROUGH
THE SUPERVISING AND EXAMINING DEPARTMENT DESIGNATED
UNDER THIS ACT shall have supervision over, and conduct [periodic] REGULAR
or special examinations of [banking institutions] BANKS and quasi-banks, including
their subsidiaries and affiliates engaged in allied activities AND OTHER
FINANCIAL INSTITUTIONS WHICH UNDER SPECIAL LAWS ARE
SUBJECT TO BANGKO SENTRAL SUPERVISION.

THE BANGKO SENTRAL SHALL ALSO HAVE THE POWER TO
REGULATE AND EXAMINE TRANSACTIONS BETWEEN A SUPERVISED
INSTITUTION AND ITS PARENT COMPANY.

For purposes of THE FIRST PARAGRAPH OF this Section, a subsidiary
means a corporation more than fifty percent (50%) of the voting stock of which is
owned DIRECTLY OR INDIRECTLY by a bank or quasi-bank and an affiliate
means a corporation the voting stock of which, to the extent of fifty percent (50%) or
less, is owned by a bank or quasi-bank or which is related or linked to such institution
or intermediary through common stockholders or such other factors as may be
determined by the Monetary Board.

IN CONNECTION WITH THE SECOND PARAGRAPH OF THIS
SECTION, A PARENT COMPANY MEANS A CORPORATION WHICH
OWNS DIRECTLY OR INDIRECTLY THE VOTING STOCK OF A
SUPERVISED INSTITUTION OF THE BANGKO SENTRAL SUFFICIENT TO
CONTROL ITS MANAGEMENT AND OPERATIONS.

The department heads and the examiners of the supervising and/or examining departments are hereby authorized to administer oaths to any director, officer, or employee of any institution under their respective supervision or subject to their examination and to compel the presentation of all books, documents, papers or records necessary in their judgment to ascertain the facts relative to the true condition of any institution as well as the books and records of persons and entities relative to or in connection with the operations, activities or transactions of the institution under examination, subject to the provision of existing laws protecting or safeguarding the secrecy or confidentiality of bank deposits as well as investments of private persons, natural or juridical, in debt instruments issued by the Government.

[No restraining order or injunction shall be issued by the court enjoining the Bangko Sentral from examining any institution subject to supervision or examination by the Bangko Sentral, unless there is convincing proof that the action of the Bangko Sentral is plainly arbitrary and made in bad faith and the petitioner or plaintiff files with the clerk or judge of the court in which the action is pending a bond executed in favor of the Bangko Sentral, in an amount to be fixed by the court. The provisions of Rule 58 of the New Rules of Court insofar as they are applicable and not inconsistent with the provisions of this Section shall govern the issuance and dissolution of the restraining order or injunction contemplated in this Section.]"
subsidiaries or (b) in which a controlling proportion of the shares is owned by the same
interest that owns a controlling proportion of the shares of his bank, in excess of five
percent (5%) of the capital and surplus of the bank, or in the maximum amount
permitted by law, whichever is lower, shall be required by the lending bank to waive
the secrecy of his deposits of whatever nature in all banks in the Philippines. Any
information obtained from an examination of his deposits shall be held strictly
confidential and may be used by the examiners only in connection with their
supervisory and examination responsibility or by the Bangko Sentral in an appropriate
legal action it has initiated involving the deposit account.

RELATED INTEREST, AS USED IN THIS SECTION, SHALL REFER
TO STOCKHOLDINGS OF FAMILY GROUPS OR CORPORATE
HOLDINGS OF THE SAME FAMILY GROUPS OR SAME GROUPS OF
PERSONS AS DEFINED IN SECTION 12 AND SECTION 13 OF REPUBLIC
ACT NO. 8791 OTHERWISE KNOWN AS THE GENERAL BANKING LAW
OF 2000 WHO CONTROL OR OWN AT LEAST FORTY PERCENT (40%) OF
THE VOTING STOCK OF A BANK, QUASI BANK, AND OTHER
FINANCIAL INSTITUTION WHICH IS SUBJECT TO SUPERVISION BY
THE BANGKO SENTRAL; RELATED INTEREST MAY ALSO REFER TO A
HOLDING COMPANY THAT CONTROLS OR OWNS AT LEAST FORTY
PERCENT (40%) OF THE VOTING STOCK AS A GROUP, OF BANKS,
QUASI BANKS AND OTHER FINANCIAL INSTITUTIONS WHICH ARE
SUBJECT TO SUPERVISION BY THE BANGKO SENTRAL."

SEC. 16. Section 27 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 27. Prohibitions. — In addition to the prohibitions found in Republic
Act Nos. 3019 and 6713, personnel of the Bangko Sentral are hereby prohibited from:

(a) being an officer, director, lawyer or agent, employee, consultant or
stockholder, directly or indirectly, of any institution subject to supervision or
examination by the Bangko Sentral, except non-stock savings and loan associations
and provident funds organized exclusively for employees of the Bangko Sentral, and
except as otherwise provided in this Act;

(b) directly or indirectly requesting or receiving any VALUABLE gift,
[present] IN KIND or pecuniary or material benefit for himself/HERSELF or
[another] FOR A RELATIVE WITHIN, THE FIRST DEGREE OF
CONSANGUINITY OR AFFINITY from any institution subject to supervision or
examination by the Bangko Sentral;

(c) revealing in any manner, except under orders of the court, the [Congress]
HOUSE OF REPRESENTATIVES OR THE SENATE OR ANY OF THE
APPROPRIATE COMMITTEES THEREIN or any government office or agency
authorized by law, or under such conditions as may be prescribed by the Monetary Board, information relating to the condition or business of any institution UNDER ITS SUPERVISION. This prohibition shall not be held to apply to the giving of information to the Monetary Board or the Governor of the Bangko Sentral, or to any person authorized by either of them, in writing, to receive such information; and

(d) borrowing from any institution subject to supervision or examination by the Bangko Sentral shall be prohibited unless said borrowings are adequately secured, fully disclosed to the Monetary Board, and shall be subject to such further rules and regulations as the Monetary Board may prescribe: Provided, however, That personnel of the supervising and examining departments are prohibited from borrowing from a bank under their supervision or examination."

SEC. 17. Section 28 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 28. Examination and Fees. — The supervising and examining department head, personally or by deputy, shall examine the books AND RECORDS of every banking, OR QUASI-BANKING OR NON-BANK FINANCIAL institution once in every twelve (12) months, and at such other times as the Monetary Board by an affirmative vote of five (5) members, may deem expedient and to [make a report on the same] SUBMIT AN EXECUTIVE SUMMARY OF THE FINDINGS OF EXAMINATION WITH THE REPORT OF EXAMINATION ATTACHED THERE TO FOR READY REFERENCE to the Monetary Board: Provided, That there shall be an interval of at least twelve (12) months between annual examinations.


The bank, OR QUASI-BANK OR NON-BANK FINANCIAL INSTITUTION concerned shall afford to the head of the appropriate supervising and examining departments and to his authorized deputies full opportunity to examine its books, cash and available assets and general condition at any time during banking hours when requested to do so by the Bangko Sentral: Provided, however, That none of the reports and other papers relative to such examinations shall be open to inspection by the public except insofar as such publicity is incidental to the
proceedings hereinafter authorized or is necessary for the prosecution of violations in
closection with the business of such institutions.
Banking, [and] quasi-banking, AND NON-BANK FINANCIAL institutions which
are subject to examination by the Bangko Sentral shall pay to the Bangko Sentral,
within the first thirty (30) days of each year, an annual fee in an amount equal to a
percentage as may be prescribed by the Monetary Board of its average total assets
during the preceding year as shown on its end-of-QUARTER [month balance sheets]
STATEMENT OF CONDITION, after deducting cash on hand and amounts due
from banks, QUASI-BANKS, AND OTHER FINANCIAL INSTITUTIONS,
including the Bangko Sentral and banks abroad.”

SEC. 18. Section 29 of Republic Act No. 7653 is hereby amended to read as follows:

“SEC. 29. Appointment of Conservator. — Whenever, on the basis of a report
OF EXAMINATION submitted by the appropriate supervising or examining
department OF THE BANGKO SENTRAL, the Monetary Board, IN
CONSULTATION WITH THE PHILIPPINE DEPOSIT INSURANCE
CORPORATION (PDIC), CONFIRMS [finds] that a bank or a quasi-bank is in a
state of continuing inability or unwillingness to maintain a condition of liquidity
deemed adequate to protect the interest of depositors and creditors, OR CONTINUES
TO SUFFER CHRONIC RESERVE OR CAPITAL DEFICIENCIES WHICH,
IF NOT CORRECTED, WILL EVENTUALLY RESULT IN INSOLVENCY, the
Monetary Board, IN ORDER TO AVERT THE THREATENED INSOLVENCY
OF THE BANK, [may] SHALL appoint a conservator WHO SHALL
INTRODUCE AND ADOPT MANAGEMENT REFORMS AND CORRECTIVE
MEASURES THAT WILL ENABLE THE BANK TO RESTORE AND
MAINTAIN ITS VIABILITY. THE CONSERVATOR [with] SHALL HAVE
such powers as the Monetary Board shall deem necessary to ENABLE HIM TO take
charge of the assets, liabilities, and the management thereof, reorganize the
management, collect all monies and debts due said institution, PLACE OR INVEST
ITS FUNDS IN READILY MARKETABLE SECURITIES AND
INVESTMENTS, SELL, IF NECESSARY, REAL PROPERTIES AND OTHER
FIXED ASSETS TO MEET ITS OBLIGATIONS, and exercise all powers
[necessary] to restore AND MAINTAIN its viability. The conservator shall report and
be responsible to the Monetary Board, WITH A COPY OF SUCH REPORT
FURNISHED THE PDIC, and shall have the power to overrule or revoke the actions
of the previous management and board of directors of the bank or quasi-bank,
EXCEPT THAT SUCH POWER CANNOT EXTEND TO THE POST FACTO
REPUDIATION OF PERFECTED CONTRACTS THAT INFRINGE AGAINST
THE NON-IMPAIRMENT CLAUSE OF THE CONSTITUTION.
The conservator should be competent and knowledgeable in bank operations and management. The conservatorship shall not exceed one (1) year, WHICH MAY BE EXTENDED FOR A PERIOD OF NOT MORE THAN SIX (6) MONTHS, AS MAY BE APPROVED BY THE MONETARY BOARD. The conservator shall receive remuneration to be fixed by the Monetary Board, PAYABLE IN MONTHLY PAYMENTS: [in an amount not to exceed two-thirds (2/3) of the salary of the president of the institution in one (1) year, payable in twelve (12) equal monthly payments:] Provided, That, if at any time within the one-year period, the conservatorship is terminated on the ground that the institution can operate on its own, the conservator shall receive the balance of the remuneration which he would have received up to the end of the year; but if the conservatorship is terminated on other grounds, the conservator shall not be entitled to such remaining balance. The Monetary Board [may appoint a conservator connected with the Bangko Sentral,] SHALL AUTHORIZE THE CONSERVATOR TO APPOINT A CORE GROUP OF PROFESSIONALS TO ASSIST HIM IN THE PERFORMANCE OF HIS POWERS AND DUTIES AS CONSERVATOR, in which case, [he] THEY shall [not] be entitled to receive [any] remuneration or emoluments THAT THE MONETARY BOARD SHALL DETERMINE [from the Bangko Sentral] during the PERIOD OF conservatorship. The expenses attendant to the conservatorship shall be borne by the bank or quasi-bank concerned.

UPON THE REQUEST OF THE CONSERVATOR, THE MONETARY BOARD MAY AUTHORIZE THE GRANT OF EMERGENCY LOANS OR ADVANCES TO THE INSTITUTION TO MEET IN A TIMELY MANNER ITS MATURING OBLIGATIONS OR UNUSUAL DEPOSIT WITHDRAWALS WHILE THE CONSERVATOR IS IN THE PROCESS OF COLLECTING MONIES AND DEBTS DUE THE INSTITUTION UNDER CONSERVATORSHIP, OR LIQUEFYING ITS ASSETS TO RECOVER FROM ITS ILLIQUID CONDITION AND THEREBY RESTORE THE BANK TO NORMALCY. THE BANGKO SENTRAL SHALL REQUIRE COLLATERALS FOR SUCH EMERGENCY LOANS OR ADVANCES, PROVIDED, THAT, IF THE COLLATERALS ARE AUTHORIZED TO BE SOLD OR DISPOSED OF, THE PROCEEDS SHALL BE APPLIED TO PAY OR PREPAY THE LOANS OR ADVANCES, OR PORTIONS THEREOF, AS THE BANGKO SENTRAL MAY STIPULATE.

DURING THE PERIOD OF CONSERVATORSHIP, THE PDIC SHALL HAVE THE AUTHORITY TO EXAMINE THE BANK UNDER CONSERVATORSHIP, INQUIRE INTO OR EXAMINE THE DEPOSIT ACCOUNTS THEREIN, AND/OR CONDUCT A DUE DILIGENCE AUDIT OF
THE BANK IN PREPARATION FOR THE POSSIBLE ESTABLISHMENT, ORGANIZATION AND OPERATION OF A BRIDGE BANK.

The Monetary Board shall terminate the conservatorship when it is satisfied that the institution can continue to operate on its own and the conservatorship is no longer necessary. The conservatorship shall likewise be terminated should the Monetary Board, on the basis of the report of the conservator or of its own findings, determine that the continuance in business of the institution, DESPITE THE REMEDIAL MEASURES THAT HAVE BEEN ADOPTED, CONTINUE TO EXPERIENCE ILLIQUIDITY AND OTHER RELATED FINANCIAL STRESSES, SUCH THAT THERE EXIST GROUNDS FOR THE INSTITUTION TO ENTER RECEIVERSHIP AND LIQUIDATION, [would involve probable loss to its depositors or creditors,] in which case the provisions of Section 30 shall apply."

SEC. 19. Section 30 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 30. Proceedings in Receivership and Liquidation. – Whenever, [upon] ON THE BASIS OF A report of [the head, of the supervising or examining department] EXAMINATION, the Monetary Board finds OR CONFIRMS that a bank or quasi-bank:

(a) HAS NOTIFIED THE BANGKO SENTRAL OR PUBLICLY ANNOUNCED A UNILATERAL CLOSURE, OR HAS BEEN DORMANT FOR AT LEAST SIXTY (60) DAYS OR IN ANY MANNER HAS SUSPENDED THE PAYMENT OF ITS DEPOSIT/DEPOSIT LIABILITIES, OR is unable to pay its liabilities as they become due in the ordinary course of business: Provided, That this shall not include inability to pay caused by extraordinary demands induced by financial panic in the banking OR FINANCIAL community; OR

(b) has insufficient realizable assets TO MEET ITS LIABILITIES, as determined by the Bangko Sentral[, to meet its liabilities] IN ACCORDANCE WITH BANKING REGULATIONS; or

(c) cannot continue in business without involving SUBSTANTIAL probable losses to its depositors or creditors RELATIVE TO THE SIZE OF THE INSTITUTION CONCERNED; or

(d) has willfully violated a cease and desist order under Section 37 that has become final, involving acts or transactions which amount to fraud or a dissipation of the assets of the institution; in which cases, the Monetary Board may summarily and without need for prior hearing forbid the institution from doing business in the Philippines, and IN CASE IT IS A BANK designate the Philippine Deposit Insurance Corporation as receiver of the banking institution. THE MONETARY BOARD SHALL NOTIFY IN WRITING THE BOARD OF DIRECTORS OF ITS
FINDINGS AND DIRECT THE PDIC TO PROCEED WITH THE
LIQUIDATION OF THE CLOSED BANKING INSTITUTION PURSUANT TO
PARAGRAPH 6 OF THIS SECTION.

For a quasi-bank, any person of recognized competence in banking or finance
SHALL [may] be designated as receiver.

THE AUTHORITY OF THE MONETARY BOARD TO PLACE A
BANK OR QUASI-BANK UNDER RECEIVERSHIP AS PROVIDED ABOVE
SHALL ALSO BE EXERCISED OVER OTHER NON-BANK FINANCIAL
INSTITUTIONS WHICH UNDER THIS ACT OR SPECIAL LAWS ARE
SUBJECT TO BANGKO SENTRAL SUPERVISION, BASED ON THE SAME
APPLICABLE GROUNDS. FOR THIS PURPOSE, ANY PERSON OF
RECOGNIZED COMPETENCE IN BANKING, CREDIT AND FINANCE MAY
BE DESIGNATED AS A RECEIVER.

The receiver shall immediately gather, take charge of, MANAGE AND
CONTROL all the assets, WHICH, IN CASE OF A BANK, SHALL INCLUDE
ITS LICENSE, and liabilities of the institution, administer the same for the benefit of
its creditors, and, exercise the general powers of a receiver under EXISTING LAWS
AND the Revised Rules of Court. HOWEVER, THE DISPOSITION OF THE
LICENSE BY THE RECEIVER SHALL BE SUBJECT TO THE APPROVAL
OF THE MONETARY BOARD. THE RECEIVER SHALL ADDITIONALLY
HAVE THE AUTHORITY TO: (1) [but shall not, with the exception of] PAY
administrative expenditures, [pay or commit any act that will involve the transfer or
disposition of any asset of the institution: Provided, That the receiver may] (2)
deposit or place the funds of the institution in non-speculative investments, OR (3)
ADOPT, IF DEEMED APPROPRIATE BY THE RECEIVER, BRIDGE
BANKING AS A RESOLUTION METHOD, AS GOVERNED BY SECTION 30-
B OF THIS ACT. The receiver OF QUASI-BANKS AND NON-BANK
FINANCIAL INSTITUTIONS shall determine as soon as possible, but not later
than ninety (90) days from take-over, whether [the] SUCH institution may be
rehabilitated or otherwise placed in such a condition so that it may be permitted to
resume business with safety to its [depositors and] creditors and the general public:
Provided, That any determination for the resumption of business of the institution
shall be subject to prior approval of the Monetary Board.

IN ORDER TO REHABILITATE THE CLOSED INSTITUTION OR TO
RESTORE ITS OPERATIONS WITH SAFETY TO ITS CREDITORS AND
THE GENERAL PUBLIC OR TO MERGE OR CONSOLIDATE THE CLOSED
INSTITUTION WITH ANOTHER QUALIFIED INSTITUTION, THE
RECEIVER OF QUASI-BANKS AND OTHER NON-BANK FINANCIAL
INSTITUTIONS MAY IMMEDIATELY TRANSFER OR DISPOSE OF ANY
OR ALL OF THE ASSETS OF THE CLOSED INSTITUTION AND PERFORM
SUCH OTHER ACTS AS MAY BE AUTHORIZED BY LAW.

If the receiver OF QUASI-BANK AND OTHER NON-BANK FINANCIAL
INSTITUTIONS determines that the institution cannot be rehabilitated or permitted to
resume business in accordance with the next preceding paragraph OF THIS
SECTION, the Monetary Board shall notify in writing the board of directors of its
findings and direct the receiver to proceed with the liquidation of the institutions. The
receiver shall:

1. file ex parte with the proper regional trial court, and without requirement of
prior notice or any other action, a petition for assistance in the liquidation of the
institution pursuant to a liquidation plan adopted by the Philippine Deposit Insurance
Corporation for general application to all closed banks. In case of quasi-banks, the
liquidation plan shall be adopted by the Monetary Board. Upon acquiring jurisdiction,
the court shall, upon motion by the receiver after due notice, adjudicate disputed
claims against the institution, assist the enforcement of individual liabilities of the
stockholders, directors and officers, and decide on other issues as may be material to
implement the liquidation plan adopted. The receiver shall pay the cost of the
proceedings from the assets of the institution.

2. convert the assets of the institution to money, dispose of the same to
creditors and other parties, for the purpose of paying the debts of such institution in
accordance with the rules on concurrence and preference of credit under the Civil
Code of the Philippines and he may, in the name of the institution, and with the
assistance of counsel as he may retain, institute such actions as may be necessary to
collect and recover accounts and assets of, or defend any action against, the institution.
The assets of an institution under receivership, or liquidation shall be deemed in
custodia legis in the hands of the receiver and shall, from the moment the institution
was placed under such receivership or liquidation, be exempt from any order of
garnishment, levy, attachment, or execution.

The actions of the Monetary Board taken under this section or under Section 29
of this Act shall be final and executory, and may not be restrained or set aside by the
court except on petition for certiorari on the ground that the action taken was in excess
of jurisdiction or with such grave abuse of discretion as to amount to lack or excess of
jurisdiction. The petition for certiorari may only be filed by the stockholders of record
representing the majority of the capital stock within ten (10) days from receipt by the
board of directors of the institution of the order directing receivership, liquidation or
conservatorship.

The designation of a conservator under Section 29 of this Act or the
appointment of a receiver under this section shall be vested exclusively with the
Monetary Board. [Furthermore, the designation of a conservator is not a precondition
to the designation of a receiver.]

SEC. 20. A new section entitled section 30-A of the same Act shall be inserted between Section 30
and Section 30-B which shall read as follows:

"SEC. 30-A. PROMPT CORRECTIVE ACTION (PCA). - WHENEVER
ON THE BASIS OF THE REPORT OF EXAMINATION (ROE), THE
MONETARY BOARD FINDS THAT A BANK OR NON-BANK FINANCIAL
INSTITUTION PERFORMING QUASI-BANK FUNCTIONS IS CAPITAL
DEFICIENT AND FAILS TO COMPLY WITH MINIMUM CAPITAL
REQUIREMENTS PRESCRIBED UNDER EXISTING LAWS AND
IMPLEMENTING REGULATIONS, THE MONETARY BOARD SHALL
TAKE PROMPT CORRECTIVE ACTION DIRECTING THE ENTITIES
AFOREMENTIONED TO INFUSE ADDITIONAL CAPITAL UP TO AN
AMOUNT NECESSARY TO RESTORE THEIR CAPITAL TO THE
MINIMUM REQUIRED AMOUNT. THE AFFECTED ENTITIES SHALL BE
GIVEN A PERIOD OF NOT LESS THAN (10) MONTHS FROM THE DATE
OF RECEIPT OF THE DIRECTIVE OF THE MONETARY BOARD TO
COMPLY WITH THE CAPITAL RESTORATION PROGRAM. IF IT IS
SHOWED THAT THE AFFECTED ENTITY HAS TAKEN EARNEST
EFFORTS TO COMPLY WITH THE MANDATE OF THE MONETARY
BOARD, THE AFFECTED ENTITY SHALL BE GIVEN BY THE MONETARY
BOARD AN EXTENSION OF ANOTHER FOUR (4) MONTHS TO COMPLY
WITH THE MONETARY BOARD DIRECTIVE.

IN CASE THE REPORT OF EXAMINATION (ROE) OF THE
AFFECTED ENTITY ALSO SHOWS THAT IT ALSO FAILED TO ADDRESS
CORPORATE MANAGEMENT INADEQUACIES AND/OR NEEDS TO
INSTITUTE ADMINISTRATIVE REFORMS THAT ARE AUTHORIZED
UNDER THIS ACT OR SPECIAL LAWS, THE MONETARY BOARD, IN
ADDITION TO INSTITUING PROMPT CORRECTIVE ACTION THAT
DEALS SPECIFICALLY WITH THE CAPITAL DEFICIENCY PROBLEM,
MAY IMPOSE OTHER SUPERVISORY INTERVENTIONS THAT ARE
AUTHROIZED UNDER THIS ACT OR SPECIAL LAWS.

IN THE EVENT THAT THE AFFECTED BANK IS A RURAL BANK
WHICH IS UNABLE TO COMPLY WITH THE CAPITAL RESTORATION
PROGRAM INSTITUTED BY THE MONETARY BOARD WITHIN THE
PRESCRIBED PERIOD AND IN ORDER TO PREVENT THE RURAL BANK
AFFECTED FROM BEING CLOSED, ANOTHER RURAL BANK SHALL BE
GIVEN THE RIGHT OF FIRST REFUSAL TO INVEST, CONSOLIDATE OR
MERGE WITH THE SAID BANK OR TO ACQUIRE THE ASSETS AND
ASSUME THE LIABILITIES OF SAID RURAL BANK IN ORDER TO
RESTORE THE NORMAL OPERATIONS OF SAID RURAL BANK, TO THE
EXCLUSION OF OTHER CATEGORIES OF BANKS UNLESS NO OTHER
RURAL BANK OF GOOD STANDING EXPRESSES TO EXERCISE THE
RIGHT OF FIRST REFUSAL PROVIDED UNDER THIS SECTION. THE
RURAL BANKERS ASSOCIATION OF THE PHILIPPINES SHALL BE
OFFICIALLY NOTIFIED BY THE MONETARY BOARD IN WRITING OF
THE RIGHT OF FIRST REFUSAL MADE AVAILABLE UNDER THIS
SECTION IN ORDER THAT ALL RURAL BANKS OF GOOD STANDING
SHALL BE NOTIFIED ACCORDINGLY.

IN CASE THE AFFECTED BANK IS A GOVERNMENT BANK OR A
GOVERNMENT QUASI-BANK WITH ORIGINAL STATUTORY
CHARTERS, INFUSION OF ADDITIONAL CAPITAL BEYOND WHAT IS
PRESCRIBED IN THEIR CHARTERS SHALL BE UNDERTAKEN
THROUGH AMENDATORY LEGISLATION. HOWEVER, ISSUES OF
CAPITAL NOTES SUBORDINATED TO OTHER CREDITS BUT SUPERIOR
TO THE EQUITY OF STOCKHOLDERS IN THE ORDER OF PREFERENCE
OF CLAIMS AGAINST THE AFFECTED GOVERNMENT FINANCIAL
INSTITUTION IS HEREBY AUTHORIZED TO BE ISSUED, WITH
NATIONAL GOVERNMENT GUARANTEE AND SHALL BE QUALIFIED AS
EQUIVALENT TO THE REQUIRED CAPITAL INFUSION.”

SEC. 21. A new section entitled section 30-B of the same Act shall be inserted between Sections
30-A and 31 which shall read as follows:

“SEC. 30-B. BRIDGE BANKING. - (A) THE PHILIPPINE DEPOSIT
INSURANCE CORPORATION (PDIC) MAY FORM, ESTABLISH,
ORGANIZE, AND OPERATE AND/OR CONTRACT TO OPERATE
SUBSIDIARIES OR CORPORATIONS WHOSE PRIMARY PURPOSE IS TO
OPERATE AS A BRIDGE BANK AND/OR MANAGE ACQUIRED ASSETS
OF THE PDIC.

(B) A BRIDGE BANK REFERS TO A TEMPORARY BANK LICENSED
BY THE BANGKO SENTRAL, ESTABLISHED AND OPERATED TO
ACQUIRE ASSETS AND ASSUME LIABILITIES OF A FAILED BANK. THE
BRIDGE BANK SHALL HAVE AUTHORITY TO PURCHASE ASSETS,
ASSUME DEPOSITS AND OTHER LIABILITIES WHICH THE PDIC MAY
DETERMINE TO BE APPROPRIATE; AND PERFORM SUCH OTHER
BANKING FUNCTIONS AS THE MONETARY BOARD MAY AUTHORIZE,
CONSISTENT WITH THE OBJECTIVES OF THIS SECTION.
(C) A BRIDGE BANK RESOLUTION MEASURE MAY BE ADOPTED
ONLY IF THE BOARD OF DIRECTORS DETERMINES THAT IT IS A
COST-EFFECTIVE AND Viable RESOLUTION MEASURE AND THE
AMOUNT NECESSARY TO IMPLEMENT SUCH MEASURE IS LESS THAN
THE ESTIMATED INSURED DeposITS OF THE FAILED BANK; AND THE
PRESERVATION OF CRITICAL BANKING FUNCTIONS IS IN THE BEST
INTEREST OF THE DEPOSITORS AND THE PUBLIC.

(D) FOR THE EFFECTIVE IMPLEMENTATION OF A BRIDGE BANK
RESOLUTION MEASURE, THE PDIC MAY:

1. SELL, ASSIGN, TRANSFER, OR CONVEY ITS
SHAREHOLDINGS IN ITS SUBSIDIARY TO THE FAILED BANK;
2. TRANSFER SUCH ASSETS AND DEPOSIT LIABILITIES OF
A FAILED BANK TO THE BRIDGE BANK, AS THE PDIC MAY
DEEM APPROPRIATE. ALL TRANSFERS UNDER THIS
SUBSECTION SHALL:

I. NOT BE SUBJECT TO ANY TAXES, SUCH AS
CAPITAL GAINS TAX, AS WELL AS INCOME TAX,
VALUE ADDED TAX AND DOCUMENTARY STAMP
TAX, AND OTHER TAXES, AS MAY BE APPLICABLE;
II. BE CONSIDERED IN CUSTODIA LEGIS IN THE
HANDS OF THE BRIDGE BANK, FROM THE TIME
THE ASSETS ARE TRANSFERRED TO A BRIDGE
BANK, ITS ASSETS SHALL NOT BE SUBJECT TO
ATTACHMENT, EXECUTION, GARNISHMENT, LEVY,
FORECLOSURE OR ANY OTHER COURT PROCESSES.
THEREFORE, A JUDGE, OFFICER OF THE COURT OR
ANY PERSON WHO SHALL ISSUE, ORDER, PROCESS
OR CAUSE THE ISSUANCE OR IMPLEMENTATION
OF THE WRIT OF GARNISHMENT, LEVY,
ATTACHMENT OR EXECUTION SHALL BE LIABLE
UNDER SECTION 22 HEREOF.
III. BE EFFECTIVE WITHOUT ANY CONSENT FROM
THE STOCKHOLDERS, CREDITORS,
STAKEHOLDERS OF THE FAILED BANK,
NOTWITHSTANDING ANY PROVISION OF LAW TO
THE CONTRARY.
3. MAKE ADVANCES TO THE BRIDGE BANK OR CLOSED
BANK, UPON SUCH TERMS AND CONDITIONS AND IN SUCH
FORM AND AMOUNTS AS THE PDIC MAY PRESCRIBE,
SUFFICIENT FUNDS FOR THE BRIDGE BANK TO OPERATE.

These advances shall partake of the nature of public funds, and as such, must be considered a preferred credit similar to taxes due to the national government in the order of preference under Article 2224 of the New Civil Code;

4. Conduct due diligence on an insured bank, and examine and audit the deposit accounts and/or records, of an insured bank, so as to establish a deposit profile of the bank as to the number of deposit accounts and total insured deposits: provided, that the information on individual accounts obtained through such examination or audit shall not be disclosed or released to any other party except to the board of directors of the PDIC or upon order of the court; and

5. Appoint, install, designate, and/or remove the directors and officers of a bridge bank and fix their compensation.

(E) The 90-day period provided under Section 30 of Republic Act 7653, as amended, within which the receiver shall determine whether the institution may be rehabilitated shall not be applicable.

(F) The bridge bank shall terminate at the end of two years following the date it was granted a banking license, subject to the provisions in the paragraphs (G) and (H); provided, further, that the PDIC may extend the status of the bridge bank if deemed necessary to conclude pending negotiations for the sale, merger or acquisition of the bridge bank by a buyer or acquirer: provided, finally, that the maximum extension shall be one (1) year.

(G) Termination of Bridge Bank. - The status of any bridge bank as such shall terminate upon the earliest of—

1. The merger or consolidation of the bridge bank with another bank that is not a bridge bank; or
2. THE SALE OF THE BRIDGE BANK TO A QUALIFIED
BUYER, AS MAY BE DETERMINED BY THE PDIC; OR
3. THE ASSUMPTION OF ALL OR SUBSTANTIALLY ALL OF
THE (i) DEPOSITS AND OTHER LIABILITIES AND/OR (ii)
ASSETS OF THE BRIDGE BANK BY AN INSURED BANK
THAT IS NOT A BRIDGE BANK, OR OTHER ENTITY AS
PERMITTED UNDER APPLICABLE LAW. FOLLOWING THE
ASSUMPTION OF ALL OR SUBSTANTIALLY ALL OF THE
LIABILITIES OF THE BRIDGE BANK AND THE SALE OF
ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE
BRIDGE BANK, THE BRIDGE BANK SHALL BE
LIQUIDATED IN ACCORDANCE WITH THE PROVISIONS OF
LAW RELATING TO THE LIQUIDATION OF CLOSED
BANKS; AND
4. THE EXPIRATION OF THE PERIOD PROVIDED IN
PARAGRAPH (F), OR THE EARLIER DISSOLUTION OF THE
BRIDGE BANK AS PROVIDED IN PARAGRAPH (H).

(H) DISSOLUTION OF BRIDGE BANK.- NOTWITHSTANDING ANY
OTHER PROVISION OF LAW TO THE CONTRARY, IF THE BRIDGE
BANK'S STATUS AS SUCH HAS NOT PREVIOUSLY BEEN TERMINATED
BY THE OCCURRENCE OF AN EVENT SPECIFIED IN SUBPARAGRAPH
(1), (2) OR (3), OF PARAGRAPH (G), THE BOARD OF DIRECTORS OF
PDIC, MAY DISSOLVE A BRIDGE BANK AT ANY TIME IT DEEMS
NECESSARY. THE PDIC, AS SUCH RECEIVER, SHALL WIND UP THE
AFFAIRS OF THE BRIDGE BANK IN CONFORMITY WITH THE
PROVISIONS OF LAW RELATING TO THE LIQUIDATION OF CLOSED
BANKS. WITH RESPECT TO ANY SUCH BRIDGE BANK, THE PDIC, AS
SUCH RECEIVER, SHALL HAVE ALL THE RIGHTS, POWERS, AND
PRIVILEGES, AND SHALL PERFORM THE DUTIES RELATED TO THE
EXERCISE OF SUCH RIGHTS, POWERS, OR PRIVILEGES GRANTED BY
LAW TO A RECEIVER OF ANY INSURED BANK.

(I) MATTERS RELATING TO THE EXERCISE BY THE PDIC OF
THE FUNCTIONS UNDER THIS SECTION SHALL BE SUBJECT TO
VISITORIAL AUDIT ONLY.

(J) THE ACTIONS OF THE PDIC UNDER THIS SECTION SHALL BE
FINAL AND EXECUTORY, AND MAY NOT BE RESTRAINED OR SET
ASIDE BY THE COURT, EXCEPT ON PETITION FOR CERTIORARI WITH
THE COURT OF APPEALS ON THE GROUND THAT THE ACTION WAS
TAKEN IN EXCESS OF JURISDICTION OR WITH SUCH GRAVE ABUSE
OF DISCRETION AS TO AMOUNT TO A LACK OR EXCESS OF
JURISDICTION. THE PETITION FOR CERTIORARI MAY ONLY BE FILED
WITHIN TEN (10) DAYS FROM PUBLICATION OF THE NOTICE ON THE
ESTABLISHMENT OF A BRIDGE BANK.

(K) THE PDIC SHALL PROMULGATE THE IMPLEMENTING
RULES AND REGULATIONS TO IMPLEMENT THE PROVISIONS OF THIS
SECTION.”

SEC. 22. Section 33 of Republic Act No. 7653 is hereby amended to read as follows:

“SEC. 33. Disposition of Banking Franchise. — The Bangko Sentral may, if
public interest so requires, award to an institution, upon such terms and conditions as
the Monetary Board may approve, the banking franchise of a CLOSED bank [under
liquidation] to operate in the area where said bank or its branches were previously
operating: Provided, That whatever proceeds may be realized from such award shall be
[subject to the appropriate exclusive disposition of the Monetary Board] FOR THE
BENEFIT OF THE CREDITORS OF THE CLOSED BANK.”

SEC. 23. Section 36 of Republic Act No. 7653 is hereby amended to read as follows:

“SEC. 36. Proceedings Upon Violation of this Act and Other Banking Laws,
Rules, Regulations, Orders or Instructions. - Whenever a bank, [or] quasi-bank, OR
OTHER FINANCIAL INSTITUTION WHICH UNDER THIS ACT OR
SPECIAL LAWS IS SUBJECT TO BANGKO SENTRAL SUPERVISION or
whenever any person or entity willfully violates this Act or other pertinent banking
laws being enforced or implemented by the Bangko Sentral or any order, instruction,
rule or regulation issued by the Monetary Board, the person or persons responsible for
such violation shall unless otherwise provided in this Act be punished by a fine of not
less than Fifty Thousand Pesos (P50,000) nor more than [Two Hundred Thousand
Pesos (P200,000)] TWO MILLION Pesos (P2,000,000.00) or by imprisonment of
not less than two (2) years nor more than [ten (10)] SIX (6) years, or both, at the
SOUND discretion of the court.

Whenever [a bank or quasi-bank] AN ENTITY UNDER BANGKO
SENTRAL SUPERVISION persists in carrying on its business in an [unlawful or]
unsafe or UNSOUND manner AS DETERMINED UNDER THE PROVISIONS
OF SECTION 56 OF REPUBLIC NO. 8791 AND IT REFUSES OR FAILS TO
CEASE AND DESIST FROM SUCH MISCONDUCT AND TO INSTITUTE
CORRECTIVE MEASURES AFTER NOTICE HAS BEEN GIVEN BY THE
BANGKO SENTRAL, the MONETARY Board may, without prejudice to the
penalties provided in the preceding paragraph of this Section and the administrative
sanctions provided in Section 37 of this Act, take action under Section 30 of this Act.”
SEC. 24. Section 37 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 37. Administrative Sanctions [On Banks And Quasi-Banks]. — Without prejudice to the criminal sanctions against the culpable persons provided in Sections 34, 35, and 36 of this Act, the Monetary Board may, at its discretion, impose ADMINISTRATIVE SANCTIONS upon any bank [or quasi-bank, their directors, and/or officers, for any willful violation of its charter or by-laws, willful delay in the submission of reports or publications thereof as required by law, rules and regulations; any refusal to permit examination into the affairs of the institution; any willful making of a false or misleading statement to the Board or the appropriate supervising and examining department or its examiners; any willful failure or refusal to comply with, or violation of, any banking law or any order, instruction or regulation issued by the Monetary Board, or any order, instruction or ruling by the Governor:] FINANCE COMPANY AND NON-BANK FINANCIAL INSTITUTION PERFORMING QUASI-BANKING FUNCTIONS, HEREINAFTER REFERRED TO AS QUASI-BANKING INSTITUTIONS PERFORMING SIMILAR FUNCTIONS REGULATED BY THE BANGKO SENTRAL UNDER THIS ACT OR UNDER SPECIAL LAWS THAT ARE UNDER THE SUPERVISION OF THE BANGKO SENTRAL FOR WILLFUL VIOLATION OR FAILURE TO COMPLY WITH THE PROVISIONS OF THIS ACT, OF REPUBLIC ACT NO. 8791 AND OTHER SPECIAL LAWS; or any commission of irregularities, and/or conducting business in an unsafe or unsound manner as may be determined by the Monetary Board the following administrative sanctions, [whenever] WHEREVER OR WHICHEVER applicable.


(a) [fines] ADMINISTRATIVE PENALTIES in amounts as may be PRESCRIBED AND determined by the Monetary Board to be appropriate, but in no case to exceed [Thirty Thousand Pesos (P30,000) a day for each violation, taking into consideration the attendant circumstances, such as the nature and gravity of the violation or irregularity and the size of the bank or quasi-bank:] THE MAXIMUM PENALTIES PRESCRIBED HEREIN FOR EACH VIOLATION, AS FOLLOWS:

1. FOR UNIVERSAL AND COMMERCIAL BANKS – NOT EXCEEDING P10,000 PER BANKING DAY;
2. FOR THRIFT BANKS - NOT EXCEEDING P5,000 PER BANKING DAY;

3. FOR RURAL BANKS/COOPERATIVE BANKS - NOT EXCEEDING P2,000 PER BANKING DAY;

4. FOR FINANCE COMPANIES AND NON-BANK FINANCIAL INSTITUTIONS PERFORMING QUASI-BANKING FUNCTIONS - NOT EXCEEDING P5,000 PER BANKING DAY;

5. FOR FINANCE COMPANIES AND FINANCIAL INSTITUTIONS WHICH ARE NOT PERFORMING QUASI-BANKING FUNCTIONS - NOT EXCEEDING P3,000 PER BANKING DAY;

6. FOR OTHER INSTITUTIONS THAT ARE SUPERVISED BY THE BANGKO SENTRAL - NOT EXCEEDING P2,000 PER BANKING DAY.

WITHIN THE MAXIMUM PENALTY PRESCRIBED HEREIN, FOR VIOLATIONS OR IRREGULARITIES COMMITTED BY EVERY CATEGORY OF BANKS, QUASI-BANKS, AND NON-BANKS FINANCIAL INSTITUTIONS AS HEREBIN PROVIDED, THE MONETARY BOARD SHALL ACCORDING TO THE DEGREE OF SEVERITY OF VIOLATIONS OR IRREGULARITIES SUBJECT TO PENALTIES, CLASSIFY VIOLATIONS OR IRREGULARITIES COMMITTED INTO GRAVE, LESS GRAVE AND LIGHT OFFENSES SUCH THAT THE PENALTIES TO BE IMPOSED SHALL CORRESPONDINGLY BE GRADUATED WITHIN THE PRESCRIBED MAXIMUM PENALTIES.


THE SUPERVISION AND EXAMINATION SECTOR CONCERNED SHALL SUBMIT TO THE MONETARY BOARD A MONTHLY REPORT OF ADMINISTRATIVE PENALTIES IMPOSED ON INSTITUTIONS, IF ANY, INDICATING IN THE REPORT THE PENALTIES IMPOSED ON CERTAIN
INSTITUTIONS; PENALTIES THAT HAVE BEEN COLLECTED; AND
PENALTIES UNDER CONSIDERATION;

(b) suspension of rediscounting privileges or access to Bangko Sentral credit
facilities;

(c) suspension of lending or foreign exchange operations or authority to accept
new deposits or make new investments; AND/OR

(d) suspension of interbank clearing privileges; [and/or]

[(e) revocation of quasi-banking license.]

Resignation or termination from office shall not exempt such director or officer
from administrative or criminal sanctions.

The Monetary Board may, whenever warranted by circumstances, preventively
suspend any director or officer of [a bank or quasi-bank] THE INSTITUTION
pending an investigation: Provided, That should the case be not finally decided by the
Bangko Sentral within a period of one hundred twenty (120) days after the date of
suspension, said director or officer shall be reinstated in his position: Provided, further,
That when the delay in the disposition of the case is due to the fault, negligence or
petition of the director or officer, the period of delay shall not be counted in computing
the period of suspension herein provided.

The above administrative sanctions need not be applied in the order of their
severity.

Whether or not there is an administrative proceeding, if the institution and/or
the directors and/or officers, concerned continue with or otherwise persist in the
commission of the indicated practice or violation, the Monetary Board may issue an
order requiring the institution and/or the directors, and/or officers concerned to cease
and desist from the indicated practice or violation, and may further order that
immediate action be taken to correct the conditions resulting from such practice or
violation. The cease and desist order shall be immediately effective upon service on
the respondents.

The respondents shall be afforded an opportunity to defend their action in a
hearing before the Monetary Board or any committee chaired by any Monetary Board
member created for the purpose, upon request made by the respondents within five (5)
days from their receipt of the order. If no such hearing is requested within said period,
the order shall be final. If a hearing is conducted, all issues shall be determined on the
basis of records, after which the Monetary Board may either reconsider or make final
its order.

[The Governor is hereby authorized, at his discretion, to impose upon banking
institutions for any failure to comply with the requirements of law, Monetary Board
regulations and policies, and/or instructions issued by the Monetary Board or by the
Governor, fines not in excess of Ten thousand pesos (P10,000) a day for each violation, the imposition of which shall be final and executory until reversed, modified or lifted by the Monetary Board on appeal."

**SEC. 25.** Section 40 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 54. [Reports.] **APPEARANCE BEFORE CONGRESS.** – [Before the end of March of each year, the Bangko Sentral shall publish and submit to the President and the Congress an annual report on the condition of the Bangko Sentral including a review of the policies and measures adopted by the Monetary Board during the past year and an analysis of the economic and financial circumstances which gave rise to said policies and measures.

The annual report shall also include a statement of the financial condition of the Bangko Sentral and a statistical appendix which shall present, as a minimum, the following data:] **THE BSP GOVERNOR SHALL APPEAR BEFORE THE COMMITTEES ON APPROPRIATIONS, WAYS AND MEANS, ECONOMIC AFFAIRS, AND BANKS AND FINANCIAL INTERMEDIARIES OF THE HOUSE OF REPRESENTATIVES ON OR BEFORE THE 2ND TUESDAY OF MARCH AND SEPTEMBER, AND; BEFORE THE COMMITTEES ON FINANCE, WAYS AND MEANS, ECONOMIC AFFAIRS, AND BANKS, FINANCIAL INSTITUTIONS AND CURRENCIES OF THE SENATE ON OR BEFORE THE 4TH TUESDAY OF MARCH AND SEPTEMBER TO REPORT ON THE STATUS AND DIRECTIONS OF THE FISCAL AND MONETARY POLICIES OF THE GOVERNMENT, ECONOMIC DEVELOPMENTS AND PROSPECTS FOR THE FUTURE, TAKING INTO ACCOUNT PAST AND PROSPECTIVE DEVELOPMENTS IN EMPLOYMENT, UNEMPLOYMENT, PRODUCTION, INVESTMENT, REAL INCOME, PRODUCTIVITY, EXCHANGE RATES, INTERNATIONAL TRADE AND PAYMENTS, AND PRICES.

**THE GOVERNOR OF THE BSP SHALL ALSO SUBMIT A WRITTEN REPORT TO THE PRESIDENT AND TO THE COMMITTEES SPECIFIED IN THE ABOVE PARAGRAPH WHICH SHALL INCLUDE, BUT SHALL NOT BE LIMITED TO, THE FOLLOWING:**

(a) the monthly movement of monetary aggregates and their components;
(b) the monthly movement of purchases and sales of foreign exchange and of the international reserves of the Bangko Sentral;
(c) balance of payments of the Philippines;
(d) monthly indices of consumer prices and of import and export prices;
(e) the monthly movement, in summary form, of exports and imports, by volume and value;
(f) the monthly movement of the accounts of the Bangko Sentral and of other banks;
(g) the principal data on government receipts and expenditures and on the status of the public debt, both domestic and foreign; [and]
(h) the texts of the major legal and administrative measures adopted by the Government and the Monetary Board during the year which relate to the functions or operations of the Bangko Sentral or of the financial system, and; AND

(I) OTHER INFORMATION THAT MAY BE REQUESTED BY THE SAID COMMITTEES OF CONGRESS.

[The Bangko Sentral shall publish another version of the annual report] THE BSP SHALL MAKE AVAILABLE COPIES OF THE REPORTS SUBMITTED TO CONGRESS IN THEIR OFFICIAL WEBSITES FOR A REASONABLE PERIOD IMMEDIATELY FOLLOWING THE SUBMISSION OF THE REPORTS in terms understandable to the layman.

Failure to comply with the reportorial requirements pursuant to this article without justifiable reason as may be determined by the Monetary Board shall cause the withholding of the salary of the personnel concerned until the requirements are complied with."

SEC. 26. Section 54 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 54. Printing of Notes and Minting of Coins. — The Monetary Board shall prescribe the amounts of notes and coins to be printed and minted, respectively, and the conditions to which the printing of notes and the minting of coins shall be subject. The Monetary Board shall have the authority to contract institutions, mints or firms for such operations.

THE HEAD OF THE SECURITY PRINTING OF NOTES AND MINTING OF COINS SHALL SUBMIT TO THE MONETARY BOARD REGULAR REPORTS OF EACH AND EVERY PRINTING JOB OF NOTES AND MINTING OF COINS WHETHER THE PRINTING OF NOTES AND MINTING OF COINS IS DONE IN-HOUSE OR OUTSOURCED. A REPORT SHALL BE SUBMITTED WITHIN THIRTY (30) DAYS FROM COMPLETION OF PRINTING OF NOTES AND MINTING OF COINS IF IN-HOUSE AND WITHIN THIRTY (30) DAYS FROM THE DATE OF DELIVERY TO THE BANGKO SENTRAL OF OUTSOURCED PRINTING/MINTING JOB.

THE REGULAR REPORTS ON THE PRINTING OF NOTES/MINTING OF COINS TO BE SUBMITTED TO THE MONETARY BOARD SHALL
CONTAIN THE FOLLOWING MINIMUM INFORMATION PER
PRODUCTION JOB:

(A) THE VOLUME OF NOTES/COINS AS ACTUALLY
PRINTED/MINTED;
(B) THE NOTES AND COINS PRINTED/MINTED INDICATING THE
SERIAL NUMBERS AND YEAR MARK OF THE NOTES PRINTED AS
WELL AS THE YEAR MARK OF THE COINS;
(C) THE NAMES AND ADDRESSES OF THE ENTITIES THAT
PRINTED THE NOTES OR MINTED THE COINS, IF OUTSOURCED;
OTHERWISE INDICATE IF THE NOTES AND COINS WERE
PRINTED/MINTED IN-HOUSE;
(D) PAPERS, INK AND OTHER RAW MATERIALS ORDERED VS.
PRODUCTION OUTPUT;
(E) PRODUCTION CAPACITY PER DENOMINATION VS. VOLUME
OF PRODUCTION OUTPUT;
(F) DATES OF DELIVERY OF RAW MATERIALS FOR
PARTICULAR DENOMINATION AND DATES OF DELIVERY OF
PRINTED NOTES OR MINTED COINS TO THE CASH
DEPARTMENT;
(G) ALLOWANCE FOR WASTAGE VS. ACTUAL WASTAGE PER
PRODUCTION ORDER. THE RECORD OF WASTAGE SHALL
INCLUDE INFORMATION ON THE SHREDDING OF WASTAGE;
AND
(H) RUNNING BALANCE OF THE PARTICULAR DENOMINATION
PRINTED/MINTED.

All expenses incurred in the printing of notes and the minting of coins shall be
for the account of the Bangko Sentral.”

SEC. 27. Section 61 of Republic Act No. 7653 is hereby amended to read as follows:

CONSTANTLY ASSESS PRICE DEVELOPMENTS AND OUTLOOK AND
BASED ON ITS ANALYSIS AND EVALUATION OF INFLATIONARY
PRESSURES USE ITS POLICY INSTRUMENTS PRICE STABILITY.

The Monetary Board shall endeavor to control any SIGNIFICANT expansion
or contraction in monetary aggregates which is prejudicial to the attainment or
maintenance of price stability.”

SEC. 28. Section 81 of Republic Act No. 7653 is hereby amended to read as follows:

“SEC. 81. Guiding Principles. — The rediscounts, discounts, loans and
advances which the Bangko Sentral is authorized to extend to banking institutions
AND OTHER SUPERVISED FINANCIAL INSTITUTIONS under the provisions
of the present article of this Act shall be used to influence the volume of credit consistent with the MAINTENANCE OF FINANCIAL STABILITY AND THE objective of price stability.”

SEC. 29. Section 83 of Republic Act No. 7653 is hereby amended to read as follows:

“SEC. 83. Loans for Liquidity Purposes. — The Bangko Sentral, BY A VOTE OF AT LEAST FIVE (5) MEMBERS OF THE MONETARY BOARD, may extend loans and advances to [banking] BANKS, QUASI-BANKS AND OTHER SYSTEMICALLY CRITICAL BANGKO SENTRAL-SUPERVISED institutions for a period of not more than [seven (7)] FORTY-FIVE (45) BANKING days without any collateral for the purpose of providing liquidity to the banking system in times of need, SUBJECT TO SUCH TERMS AND CONDITIONS AS THE MONETARY BOARD MAY PRESCRIBE TO MINIMIZE POSSIBLE LOSSES TO THE BANGKO SENTRAL.”

SEC. 30. Section 84 of Republic Act No. 7653 is hereby amended to read as follows:

“SEC. 84. Emergency Loans and Advances. — In periods of national and/or local emergency or of imminent financial panic which directly threaten monetary and [banking] FINANCIAL stability, the Monetary Board may, by a vote of at least five (5) of its members, authorize the Bangko Sentral to grant extraordinary loans or advances to banking, QUASI-BANKING AND OTHER SYSTEMICALLY CRITICAL BANGKO SENTRAL-SUPERVISED institutions TO BE secured by assets as defined hereunder: Provided, That while such loans or advances are outstanding, the debtor institution shall not, except upon prior authorization by the Monetary Board, expand the total volume of its loans or investments.

The Monetary Board may, at its discretion, likewise authorize the Bangko Sentral to grant emergency loans or advances to [banking] BANKS, QUASI-BANKS AND OTHER SYSTEMICALLY CRITICAL BANGKO SENTRAL-SUPERVISED institutions, even during normal periods, for the purpose of assisting a bank in a precarious financial condition or under serious financial pressures brought by unforeseen events, or events which, though foreseeable, could not be prevented by the bank concerned: Provided, however, That the Monetary Board has ascertained that the bank is not insolvent and has the assets defined hereunder to secure the advances: Provided, further, That a concurrent vote of at least five (5) members of the Monetary Board is obtained.

The amount of any emergency loan or advance shall not exceed the sum of fifty percent (50%) of total [deposits and deposit substitutes] BORROWINGS of the [banking] institution and shall be disbursed in two (2) or more tranches. The amount of the first tranche shall be limited to twenty-five percent (25%) of the BORROWINGS [total deposit and deposit substitutes] of the institution and shall be
secured by (A) government securities [to the extent of their applicable loan values and]; (B) ACCEPTABLE GUARANTEES BACKED UP BY THE NATIONAL GOVERNMENT OR ITS SECURITIES; (C) other unencumbered first class collaterals AND (D) PRIVATE COMMERCIAL PAPER TO THE EXTENT OF THEIR APPLICABLE LOAN VALUES which the Monetary Board may approve: Provided, That if as determined by the Monetary Board, the circumstances surrounding the emergency warrant a loan or advance greater than the amount provided hereinabove, the amount of the first tranche may exceed twenty-five percent (25%) of the [bank’s] INSTITUTION’S total [deposit and deposit substitutes] BORROWINGS if the same is adequately secured by applicable loan values of government securities and unencumbered first class collaterals OR ACCEPTABLE GUARANTEES BACKED UP BY THE NATIONAL GOVERNMENT OR ITS SECURITIES approved by the Monetary Board, and the principal stockholders of the institution furnish an acceptable undertaking to indemnify and hold harmless from suit a conservator whose appointment the Monetary Board may find necessary at any time.

Prior to the release of the first tranche, the [banking] institution shall submit to the Bangko Sentral a resolution of its board of directors authorizing the Bangko Sentral to evaluate other assets of the [banking] institution certified by its external auditor to be good and available for collateral purposes should the release of the subsequent tranche be thereafter applied for.

The Monetary Board may, by a vote of at least five (5) of its members, authorize the release of a subsequent tranche on condition that the principal stockholders of the institution:

(a) furnish an acceptable undertaking to indemnify and hold harmless from suit a conservator whose appointment the Monetary Board may find necessary at any time; and

(b) provide acceptable security which, in the judgment of the Monetary Board, would be adequate to supplement, where necessary, the assets tendered by the [banking] institution to collateralize the subsequent tranche.

In connection with the exercise of these powers, the prohibitions in Section 128 of this Act shall not apply insofar as it refers to acceptance as collateral of shares and their acquisition as a result of foreclosure proceedings, including the exercise of voting rights pertaining to said shares: Provided, however, That should the Bangko Sentral acquire any of the shares it has accepted as collateral as a result of foreclosure proceedings, the Bangko Sentral shall dispose of said shares by public bidding within one (1) year from the date of consolidation of title by the Bangko Sentral.
Whenever a financial institution incurs an overdraft in its account with the
Bangko Sentral, the same shall be eliminated within the period prescribed in Section
102 of this Act."

SEC. 31. A new section entitled Section 88-A of the same Act shall be inserted between Section 88
and Section 88-B which shall read as follows:

"SEC. 88-A. EXEMPTION FROM ATTACHMENT. THE PROVISIONS OF
ANY LAW TO THE CONTRARY NOTWITHSTANDING AND SECTION 31
OF THIS ACT, COLLATERALS ON LOANS AND ADVANCES GRANTED
BY THE BANGKO SENTRAL SHALL NOT BE SUBJECT TO
ATTACHMENT, EXECUTION OR ANY OTHER COURT PROCESS, NOR
SHALL THEY BE INCLUDED IN THE PROPERTY OF INSOLVENT
PERSONS OR INSTITUTIONS, UNLESS THE SECURED LOANS AND
ADVANCES GRANTED BY THE BANGKO SENTRAL TO INSOLVENT
PERSONS OR INSTITUTIONS OR A CLOSED INSTITUTION HAVE
ALREADY BEEN FULLY PAID IN WHICH CASE THE EXEMPTIONS
UNDER THIS SECTION SHALL NO LONGER APPLY."

SEC. 32. A new section entitled Section 88-B of the same Act shall be inserted between Section 88-
A and Section 88-C which shall read as follows:

"SEC. 88-B. DEPUTIZATION OF LEGAL STAFF. — IN CASE OF AN
EXTRAJUDICIAL FORECLOSURE OF MORTGAGE, THE BANGKO
SENTRAL MAY, DEPUTIZE ANY OF ITS LAWYERS TO CONDUCT THE
PUBLIC AUCTION PURSUANT TO ACT NO. 3135, AS AMENDED. IN CASE
OF A JUDICIAL FORECLOSURE, THE BANGKO SENTRAL MAY WITH
THE APPROVAL OF THE COURT, LIKewise DEPUTIZE ANY OF ITS
Lawyers TO ACT AS SPECIAL SHERIFF IN THE SALE OF THE
DEBTOR’S PROPERTIES AND IN THE ENFORCEMENT OF COURT
Writs AND PROCESSSES RELATED THERETO. THE SPECIAL SHERIFF
OF THE BANGKO SENTRAL SHALL MAKE A REPORT TO THE PROPER
COURT AFTER ANY ACTION HAS BEEN TAKEN BY HIM, WHICH
COURT SHALL TREAT SUCH ACTION AS IF IT WERE AN ACT OF ITS
OWN SHERIFF IN ALL RESPECTS.

"NO RESTRAINING ORDER OR INJUNCTION SHALL BE ISSUED
BY THE COURT ENJOINING THE BANGKO SENTRAL FROM
PROCEEDING WITH THE FORECLOSURE OF THE MORTGAGE UNLESS
A BOND IS POSTED IN FAVOR OF THE BANGKO SENTRAL IN AN
AMOUNT EQUIVALENT TO THE TOTAL CLAIM OF THE BANGKO
SENTRAL. THE RESTRAINING ORDER OR INJUNCTION SHALL BE
REFUSED OR, IF GRANTED, SHALL BE DISSOLVED UPON FILING BY
THE BANGKO SENTRAL OF A BOND, WHICH SHALL BE IN THE FORM
OF A BANGKO SENTRAL CHECK, IN AN AMOUNT TWICE THE AMOUNT
OF THE ORIGINAL BOND POSTED CONDITIONED THAT THE BANGKO
SENTRAL WILL PAY THE DAMAGES WHICH THE PARTY MAY SUFFER
BY THE REFUSAL OR DISSOLUTION OF THE INJUNCTION. THE
PROVISIONS OF RULE 58 OF THE NEW RULES OF COURT IN SO FAR AS
THEY ARE APPLICABLE AND NOT 'INCONSISTENT WITH THE
PROVISIONS OF THIS SECTION SHALL GOVERN THE ISSUANCE AND
DISSOLUTION OF THE RESTRAINING ORDER OR INJUNCTION
CONTEMPLATED IN THIS SECTION.'

SEC. 33. A new section entitled Section 88-C of the same Act shall be inserted between Section 88-
B and Section 89 which shall read as follows:

"SEC. 88-C. RIGHT OF REDEMPTION OF FORECLOSED REAL
PROPERTY; RIGHT OF POSSESSION DURING REDEMPTION PERIOD. –
THE MORTGAGOR SHALL HAVE THE RIGHT TO REDEEM THE
PROPERTY WITHIN ONE YEAR FROM THE DATE OF FORECLOSURE
SALE OF THE REAL ESTATE, IN CASE THE MORTGAGOR IS A
NATURAL PERSON, AND WITHIN NINETY DAYS BUT NOT LATER THAN
THE DATE OF REGISTRATION OF THE CERTIFICATE OF
FORECLOSURE SALE, IN CASE THE MORTGAGOR IS A JURIDICAL
PERSON. REDEMPTION SHALL BE EFFECTED BY PAYING THE
PRINCIPAL, INTERESTS, CHARGES, COMMISSIONS AND ALL CLAIMS
OF WHATSOEVER NATURE OF THE BANGKO SENTRAL OUTSTANDING
AND DUE AS OF THE DATE OF FORECLOSURE SALE, INCLUDING ALL
COSTS AND OTHER EXPENSES INCURRED BY REASON OF THE
FORECLOSURE SALE AND CUSTODY OF THE PROPERTY.

THE BANGKO SENTRAL, AS PURCHASER IN THE FORECLOSURE
SALE AND WITHOUT NEED OF POSTING A BOND, MAY TAKE
POSSESSION OF THE FORECLOSED PROPERTY DURING THE
REDEMPTION PERIOD. THE BANGKO SENTRAL SHALL BE ENTITLED
TO THE FRUITS OF THE PROPERTY, THE SAME TO BE APPLIED
AGAINST THE REDEMPTION PRICE."

SEC. 34. A new section entitled Section 89-A of the same Act shall be inserted between Section 89
and Section 90 which shall read as follows:

"SEC. 89-A. CREDIT FACILITIES FOR ISLAMIC BANKS. –THE BANGKO
SENTRAL MAY, TAKING INTO CONSIDERATION THE PECULIAR
CHARACTERISTICS OF ISLAMIC BANKING, FORMULATE RULES AND
REGULATIONS FOR THE EXTENSION OF REDISCOUNTING OR OTHER
SIMILAR FACILITIES TO ISLAMIC BANKS."

SEC. 35. Section 92 of Republic Act No. 7653 is hereby amended to read as follows:
SEC. 92. Issue and Negotiation of Bangko Sentral Obligations. — In order to provide the Bangko Sentral with effective instruments for open market operations, the Bangko Sentral may, subject to such rules and regulations as the Monetary Board may prescribe and in accordance with the principles stated in Section 90 of this Act, issue, place, buy and sell freely negotiable evidences of indebtedness of the Bangko Sentral. [: Provided, That issuance of such certificates of indebtedness shall be made only in cases of extraordinary movement in price levels.] Said evidences of indebtedness may be issued directly against the international reserve of the Bangko Sentral or against the securities which it has acquired under the provisions of Section 91 of this Act, or may be issued without relation to specific types of assets of the Bangko Sentral.

The Monetary Board shall determine the interest rates, maturities and other characteristics of said obligations of the Bangko Sentral, and may, if it deems it advisable, denominate the obligations in gold or foreign currencies.

Subject to the principles stated in Section 90 of this Act, the evidences of indebtedness of the Bangko Sentral to which this Section refers may be acquired by the Bangko Sentral before their maturity, either through purchases in the open market or through redemptions at par and by lot if the Bangko Sentral has reserved the right to make such redemptions. The evidences of indebtedness acquired or redeemed by the Bangko Sentral shall not be included among its assets, and shall be immediately retired and cancelled.

THE BANGKO SENTRAL IN PURSUIT OF ITS OPEN MARKET OPERATIONS, MAY ALSO ENGAGE IN THE PURCHASE AND RESALE OF READILY MARKETABLE COMMERCIAL PAPERS ISSUED BY FINANCIAL INSTITUTIONS DULY ACCREDITED UNDER SUCH RULES AND REGULATIONS AS THE MONETARY BOARD MAY PRESCRIBE TO PROVIDE LIQUIDITY TO THE FINANCIAL MARKETS FROM TIME TO TIME. SUCH PURCHASE AND RESALE MAY BE SUBJECT TO REPURCHASE OR REVERSE REPURCHASE AGREEMENTS AS THE BANGKO SENTRAL SHALL STIPULATE AND SUCH INSTRUMENTS ARE PART OF THE OPEN MARKET OPERATIONS OF THE BANGKO SENTRAL.

SEC. 36. Section 95 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 95. Definition of Deposit Substitutes. — The term "deposit substitutes" is defined as an alternative form of obtaining funds from the public, other than deposits, through the issuance, endorsement, or acceptance of debt instruments for the borrower's own account, for the purpose of relending or purchasing of receivables and other obligations. These instruments may include, but need not be limited to, bankers acceptances, promissory notes, participations, certificates of assignment and similar
instruments with recourse, [and repurchase agreements.] **PROVIDED, HOWEVER,** THAT REPURCHASE AGREEMENTS, INCLUDING REVERSE PURCHASE AGREEMENTS ENTERED INTO BY THE BANGKO SENTRAL SHALL NOT BE CONSIDERED DEPOSIT SUBSTITUTES.

**IN THE COMPUTATION OF THE RESERVES AGAINST DEPOSIT SUBSTITUTES UNDER SECTION 94 OF THIS ACT, THE MONETARY BOARD SHALL DETERMINE WHAT SHALL BE CONSIDERED AS DEPOSIT SUBSTITUTES SUBJECT TO RESERVE REQUIREMENTS.**

**FINANCIAL INSTRUMENTS ISSUED BY THE NATIONAL GOVERNMENT AND THE BANGKO SENTRAL AND INTERBANK BORROWINGS SHALL NOT BE CONSTRUED AS DEPOSIT SUBSTITUTES.**

The Monetary Board shall determine what specific instruments shall be considered as deposit substitutes for the purposes of Section 94 of this Act[.]. **THE MONETARY BOARD MAY ALSO EXCLUDE FUNDS OBTAINED OR BORROWED FROM CERTAIN INSTITUTIONAL LENDERS FROM THIS SECTION:** Provided, however, That deposit substitutes of commercial, industrial and other non-financial companies for the limited purpose of financing their own needs or the needs of their agents or dealers shall not be covered by the provisions of Section 94 of this Act.”

**SEC. 37.** Section 99 of Republic Act No. 7653 is hereby amended to read as follows:

“SEC. 99. Adjustment [Increase] in Reserve Requirements. — Whenever in the opinion of the Monetary Board it becomes necessary to ADJUST [increase] reserve requirements against existing liabilities, the [increase] CHANGE shall be made in a [gradual] manner [and shall not exceed four percentage points in any thirty-day period] CONSISTENT WITH THE MONETARY POLICY DETERMINED BY THE MONETARY BOARD. Banks and other affected financial institutions shall be notified reasonably in advance of the date on which such [increase] CHANGE is to become effective.”

**SEC. 38.** Section 113 of Republic Act No. 7653 is hereby amended to read as follows:

“SEC. 113. Official Deposits. — The Bangko Sentral shall be the official depository of the Government, its political subdivisions and instrumentalities as well as of government-owned or controlled corporations. [and, as a general policy, their cash balances should be deposited with the Bangko Sentral, with only minimum working balances to be held by government-owned banks and such other banks incorporated in the Philippines as the Monetary Board may designate, subject to such rules and regulations as the Board may prescribe: Provided, That such banks may hold deposits of the political subdivisions and instrumentalities of the Government beyond
their minimum working balances whenever such subdivisions or instrumentalities have outstanding loans with said banks.]

EXCEPT FOR DEMAND DEPOSITS, the Bangko Sentral [may] SHALL pay interest on deposits of the Government or of its political subdivisions and instrumentalities, as well as on deposits of banks with the Bangko Sentral."

SEC. 39. Section 117 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 117. Issue of Government Obligations. — The issue of securities representing obligations of the Government, its political subdivisions or instrumentalities, may be made through the Bangko Sentral, which may act as agent of, and for the account of, the Government or its respective subdivisions or instrumentality, as the case may be: Provided, however, That the Bangko Sentral shall not guarantee the placement of said securities, and shall not subscribe to their issue except to replace its maturing holdings of securities with the same type as the maturing securities.

THE PRIMARY SALE OF GOVERNMENT SECURITIES MAY ALSO BE PUBLICLY UNDERWRITTEN BY, OR PRIVATELY PLACED IN, FINANCIAL INSTITUTIONS ACCREDITED BY THE DEPARTMENT OF FINANCE OF THE NATIONAL GOVERNMENT.


IN ORDER TO INSURE THAT SAID ACCREDITED FINANCIAL INSTITUTIONS SHALL OPERATE UNDER FAIR AND UNIFORM TRADING RULES, THEY SHALL, AS PART OF THE GUIDELINES OF ACCREDITATION, BE REQUIRED TO JOIN AN ASSOCIATION OF ACCREDITED FINANCIAL INSTITUTIONS TO BE GOVERNED BY INTERNAL RULES OF CONDUCT APPROVED BY THE SECRETARY OF FINANCE, THE LATTER BEING THE OFFICIAL REPRESENTATIVE OF THE REPUBLIC OF THE PHILIPPINES, THE PRIMARY OBLIGOR IN THE ISSUANCE OF SAID GOVERNMENT SECURITIES; PROVIDED, HOWEVER, THAT THE DIRECT PARTICIPATION OF ACCREDITED FINANCIAL
INSTITUTIONS IN THE OPEN MARKET OPERATIONS OF THE BANGKO SENTRAL AS PROVIDED IN SECTIONS 90 AND 91 HEREIN SHALL BE SUBJECT TO SUCH RULES AND REGULATIONS AS MAY BE PRESCRIBED BY THE MONETARY BOARD, IN CONSULTATION WITH THE SECRETARY OF FINANCE.”

SEC. 40. Section 118 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 118. Methods of Placing Government Securities. — The Bangko Sentral may place the securities to which the FIRST PARAGRAPH OF THE preceding Section refers through direct sale to financial institutions [and the public]. The Bangko Sentral shall not be a member of any stock exchange or syndicate, but may intervene therein, IN COORDINATION WITH THE DEPARTMENT OF FINANCE, for the sole purpose of regulating their operations in the placing of government securities.

The Government, or its political subdivisions or instrumentalities, shall reimburse the Bangko Sentral for the expenses incurred in the placing of the aforesaid securities.”

SEC. 41. Section 119 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 119. Servicing and Redemption of the Public Debt. — The servicing and redemption of the public debt shall also BE DONE UNDER THE AUTHORITY OF THE DEPARTMENT OF FINANCE. IT MAY also be effected through the Bangko Sentral.

SEC. 42. Section 125 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 125. Tax Exemptions. — THE PROVISIONS OF ANY GENERAL OR SPECIAL LAW TO THE CONTRARY NOTWITHSTANDING, FINANCIAL TRANSACTIONS OF the Bangko Sentral ARISING FROM ITS OPEN MARKET OPERATIONS shall be exempt [for a period of five (5) years from the approval of this Act] from all national, AND LOCAL [provincial, municipal and city] taxes, fees, charges and assessments.

The exemption authorized in the preceding paragraph of this Section shall apply to all property of the Bangko Sentral, to the resources, receipts, expenditures, profits and income of the Bangko Sentral, as well as to all contracts, deeds, documents and transactions related to the conduct of the business of the Bangko Sentral: Provided, however, That said exemptions shall apply only to such taxes, fees, charges and assessments for which the Bangko Sentral itself would otherwise be liable, and shall not apply to taxes, fees, charges, or assessments payable by persons or other entities doing business with the Bangko Sentral: Provided, further, That foreign loans and other obligations of the Bangko Sentral shall be exempt, both as to principal and
interest, from any and all taxes if the payment of such taxes has been assumed by the Bangko Sentral."

SEC. 43. Section 126 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 126. Exemption from Customs Duties. — The provision of any general or special law to the contrary notwithstanding, the importation and exportation by the Bangko Sentral of notes and coins, and of gold and other metals to be used for purposes authorized under this Act, and the importation of all [equipment] SUPPLIES needed [for] BY THE BANGKO SENTRAL FOR bank note production, minting of coins, metal refining and other security printing operations AND TRANSPORT OF CURRENCY shall be fully exempt from all customs duties and consular fees and from all other taxes, assessments and charges related to such importation or exportation.

THE IMPORTATION OF MACHINERY OR EQUIPMENT REQUIRED BY THE BANGKO SENTRAL FOR THE PRINTING OF NOTES AND THE MINTING OF COINS SHALL BE SUBJECT TO CUSTOMS DUTIES AND OTHER RELATED ASSESSMENTS AND CHARGES RELATED TO THE IMPORTATION OF ANY SUCH MACHINERY OR EQUIPMENT."

SEC. 44. A new section entitled Section 126-A of Republic Act No. 7653 shall be inserted between Section 126 and Section 127 which shall read as follows:

"SEC. 126-A. ACQUISITIONS SUBJECT TO PROCUREMENT LAW. — ANY AND ALL ACQUISITION OF GOODS AND SERVICES BY THE BANGKO SENTRAL SHALL BE SUBJECT TO THE PROCUREMENTS LAWS."

SEC. 45. Separability Clause. - If any part or provision of this Act shall be held to be unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 46. Repealing Clause. - All laws, decrees, executive orders, rules and regulations, or parts thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

SEC. 47. Effectivity. - This Act shall take effect fifteen days (15) days following its publication in at least two (2) newspapers of general circulation or the Official Gazette.

Approved,