


THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

5 JAN 25 P2:38

SENATE

P.S. No. 163

PROPOSED BY: 

INTRODUCED BY THE HONORABLE MAR ROXAS

A RESOLUTION

DIRECTING THE COMMITTEE ON BANKS, FINANCIAL INSTITUTIONS AND CURRENCIES TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, INTO THE EFFECTIVE IMPLEMENTATION OF THE of R.A. NO. 9182, OTHERWISE KNOWN AS "THE SPECIAL PURPOSE VEHICLE ACT OF 2002"

WHEREAS, Republic Act No. 9182, otherwise known as "The Special Purpose Vehicle (SPV) Act of 2002" was passed into law on 23 December 2002 to provide a framework for asset management companies to be special purpose vehicles for the acquisition of non-performing assets from banks and financial institutions while benefiting from tax exemptions and fee reductions;

WHEREAS, government recognizes the need to reduce policy risks and ensure a sound financial system whereby banks and financial institutions maintain adequate and appropriate levels of equity and asset ratios;

WHEREAS, offloading of non-performing assets by banks and financial institutions into special purpose vehicles is a means to improve asset base composition. However, to ensure that benefits are maximized, properties should be correctly valued and recorded in accounting books;


WHEREAS, according to a report by Fitch Ratings, equity/asset ratios of Philippine banks as of mid-2004 posed increasing loss rates from sixty percent (60%) to seventy-five percent (75%) on NPLs and forty percent (40%) to fifty-five percent (55%) on foreclosed properties, resulting to a substantial weakening of banks' balance sheet strength;

WHEREAS, there is growing concern over lack of transparency and disclosure of asset value, which has led to misleading figures of non-performing assets and non-performing loans;

WHEREAS, there is a need to assess the Special Purpose Vehicle Act to ensure that banks and financial institutions are able to strengthen their equity bases and ensure financial soundness of balance sheets;

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the Senate direct the Committees on Banks, Financial Institutions and Currencies to conduct an investigation, in aid of legislation, into the effective implementation of R.A. No. 9182, otherwise known as "The Special Purpose Vehicle Act of 2002."

Adopted,


M A R Roxas
Senator
