



SENATE

S. No. 2365

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PREPARED BY THE COMMITTEES ON BANKS, FINANCIAL INSTITUTIONS, AND CURRENCIES; GOVERNMENT CORPORATIONS AND PUBLIC ENTERPRISES AS RECOMMENDED BY THE SUB-COMMITTEE ON S.B. NOS. 1260 AND 2089 WITH SENATORS REVILLA, ANGARA, POE, GORDON AND VILLANUEVA AS AUTHORS

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AN ACT AMENDING SECTIONS 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 18, 22, 24, 26, AND 28 OF REPUBLIC ACT NO. 3591, AS AMENDED, OTHERWISE KNOWN AS THE PHILIPPINE DEPOSIT INSURANCE CORPORATION CHARTER, AND FOR OTHER PURPOSES

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

1           SECTION 1. Section 1 of Republic Act No. 3591, as  
2 amended, or “An Act Establishing the Philippine Deposit  
3 Insurance Corporation, Defining its Powers and Duties  
4 and for Other Purposes” is hereby further amended to read  
5 as follows:

1  
2                   “THE       CREATION       OF       THE  
3       PHILIPPINE       DEPOSIT       INSURANCE  
4       CORPORATION

5                   “SECTION 1. There is hereby created  
6       a Philippine Deposit Insurance Corporation  
7       hereinafter referred to as the 'Corporation'  
8       which shall insure as herein provided, the  
9       deposits of all banks which are entitled to the  
10      benefits of insurance under this Act, and which  
11      shall have the powers hereinafter granted.

12                  The Corporation shall, as a basic policy,  
13      promote and safeguard the interests of the  
14      depositing public by providing insurance  
15      coverage on all insured deposits and helping  
16      maintain a sound and stable banking system.

17                  THE CORPORATION SHALL BE  
18      ATTACHED TO THE BANGKO SENTRAL  
19      NG PILIPINAS FOR POLICY AND  
20      PROGRAM COORDINATION.”

1           SEC. 2. Section 3 of the same Act is hereby further  
2 amended to read as follows:

3                   “BOARD OF DIRECTORS: COMPOSITION  
4           AND AUTHORITY

5                   “SEC. 3. (a) The powers and functions of  
6           the Corporation shall be vested in and  
7           exercised by a Board of Directors which shall  
8           be composed of seven (7) members as follows:

9                   (1) The GOVERNOR OF THE BANGKO  
10           SENTRAL NG PILIPINAS [~~Secretary of~~  
11           ~~Finance~~] who shall be the *ex officio* [~~Chairman~~  
12           CHAIRPERSON of the Board without  
13           compensation;

14                   (2) The [~~Governor of the Bangko Sentral~~  
15           ~~ng Pilipinas~~] SECRETARY OF FINANCE who  
16           shall be the *ex officio* VICE CHAIRPERSON  
17           AND member of the Board without  
18           compensation;

19                   (3) The President of the Corporation, who  
20           shall be appointed by the President of the

1 Philippines from a shortlist prepared by the  
2 Governance Commission for Government-  
3 Owned or –Controlled Corporations pursuant  
4 to Republic Act No. 10149, OR THE “GOCC  
5 GOVERNANCE ACT OF 2011” to serve on a  
6 full-time basis for a term of six (6) years. [~~The  
7 President of the Corporation shall also serve as  
8 Vice Chairman of the Board~~];

9 (4) Four (4) members from the private  
10 sector to be appointed by the President of the  
11 Philippines from a shortlist prepared by the  
12 Governance Commission for Government -  
13 Owned or -Controlled Corporations pursuant  
14 to Republic Act No. 10149. The appointive  
15 directors shall serve for a term of six (6) years  
16 unless sooner removed for cause and shall be  
17 subject to only one (1) reappointment: Provided,  
18 That of those first appointed, the first two (2)  
19 appointees shall serve for a period of three (3)  
20 years: *Provided, however,* That the appointive

1 director shall continue to hold office until the  
2 successor is appointed. An appointive director  
3 may be nominated by the Governance  
4 Commission for Government -Owned or -  
5 Controlled Corporations for reappointment  
6 by the President only if ~~[one]~~ THE  
7 APPOINTIVE DIRECTOR obtains a  
8 performance score of above average or its  
9 equivalent or higher in the immediately  
10 preceding year of tenure as appointive  
11 director based on the performance criteria  
12 for appointive directors of the Corporation.

13 x x x

14 The Secretary of Finance and the  
15 Governor of the Bangko Sentral ng Pilipinas  
16 may each designate an alternate, who shall be  
17 an official with a rank not lower than assistant  
18 secretary OF THE DEPARTMENT OF  
19 FINANCE or ~~[its—equivalent]~~ DEPUTY  
20 GOVERNOR OF THE BANGKO SENTRAL

1 NG PILIPINAS with written authority from  
2 the Secretary of Finance or the Governor of the  
3 Bangko Sentral ng Pilipinas to attend such  
4 meetings and to vote on behalf of their  
5 respective principals. Whenever the  
6 [Chairman] CHAIRPERSON of the Board is  
7 unable to attend a meeting of the Board, or in  
8 the event of a vacancy in the office of the  
9 ~~[Secretary of Finance]~~ GOVERNOR OF THE  
10 BANGKO SENTRAL NG PILIPINAS, ~~[and in~~  
11 ~~the absence of the Vice Chairman the~~  
12 ~~members of the Board shall designate from~~  
13 ~~among themselves who]~~ HIS OR HER  
14 DESIGNATED ALTERNATE shall [act as  
15 Chairman] PRESIDE. IN THE ABSENCE OF  
16 THE CHAIRPERSON AND HIS OR HER  
17 DESIGNATED ALTERNATE, THE  
18 SECRETARY OF FINANCE OR HIS OR HER  
19 REPRESENTATIVE SHALL PRESIDE.

1 (b) The Board of Directors shall have the  
2 authority:

3 (1) To approve and issue rules and  
4 regulations for banks, and the depositing public,  
5 as it considers necessary for the effective  
6 discharge of its responsibilities UNDER THIS  
7 ACT INCLUDING THE ESTABLISHMENT  
8 OF SEPARATE INSURANCE FUNDS, AND  
9 INSURANCE ARRANGEMENTS OR  
10 STRUCTURES OR TAKAFUL, TAKING  
11 INTO CONSIDERATION THE PECULIAR  
12 CHARACTERISTICS OF ISLAMIC  
13 BANKING. THIS AUTHORITY INCLUDES,  
14 INCREASING OF THE INSURANCE  
15 COVERAGE, ELIGIBILITY OF THE  
16 INSTITUTIONS, ASSESSMENT PREMIUM  
17 RATE, AND OTHER IMPLEMENTATION  
18 RULES AND REGULATIONS;

19 FOR PURPOSES OF THIS ACT,  
20 TAKAFUL SHALL BE DEFINED AS A

1 MUTUAL GUARANTEE IN RETURN FOR  
2 THE COMMITMENT TO DONATE AN  
3 AMOUNT IN THE FORM OF A  
4 SPECIFIED CONTRIBUTION TO THE  
5 COVERED ENTITIES' RISK FUND,  
6 WHEREBY A GROUP OF COVERED  
7 ENTITIES AGREE AMONG THEMSELVES  
8 TO SUPPORT ONE ANOTHER JOINTLY  
9 FOR THE LOSSES ARISING FROM  
10 SPECIFIED RISKS.

11 x x x

12 ~~[(4) To approve a compensation~~  
13 ~~structure as an integral component of the~~  
14 ~~Corporation's human resource development~~  
15 ~~program based on job evaluation studies and~~  
16 ~~wage surveys, and revise the same as it may~~  
17 ~~deem necessary: Provided, That all positions~~  
18 ~~in the Corporation shall be governed by a~~  
19 ~~compensation package, position classification~~  
20 ~~system and qualification standards approved~~



1 by the Board based on a comprehensive job  
2 analysis and audit of actual duties and  
3 responsibilities. The compensation structure  
4 shall be comparable to that of other financial  
5 institutions based on prevailing market  
6 standards, and shall provide for yearly merit  
7 reviews or increases based on productivity.  
8 The Corporation shall therefore be exempt  
9 from existing laws, rules and regulations on  
10 compensation package, position classification  
11 and qualification standards. It shall however  
12 endeavor to make its system conform as closely  
13 as possible with the principles under  
14 Republic Act No. 6758, as amended;]

15 [(5)] (4) To appoint, [establish the  
16 rank, fix the remuneration, benefits,  
17 including health care services through a  
18 Health Maintenance Organization (HMO) and  
19 medical benefits other than those provided for  
20 under Republic Act No. 7875, as amended;]

1 and remove any officer or employee of  
2 the Corporation, for cause, subject to pertinent  
3 civil service laws: *Provided*, That the Board of  
4 Directors may delegate this authority to the  
5 President subject to specific guidelines:  
6 *Provided, further*, That in no case shall  
7 there be any diminution of existing salaries,  
8 benefits and other emoluments;

9 ~~[(6)]~~ (5) To approve policy on local and  
10 foreign travel, and the corresponding expenses,  
11 allowances and per diems, of officers,  
12 employees, agents of the Corporation, which  
13 shall be comparable with the expenses,  
14 allowances and per diems of personnel of other  
15 financial institutions based on prevailing  
16 market standards, notwithstanding the  
17 provisions of Presidential Decree No. 1177,  
18 Executive Order No. 292, Executive Order  
19 No. 248, as amended, Executive Order No.  
20 298, and similar laws;

1           ~~[(7)]~~ (6) To adopt an annual budget for,  
2           and authorize such expenditures by the  
3           Corporation, as are in the interest of the  
4           effective administration and operation of the  
5           Corporation;

6           ~~[(8)]~~ (7) To approve the target level of the  
7           Deposit Insurance Fund (DIF) and the  
8           methodology for determining reserves for  
9           insurance and financial assistance losses;

10          ~~[(9)]~~ (8) To review the organizational set-  
11          up of the Corporation and adopt a new or  
12          revised organizational structure as it may  
13          deem necessary for the Corporation to  
14          undertake its mandate and functions;

15          ~~[(10)]~~ (9) To design, adopt and revise, as  
16          it may deem necessary, an early separation  
17          plan for employees of the Corporation to  
18          ensure availability of a human resource pool  
19          qualified and capable of implementing the  
20          Corporation's authorities under this Charter in

1 a manner responsive and attuned to market  
2 developments, and to provide incentives for all  
3 those who shall be separated from the service.  
4 Notwithstanding any law to the contrary,  
5 these incentives shall be in addition to all  
6 gratuities and benefits the employee is  
7 entitled to under existing laws; and

8 [~~(11)~~] (10) To promote and sponsor the  
9 local or foreign training or study of personnel  
10 in the fields of banking, finance,  
11 management, information technology and law.  
12 Towards this end, the Corporation is hereby  
13 authorized to defray the costs of such training  
14 or study. The Board shall prescribe rules and  
15 regulations to govern the training or study  
16 programs of the Corporation.”

17 SEC. 3. Section 4 of the same Act is hereby further  
18 amended to read as follows:

19 “PRESIDENT OF THE CORPORATION:  
20 COMPENSATION, POWERS, AND DUTIES

1           SEC. 4. The President of the Corporation  
2           shall be its Chief Executive Officer [~~and the~~  
3           ~~Vice Chairman of its Board of Directors and his~~  
4           ~~or her~~] WHOSE salary shall be [~~fixed by the~~  
5           ~~President of the Philippines upon the~~  
6           ~~recommendation of~~] BASED ON THE  
7           COMPENSATION AND POSITION  
8           CLASSIFICATION SYSTEM DEVELOPED  
9           BY the Governance Commission for  
10          Government-Owned or -Controlled  
11          Corporations [~~(GCG) at a sum commensurate~~  
12          ~~to the importance and responsibility attached~~  
13          ~~to the position.~~] AND AS APPROVED BY THE  
14          PRESIDENT OF THE PHILIPPINES. The  
15          sum total of the salary, allowances, benefits  
16          and other emoluments of the President of the  
17          Corporation shall be higher than the  
18          compensation package of the next highest  
19          ranking executive of the Corporation.

1           The President shall be assisted by a Vice  
2           President and other officials whose  
3           appointment and removal for cause shall be  
4           approved [~~and whose salary shall be fixed~~] by  
5           the Board of Directors upon recommendation  
6           of the President of the Corporation. THE  
7           SALARY OF THE VICE PRESIDENT AND  
8           OTHER OFFICIALS SHALL BE BASED ON  
9           THE COMPENSATION AND POSITION  
10          CLASSIFICATION SYSTEM ESTABLISHED  
11          BY THE GOVERNANCE COMMISSION  
12          FOR GOVERNMENT-OWNED OR  
13          -CONTROLLED CORPORATIONS AND AS  
14          APPROVED BY THE PRESIDENT OF  
15          THE PHILIPPINES.”

16          SEC. 4. Section 5 of the same Act is hereby further  
17          amended to read as follows:

18                   “DEFINITION OF TERMS

19                   “SEC. 5. As used in this Act. –

20                   (a) x x x

1 (g) x x x

2 CERTAIN PRODUCTS OR  
3 ARRANGEMENTS OF ISLAMIC BANKS  
4 SHALL BE DEEMED AS DEPOSIT BY THE  
5 BANGKO SENTRAL NG PILIPINAS FOR  
6 PURPOSES OF THIS ACT.

7 The Corporation shall not pay deposit  
8 insurance for the following accounts or  
9 transactions:

10 (1) x x x

11 (3) Deposit accounts or transactions  
12 constituting [~~and/or emanating from,~~] unsafe  
13 and unsound banking [~~practice/s,~~] as  
14 determined by the Corporation, in consultation  
15 with the Bangko Sentral ng Pilipinas, after  
16 due notice and hearing, and publication of a  
17 directive to cease and desist issued by the  
18 [~~Corporation~~] BANGKO SENTRAL NG  
19 PILIPINAS against such deposit accounts,

1 transactions or [~~practices~~] UNSAFE AND  
2 UNSOUND BANKING; and

3 x x x

4 x x x

5 (i) The term insured bank means any  
6 bank the deposits of which are insured in  
7 accordance with the provisions of this Act.

8 (j) The term insured deposit means the  
9 amount due to any bonafide depositor for  
10 legitimate deposits in an insured bank as of  
11 the date of closure but not to exceed Five  
12 hundred thousand pesos (P500,000.00). Such  
13 amount shall be determined according to  
14 such regulations as the Board of Directors  
15 may prescribe. In determining such amount  
16 due to any depositor, there shall be added  
17 together all deposits in the bank maintained  
18 in the same right and capacity for his or her  
19 benefit either in his or her own name or in the  
20 name of others. A joint account regardless of



1           whether the conjunction 'and', 'or', 'and/or' is  
2           used, shall be insured separately from any  
3           individually-owned deposit account: *Provided*,  
4           That (1) if the account is held jointly by two or  
5           more natural persons, or by two or more  
6           juridical persons or entities, the maximum  
7           insured deposit shall be divided into as many  
8           equal shares as there are individuals,  
9           juridical persons or entities, unless a  
10          different sharing is stipulated in the  
11          document of deposit, and (2) if the account is  
12          held by a juridical person or entity, jointly  
13          with one or more natural persons, the  
14          maximum insured deposit shall be presumed  
15          to belong entirely to such juridical person  
16          or entity: *Provided, further*, That the  
17          aggregate of the interest of each co-owner  
18          over several joint accounts, whether owned by  
19          the same or different combinations of  
20          individuals, juridical persons or entities,

1 shall likewise be subject to the maximum  
2 insured deposit [~~of Five hundred thousand~~  
3 ~~pesos (P500,000.00)~~]: *Provided, furthermore,*  
4 That the provisions of any law to the  
5 contrary notwithstanding, no owner/holder of  
6 any passbook, certificate of deposit or other  
7 evidence of deposit shall be recognized as a  
8 depositor entitled to the rights provided in  
9 this Act unless the passbook, certificate of  
10 deposit or other evidence of deposit is  
11 determined by the Corporation to be an  
12 authentic document or record of the issuing  
13 bank.

14 [~~Provided, finally, That i~~] In case [~~of~~] a  
15 condition OCCURS that threatens the  
16 monetary and financial stability of the banking  
17 system that may have systemic consequences,  
18 as defined in Section 22 hereof, AND as  
19 determined by the Monetary Board, the  
20 maximum deposit insurance cover may be

1 adjusted in such amount, for such a period,  
2 and/or for such deposit products, as may be  
3 determined by a unanimous vote of the Board  
4 of Directors in a meeting called for the purpose  
5 and chaired by the [~~Secretary of Finance~~]  
6 GOVERNOR OF THE BANGKO SENTRAL  
7 NG PILPINAS OR THE DESIGNATED  
8 ALTERNATE, subject to the approval of the  
9 President of the Philippines.

10 THE BOARD OF DIRECTORS MAY  
11 INCREASE THE AMOUNT OF THE  
12 MAXIMUM DEPOSIT INSURANCE  
13 COVERAGE TO AN AMOUNT INDEXED TO  
14 INFLATION OR IN CONSIDERATION OF  
15 OTHER ECONOMIC INDICATORS AS MAY  
16 BE DEEMED APPROPRIATE BY THE  
17 BOARD. THE BOARD OF DIRECTORS  
18 SHALL REVIEW THE AMOUNT OF THE  
19 MAXIMUM DEPOSIT INSURANCE  
20 COVERAGE EVERY THREE (3) YEARS AND

1 INCREASE THE MAXIMUM DEPOSIT  
2 INSURANCE COVERAGE AS MAY BE  
3 WARRANTED. IN THE EXERCISE OF  
4 THIS AUTHORITY, THE BOARD MAY  
5 CONSIDER ECONOMIC INDICATORS  
6 OTHER THAN INFLATION. FOR THIS  
7 PURPOSE, THE BOARD MAY HIRE THE  
8 SERVICES OF INDEPENDENT  
9 ACTUARIAL CONSULTANTS AND OTHER  
10 EXPERTS TO DETERMINE THE  
11 FEASIBILITY AND ADVISABILITY OF  
12 INCREASING THE MAXIMUM DEPOSIT  
13 INSURANCE COVERAGE.

14 x x x

15 (o) The term purchase of assets and  
16 assumption of liabilities refers to a  
17 transaction where an insured bank purchases  
18 any or all assets and assumes any or all  
19 liabilities of another bank under [~~resolution~~  
20 ~~or~~] liquidation, as provided in this Act.

1 x x x

2 ~~[(s) The term resolution refers to the~~  
3 ~~actions undertaken by the Corporation under~~  
4 ~~Section 11 of this Act:~~

5 ~~(1) Protect depositors, creditors and the~~  
6 ~~DIF;~~

7 ~~(2) Safeguard the continuity of~~  
8 ~~essential banking services or maintain~~  
9 ~~financial stability; and~~

10 ~~(3) Prevent deterioration or dissipation of~~  
11 ~~bank assets.]~~

12 ~~[(t)]~~ (s) The term risk-based assessment  
13 system pertains to a method for calculating  
14 an insured bank's assessment on the  
15 probability that the DIF will incur a loss with  
16 respect to the bank, and the likely amount of  
17 any such loss, based on its risk rating that  
18 takes into consideration the following:

19 (1) Quality and concentration of assets;

1           (2) Categories and concentration of  
2 liabilities, both insured and uninsured,  
3 contingent and noncontingent;

4           (3) Capital position;

5           (4) Liquidity position;

6           (5) Management and governance; and

7           (6) Other factors relevant to assessing  
8 such probability, as may be determined by the  
9 Corporation.

10           ~~[(t)]~~ (t) The term statement of affairs  
11 refers to a report of financial condition of the  
12 closed bank at a given date, showing the: (1)  
13 estimated realizable value of assets; (2)  
14 classification of credits; and (3) estimated  
15 liabilities to be settled.

16           ~~[(u)]~~ (u) The term surplus dividends  
17 refers to the remaining assets of the closed  
18 bank after satisfaction in full of all the  
19 liquidation costs, fees and expenses, and  
20 valid claims. The surplus dividends shall be

1           computed at the legal rate of interest from the  
2           date of takeover to cut-off date of the  
3           distribution plan, and shall be paid, in cash or  
4           in kind, to creditors of the closed bank in  
5           accordance with the Rules on Concurrence and  
6           Preference of Credits under the Civil Code or  
7           other laws.

8           ~~[(w)]~~ (v) The term takeover refers to the  
9           act of physically taking possession and control  
10          of the premises, assets and affairs of a closed  
11          bank for the purpose of liquidating the bank.

12          ~~[(x)]~~ (w) The term transfer deposit means,  
13          a deposit in an insured bank made available to  
14          a depositor by the Corporation as payment of  
15          insured deposit of such depositor in a closed  
16          bank and assumed by another insured bank.

17          ~~[(y)]~~ (x) The term trust funds means  
18          funds held by an insured bank in a fiduciary  
19          capacity and includes without being limited to,

1 funds held as trustee, executor, administrator,  
2 guardian or agent.

3 (y) THE TERM UNSAFE AND  
4 UNSOUND BANKING MAY REFER TO THE  
5 CONDUCT OF BUSINESS IN AN  
6 UNLAWFUL, UNSAFE OR UNSOUND  
7 MANNER AS MAY BE DEFINED BY  
8 THE BANGKO SENTRAL NG PILIPINAS  
9 UNDER REPUBLIC ACT NO. 7653, AS  
10 AMENDED BY REPUBLIC ACT NO. 11211,  
11 OR “THE NEW CENTRAL BANK ACT”, AND  
12 REPUBLIC ACT NO. 8791 OR “THE  
13 GENERAL BANKING LAW”.  
14 NOTWITHSTANDING THE FOREGOING,  
15 THE CORPORATION SHALL CONTINUE  
16 TO HAVE THE AUTHORITY TO  
17 DETERMINE UNSAFE OR UNSOUND  
18 BANKING IN THE PERFORMANCE OF ITS  
19 MANDATES, IN ACCORDANCE WITH THE



1           DEFINITION OF THE BANGKO SENTRAL  
2           NG PILIPINAS AS PROVIDED ABOVE.

3                   x x x”

4           SEC. 5. Section 6 of the same Act is hereby further  
5 amended to read as follows:

6                   “DEPOSIT INSURANCE COVERAGE

7                   SEC. 6. The deposit liabilities of any bank  
8                   which is engaged in the business of receiving  
9                   deposits as herein defined on the effective date  
10                  of this Act, or which thereafter may engage in  
11                  the business of receiving deposits, shall be  
12                  insured with the Corporation. THE  
13                  CORPORATION MAY ESTABLISH  
14                  SEPARATE INSURANCE FUNDS AND  
15                  INSURANCE ARRANGEMENTS OR  
16                  STRUCTURES OR TAKAFUL THAT TAKE  
17                  INTO CONSIDERATION THE PECULIAR  
18                  CHARACTERISTICS OF ISLAMIC  
19                  BANKING.

1           Whenever a bank is determined by the  
2           Bangko Sentral ng Pilipinas to be capital  
3           deficient, the Corporation may conduct an  
4           insurance risk evaluation on the bank to  
5           enable it to assess the risks to the DIF. Such  
6           evaluation may include the determination of:  
7           (i) the fair market value of the assets and  
8           liabilities of a bank; or (ii) the risk classification  
9           of a bank [~~; or (iii) possible resolution modes~~  
10          ~~under Section 11 of this Act, subject to such~~  
11          ~~terms and conditions as the PDIC Board may~~  
12          ~~prescribe.].~~

13           SEC. 6. Section 7 of the same Act is hereby further  
14          amended to read as follows:

15                           “ASSESSMENT OF MEMBER BANKS

16           SEC. 7. (a) [~~The assessment rate shall be~~  
17          ~~determined by the Board of Directors:~~

18                           ~~*Provided, That the assessment rate shall*~~  
19          ~~not exceed one fifth (1/5) of one per centum~~  
20          ~~(1%) per annum. The semi-annual assessment~~

1 ~~for each insured bank shall be in the amount~~  
2 ~~of the product of one half (1/2) the assessment~~  
3 ~~rate multiplied by the assessment base but in~~  
4 ~~no case shall it be less than Five thousand~~  
5 ~~pesos (P5,000.00). The assessment base shall~~  
6 ~~be the amount of the liability of the bank for~~  
7 ~~deposits as defined under subsection (g) of~~  
8 ~~Section 5 without any deduction for~~  
9 ~~indebtedness of depositors.~~

10 ~~In addition, the Board of Directors may~~  
11 ~~establish a risk based assessment system and~~  
12 ~~impose a risk based assessment rate which~~  
13 ~~shall not exceed two fifth (2/5) of one per~~  
14 ~~centum (1%) per annum multiplied by the~~  
15 ~~assessment base.~~

16 ~~IN CASE THERE WILL BE AN~~  
17 ~~INCREASE OF MAXIMUM INSURED~~  
18 ~~DEPOSIT, THE PDIC BOARD SHALL HAVE~~  
19 ~~THE AUTHORITY TO ADJUST THE~~  
20 ~~ASSESSMENT RATE FOR BANKS TAKING~~

1           ~~INTO CONSIDERATION THE CURRENT~~  
2           ~~ECONOMIC CONDITIONS, AND THE~~  
3           ~~ADEQUACY AND SUSTAINABILITY OF~~  
4           ~~THE DEPOSIT INSURANCE FUND.~~

5           xxx"] THE ASSESSMENT RATE SHALL BE  
6           DETERMINED BY THE BOARD OF DIRECTORS:  
7           *PROVIDED*, THAT THE ASSESSMENT RATE SHALL  
8           NOT EXCEED ONE-FIFTH (1/5) OF ONE PER CENTUM  
9           (1%) PER ANNUM. THE BOARD OF DIRECTOR SHALL  
10          CONSIDER A MECHANISM THAT ADJUSTS THE  
11          ASSESSMENT RATE DEPENDING ON THE CREDIT  
12          WORTHINESS OR RISK PROFILE OF THE BANK. THE  
13          BOARD OF DIRECTOR SHALL ESTABLISH THE RISK-  
14          BASED ASSESSMENT SYSTEM AND IMPOSE A  
15          COMMENSURATE           RISK-BASED           ADJUSTED  
16          ASSESSMENT RATE PER ANNUM PER BANK. THE  
17          ADJUSTED   ASSESSMENT   RATE   SHALL   BE  
18          DETERMINED TO ENSURE THE SUSTAINABILITY OF  
19          THE CORPORATION WHILE AT THE SAME TIME

1 RATIONALIZING THE FINANCIAL BURDEN ON  
2 BANKS.

3 THE ASSESSMENT OF EACH ENSURED BANK  
4 SHALL BE DETERMINED BY MULTIPLYING THE  
5 ADJUSTED ANNUAL ASSESSMENT RATE WITH THE  
6 ASSESSMENT BASE BUT IN NO CASE SHALL THE  
7 ASSESSMENT BE LESS THAN FIVE THOUSAND  
8 PESOS (P5,000.00).

9 THE ASSESSMENT BASE SHALL BE THE  
10 AMOUNT OF THE LIABILITY OF THE BANK FOR  
11 DEPOSITS BASED ON THE TOTAL SUM ENSURED OF  
12 THE BANK: *PROVIDED*, THAT THE OPERATING  
13 EXPENSE REQUIREMENTS OF THE CORPORATION  
14 SHALL BE DISTINGUISHED FROM THE  
15 CALCULATED RISK POOL OF THE BANK AND  
16 EXCLUDED FROM THE CALCULATION OF THE  
17 ASSESSMENT BASE. SUM ENSURED IS THE AMOUNT  
18 OF MONEY THAT THE CORPORATION IS OBLIGATED  
19 TO COVER IN THE EVENT OF BANK CLOSURES.

1           IN CASE THERE WILL BE AN INCREASE OF  
2   MAXIMUM INSURED DEPOSIT, THE PDIC BOARD  
3   SHALL HAVE THE AUTHORITY TO ADJUST THE  
4   ASSESSMENT RATE FOR BANKS, TAKING INTO  
5   CONSIDERATION THE CURRENT ECONOMIC  
6   CONDITIONS AND THE ADEQUACY OF  
7   SUSTAINABILITY OF THE DEPOSIT INSURANCE  
8   FUND.

9           THE CORPORATION AND THE BOARD OF  
10   DIRECTORS SHALL ENSURE AND ENDEAVOR TO  
11   MAINTAIN TRANSPARENCY UNDER ALL POSSIBLE  
12   CONDITIONS IN THE WAY OF CONDUCTING ALL OF  
13   THE FOREGOING ACTIVITIES UNDER SECTION 7 (a).

14           x x x

15           SEC. 7. Section 8 of the same Act is hereby further  
16   amended to read as follows:

17                   “SANCTIONS AGAINST UNSAFE AND  
18           UN SOUND BANKING [~~PRACTICES~~]

19                   SEC. 8. (a) Whenever upon examination  
20           by the Corporation into the condition of any

1 insured bank, it shall be disclosed that an  
2 insured bank or its directors or agents have  
3 committed, are committing or about to  
4 commit unsafe or unsound [~~practices~~]  
5 BANKING [~~in conducting the business of the~~  
6 ~~bank~~], or have violated, are violating or about  
7 to violate any provisions of any law or  
8 regulation to which the insured bank is  
9 subject. The Board of Directors shall submit  
10 the report of the examination to the  
11 Monetary Board [~~to secure corrective action~~  
12 ~~thereon. If no such corrective action is taken by~~  
13 ~~the Monetary Board within forty five (45) days~~  
14 ~~from the submission of the report, the Board of~~  
15 ~~Directors shall, motu proprio, institute~~  
16 ~~corrective action which it deems necessary.~~  
17 ~~The Board of Directors may thereafter issue~~  
18 ~~a cease and desist order, and require the bank~~  
19 ~~or its directors or agents concerned to correct~~  
20 ~~the practices or violations within forty five~~

1           ~~(45) days. However, if the practice or violation~~  
2           ~~is likely to cause insolvency or substantial~~  
3           ~~dissipation of assets or earnings of the bank,~~  
4           ~~or is likely to seriously weaken the condition of~~  
5           ~~the bank or otherwise seriously prejudice~~  
6           ~~the interests of its depositors and the~~  
7           ~~Corporation, the period to take corrective action~~  
8           ~~shall not be more than fifteen (15) days. The~~  
9           ~~order may also include the imposition of~~  
10          ~~finances provided in Section 26(g) hereof. The~~  
11          ~~Board of Directors shall duly inform the~~  
12          ~~Monetary Board of the Bangko Sentral ng~~  
13          ~~Pilipinas of action it has taken under this~~  
14          ~~subsection with respect to such practices or~~  
15          ~~violations.]~~

16                   (b) The actions and proceedings provided  
17           in the preceding subsections may be  
18           undertaken by the Corporation if, in its  
19           opinion, an insured bank or its directors or  
20           agents have violated, are violating or about to



1           violate any provision of this Act or any order,  
2           rule or instruction issued by the Corporation  
3           or any written condition imposed by the  
4           Corporation in connection with any  
5           transaction with or grant by the Corporation.]

6                   xxx

7                   [(c)] (b) The Corporation may terminate  
8           the insured status of any bank that fails or  
9           refuses to comply, within thirty (30) days from  
10          notice, with any cease-and-desist order issued  
11          by the [Corporation] BANGKO SENTRAL  
12          NG PILIPINAS, [or with any corrective action  
13          imposed by the Monetary Board, under this  
14          section] pertaining to a deposit-related  
15          unsafe and/or unsound banking [practice].

16                   xxx”

17          SEC. 8. Section 9 of the same Act is hereby further  
18          amended to read as follows:

19                   “POWERS AS CORPORATE BODY

1           “SEC. 9. The Corporation as a corporate  
2           body shall have the powers:

3                       xxx

4           Fifth — To appoint by its Board of  
5           Directors such officers and employees as are not  
6           otherwise provided for in this Act, to  
7           define their duties, ~~[fix their compensation,]~~  
8           require bonds of them and fix penalty thereof  
9           and to dismiss such officers and employees for  
10          cause;

11                    xxx

12          Eighth — ~~[To conduct examination of~~  
13          ~~banks with prior approval of the Monetary~~  
14          ~~Board: Provided, That no examination can be~~  
15          ~~conducted within twelve (12) months from~~  
16          ~~the last examination date: Provided,~~  
17          ~~however, That the Corporation may, in~~  
18          ~~coordination with the Bangko Sentral, conduct~~  
19          ~~a special examination as the Board of~~  
20          ~~Directors, by an affirmative vote of a majority~~

1 ~~of all of its members, if there is a threatened~~  
2 ~~or impending closure of a bank:]~~

3 TO EXAMINE THE RECORDS AND  
4 BOOKS OF ACCOUNTS AND REQUIRE  
5 INFORMATION AND REPORTS FROM  
6 DEPOSITORY INSTITUTIONS IN CASE  
7 THERE IS A FINDING OF FRAUD OR  
8 UNSAFE OR UNSOUND BANKING  
9 RELATED TO DEPOSIT-TAKING: *Provided,*

10 [~~further,~~] That, notwithstanding the  
11 provisions of Republic Act No. 1405, as  
12 amended, Republic Act No. 6426, as  
13 amended, Republic Act No. 8791, and other  
14 laws, the Corporation and/or the Bangko  
15 Sentral, may inquire into or examine deposit  
16 accounts and all information related thereto in  
17 case there is a finding of unsafe or unsound  
18 banking practice: *Provided, [finally]*

19 *FURTHER,* That to avoid overlapping of  
20 efforts, the examination shall maximize the

1 efficient use of the relevant reports,  
 2 information, and findings of the Bangko  
 3 Sentral, which it shall make available to the  
 4 Corporation.

5 xxx

6 ~~[Fourteenth] To determine the~~  
 7 ~~appropriate resolution method and to~~  
 8 ~~implement the same for a bank subject of~~  
 9 ~~resolution; and]~~

10 [Fifteenth] FOURTEENTH — To  
 11 determine the appropriate mode of  
 12 liquidation of a closed bank and to implement  
 13 the same.”

14 SEC. 9. Section 10 of the same Act is hereby  
 15 further amended to read as follows:

16 “POWERS, [AND] RESPONSIBILITY,  
 17 AND PROHIBITIONS

18 “SEC. 10. xxx

19 (b) WHENEVER THE BANGKO  
 20 SENTRAL NG PILIPINAS DEEMS IT

1            APPROPRIATE AND NECESSARY FOR PDIC  
2            TO JOIN THE CONDUCT OF THE  
3            EXAMINATION OF A BANK, [F] The Board  
4            of Directors shall appoint examiners who shall  
5            have power, on behalf of the Corporation to  
6            examine any insured bank. Each examiner  
7            shall have the power to make a thorough  
8            examination of all the affairs of the bank and  
9            in doing so, he shall have the power to  
10           administer oaths, to examine and take and  
11           preserve the testimony of any the officers and  
12           agents thereof, and to compel the presentation  
13           of books, documents, papers or records  
14           necessary in his judgment to ascertain the facts  
15           relative to the condition of the bank: and shall  
16           make a full and detailed report of the condition  
17           of the bank to the Corporation. The Board of  
18           Directors in like manner shall appoint claim  
19           agents who shall have the power to investigate  
20           and examine all claims for insured deposits

1 and transferred deposits. Each claim agent  
2 shall have the power to administer oaths and  
3 examine under oath and take and preserve  
4 testimony of any person relating to such claim.

5 xxx

6 (d) The [Corporation] BANGKO  
7 SENTRAL NG PILIPINAS shall have access to  
8 [reports of examination] BANK  
9 EXAMINATION REPORTS made by THE  
10 CORPORATION, [~~and reports of condition~~  
11 ~~made to the Bangko Sentral ng Pilipinas or its~~  
12 ~~appropriate supervising departments, and the~~  
13 ~~Bangko Sentral ng Pilipinas shall also have~~  
14 ~~access to reports of examination made by, and~~  
15 ~~reports of condition made to the Corporation:~~  
16 ~~Provided, That the provisions of any law to the~~  
17 ~~contrary notwithstanding, the Corporation~~  
18 ~~shall likewise have access to reports, findings~~  
19 ~~and any other information derived from any~~  
20 ~~special or general examination of inquiry~~

1           ~~conducted by the Bangko Sentral in respect~~  
2           ~~to bank fraud or serious irregularity in an~~  
3           ~~insured bank.]~~ AND TO SUCH OTHER  
4           REPORTS OR INFORMATION AS MAY BE  
5           AGREED UPON BY THE CORPORATION  
6           AND THE BANGKO SENTRAL NG  
7           PILIPINAS. THE BANGKO SENTRAL NG  
8           PILIPINAS SHALL SHARE TO THE  
9           CORPORATION ITS REPORTS OF  
10          EXAMINATION ON BANKS, AND SUCH  
11          OTHER REPORTS OR INFORMATION AS  
12          MAY BE AGREED UPON BY THEM.  
13          Provided, [†] That, ~~[the Corporation shall use~~  
14          ~~such reports and findings under similar terms~~  
15          ~~and conditions prescribed by applicable laws~~  
16          ~~on the Bangko Sentral]~~ THE USE OF SUCH  
17          REPORTS OR INFORMATION ARE IN  
18          ACCORDANCE WITH THE TERMS AND  
19          CONDITIONS AGREED UPON BY THE  
20          CORPORATION AND THE BANGKO

1           CENTRAL        NG        PILIPINAS        AND  
2           PRESCRIBED BY APPLICABLE LAWS AND  
3           REGULATIONS.

4                       (e) x x x”

5           SEC. 10. Section 11 of the same Act is hereby  
6   amended to read as follows:

7                       “~~[BANK RESOLUTION]~~ AUTHORITY  
8           TO EXAMINE DEPOSIT RECORDS

9                       SEC. 11. ~~[(a) The Corporation, in~~  
10   ~~coordination with the Bangko Sentral ng~~  
11   ~~Pilipinas, may commence the resolution of a~~  
12   ~~bank under this section upon:]~~

13                      ~~[(1) Failure of prompt corrective action as~~  
14   ~~declared by the Monetary Board; or]~~

15                      ~~[(2) Request by a bank to be placed under~~  
16   ~~resolution.]~~

17                      ~~[The Corporation shall inform the bank~~  
18   ~~of its eligibility for entry into resolution.]~~

19                      ~~[(b) The Bangko Sentral ng Pilipinas shall~~  
20   ~~inform the Corporation of the initiation of~~



1 ~~prompt corrective action on any bank and shall~~  
2 ~~be authorized to share with the Corporation all~~  
3 ~~information, agreements or documents,~~  
4 ~~including any order of the Monetary Board,~~  
5 ~~in relation to the prompt corrective action.~~  
6 ~~The Corporation shall have the authority to~~  
7 ~~inquire and monitor the status of banks under~~  
8 ~~prompt corrective action.]~~

9           ~~(e)~~ When there is a failure of prompt  
10 corrective action as declared by the Monetary  
11 Board due to capital deficiency, the Corporation  
12 [~~its duly authorized officers or employees,~~]  
13 AND THE BANGKO SENTRAL NG  
14 PILIPINAS may examine, inquire or look into  
15 the deposit records of a bank: Provided, That  
16 such authority may not be exercised when the  
17 failure of prompt corrective action is due to  
18 grounds other than capital deficiency. For  
19 this purpose, banks, their officers and  
20 employees are hereby mandated to disclose

1 and report to the Corporation AND THE  
2 BANGKO SENTRAL NG PILIPINAS or [~~its~~]  
3 THEIR duly authorized officers and  
4 employees, THE REQUIRED deposit account  
5 information [~~in said bank~~].

6 The Corporation, AND THE BANGKO  
7 SENTRAL NG PILIPINAS [its] THEIR duly  
8 authorized officers or employees are prohibited  
9 from disclosing information obtained under  
10 this section to any person, government official,  
11 bureau or office. Any act done pursuant to  
12 this section shall not be deemed as a violation  
13 of Republic Act No. 1405, as amended, Republic  
14 Act No. 6426, as amended, Republic Act No.  
15 8791, and other similar laws protecting or  
16 safeguarding the secrecy or confidentiality of  
17 bank deposits. [~~Provided, That a~~] Any  
18 unauthorized disclosure of the information  
19 under this section shall be subject to the same

1 penalty under the [foregoing] laws protecting  
2 the secrecy or confidentiality of bank deposits.

3 ~~[(d) The stockholders, directors, officers  
4 or employees of the bank shall have the  
5 following obligations:]~~

6 ~~[(1) Ensure bank compliance with the  
7 terms and conditions prescribed by the  
8 Corporation for the resolution of the bank;]~~

9 ~~[(2) Cause the engagement, with the  
10 consent of the Corporation, of an independent  
11 appraiser or auditor for the purpose of  
12 determining the valuation of the bank  
13 consistent with generally accepted  
14 valuation standards;]~~

15 ~~[(3) Ensure prudent management and  
16 administration of the bank's assets, liabilities  
17 and records; and]~~

18 ~~[(4) Cooperate with the Corporation in  
19 the conduct or exercise of any or all of its  
20 authorities under this Act and honor in good~~

1 ~~faith its commitment or undertaking with the~~  
2 ~~Corporation on the resolution of the bank.]~~

3 ~~[(c) Within a period of one hundred eighty~~  
4 ~~(180) days from a bank's entry into resolution,~~  
5 ~~the Corporation, through the affirmative vote~~  
6 ~~of at least five (5) members of the PDIC Board,~~  
7 ~~shall determine whether the bank may be~~  
8 ~~resolved through the purchase of all its assets~~  
9 ~~and assumption of all its liabilities, or merger~~  
10 ~~or consolidation with, or its acquisition, by a~~  
11 ~~qualified investor.]~~

12 ~~[For this purpose, the Corporation may:~~

13 ~~(1) Determine a resolution package for the~~  
14 ~~bank;~~

15 ~~(2) Identify and, with the approval of~~  
16 ~~the Monetary Board, pre-qualify possible~~  
17 ~~acquirers or investors;~~

18 ~~(3) Authorize pre-qualified acquirers or~~  
19 ~~investors to conduct due diligence on the bank,~~  
20 ~~for purposes of determining the valuation of a~~

1       ~~bank through an objective and thorough review~~  
2       ~~and appraisal of its assets and liabilities, and~~  
3       ~~assessment of risks or events that may affect~~  
4       ~~its valuation; and~~

5               ~~(4) Conduct a bidding to determine the~~  
6       ~~acquirer of the bank;]~~

7               ~~[(f) In determining the appropriate~~  
8       ~~resolution method for a bank, the~~  
9       ~~Corporation shall consider the:]~~

10              ~~[(1) Fair market value of the assets of~~  
11       ~~the bank, its franchise, as well as the amount~~  
12       ~~of its liabilities;~~

13              ~~(2) Availability of a qualified investor;~~

14              ~~(3) Least cost to the DIF; and~~

15              ~~(4) Interest of the depositing public.]~~

16              ~~[(g) The Corporation may appoint or~~  
17       ~~hire persons or entities of recognized~~  
18       ~~competence in banking, finance, asset~~  
19       ~~management or remedial management, as its~~  
20       ~~agents, to perform such powers and functions~~

1           ~~of the Corporation in the resolution of a bank,~~  
2           ~~or assist in the performance thereof.]~~

3           ~~[(h) The PDIC Board shall prescribe the~~  
4           ~~guidelines or criteria for a bank to be placed~~  
5           ~~under resolution.]~~

6           ~~[(i) Upon a determination by the~~  
7           ~~Corporation that the bank may not be~~  
8           ~~resolved, the Monetary Board may act in~~  
9           ~~accordance with Section 30 of Republic Act~~  
10          ~~No. 7653 or the New Central Bank Act.]~~

11          ~~[(j) Bank resolution involving the~~  
12          ~~purchase of all assets and assumption of all~~  
13          ~~liabilities of a bank shall be exempt from~~  
14          ~~the provisions of Act No. 3952, otherwise~~  
15          ~~known as 'The Bulk Sales Law'.]~~

16          ~~[(k) The provisions of this section [are~~  
17          ~~without prejudice to any action that]~~  
18          NOTWITHSTANDING, the Monetary Board  
19          may take OTHER ACTIONS under existing  
20          laws THAT IT MAY DEEM NECESSARY.

1           SEC. 11. Section 13 of the same Act is hereby  
2 amended to read as follows:

3                   “AUTHORITIES OF A RECEIVER AND  
4           EFFECTS OF PLACEMENT OF A BANK  
5           UNDER LIQUIDATION

6                   “SEC. 13. (a) The receiver is authorized to  
7           adopt and implement, without need of consent  
8           of the stockholders, board of directors,  
9           creditors or depositors of the closed bank, any  
10          or a combination of the following modes of  
11          liquidation:

12                   (1) Conventional liquidation; and  
13                   (2) Purchase of assets and/or assumption  
14          of liabilities.

15                   (b) In addition to the powers of a receiver  
16          provided under existing laws, the Corporation,  
17          as receiver of a closed bank, is empowered to:

18                   (1) Represent and act for and on behalf of  
19          the closed bank;

1           (2) Gather and take charge of all the  
2           assets, records and affairs of the closed bank,  
3           and administer the same for the benefit of its  
4           creditors;

5           (3) Convert the assets of the closed bank  
6           to cash or other forms of liquid assets, as far  
7           as practicable[;], *PROVIDED*, THAT THE  
8           CORPORATION IS AUTHORIZED TO SELL  
9           ASSETS OF CLOSED BANKS, WHICH ARE  
10          HELD BY THE CORPORATION AS  
11          RECEIVER, TO A FINANCIAL  
12          INSTITUTIONS STRATEGIC TRANSFER  
13          CORPORATION (FISTC), IN ACCORDANCE  
14          WITH THE PROVISIONS OF REPUBLIC  
15          ACT NO. 11523 OR THE “FINANCIAL  
16          INSTITUTIONS STRATEGIC TRANSFER  
17          (FIST) ACT”. FOR THIS PURPOSE, THE  
18          BOARD OF DIRECTORS SHALL BE THE  
19          APPROPRIATE REGULATORY AUTHORITY  
20          AND SHALL PROMULGATE THE



1           NECESSARY    IMPLEMENTING    RULES  
2           AND REGULATIONS.

3                   xxx”

4           SEC. 12. Section 18 of the same Act is hereby  
5 amended to read as follows:

6                   “DIVIDEND DECLARATION

7                   “SEC. 18. Consistent with the policy of  
8           the State to generate, preserve, maintain  
9           faith and confidence in the country's banking  
10          system, the Corporation shall build up and  
11          maintain the DIF at the target level set by the  
12          PDIC Board of Directors. Such target level  
13          shall be subject to periodic review and may be  
14          adjusted as necessary.

15                  The Corporation [~~is exempt from~~  
16          ~~Republic Act No. 7656; instead, the~~  
17          ~~Corporation]~~ shall DECLARE AND remit  
18          CASH dividends to the [n] National [g]  
19          Government [~~only if the target DIF level for~~  
20          ~~the applicable year has been reached.] IN~~

1 ACCORDANCE WITH REPUBLIC ACT  
2 NO. 7656: *PROVIDED*, THAT SECTION 2(D)  
3 ON THE DETERMINATION OF THE  
4 DIVIDEND BASE AND SECTION 3 WITH  
5 RESPECT TO DIVIDEND BASE AND THE  
6 MANNER OF PAYMENT SHALL NOT  
7 APPLY. IN LIEU THEREOF, THE  
8 SUCCEEDING PARAGRAPHS SHALL BE  
9 APPLICABLE.

10 For purposes of computing the amount  
11 of dividends to be declared and remitted to  
12 the ~~[n]~~ National ~~[g]~~ Government, ~~[all~~  
13 ~~assessment collections shall not be considered~~  
14 ~~as income]~~ THE DIVIDEND BASE SHALL BE  
15 THE SUM OF ALL INCOME, BUT  
16 EXCLUDING ALL ASSESSMENT INCOME.  
17 NO OTHER DEDUCTIONS FROM THE  
18 DIVIDEND BASE SHALL BE ALLOWED.  
19 [The dividend rate shall be at least fifty  
20 percent (50%) of the income from other sources

1           only.] SUCH CASH DIVIDENDS ACCRUING  
2           TO THE NATIONAL GOVERNMENT SHALL  
3           BE RECEIVED BY THE NATIONAL  
4           TREASURY AND RECORDED AS INCOME  
5           OF THE GENERAL FUND.

6           SEC. 13. Section 22 of the same Act is hereby  
7 further amended to read as follows:

8                   “CORPORATE FUNDS AND ASSETS

9                   “SEC. 22. (a) x x x

10                   “FINANCIAL ASSISTANCE

11                   (e) [~~In the exercise of its authorities~~  
12 ~~under Section 11 of this Act, t]~~ The  
13 Corporation is authorized to make loans to,  
14 or purchase the assets of, or assume  
15 liabilities of, or make deposits in:

16                   (1) A bank in danger of closing, upon its  
17 acquisition by a qualified investor; or

18                   (2) A qualified investor, upon its  
19 purchase of all assets and assumption of all  
20 liabilities of a bank in danger of closing; or

1           (3) A surviving or consolidated institution  
2           that has merged or consolidated with a bank in  
3           danger of closing; upon such terms and  
4           conditions as the Board of Directors may  
5           prescribe, when in the opinion of the Board of  
6           Directors, such acquisition, purchase of  
7           assets, assumption of liabilities, merger or  
8           consolidation, is essential to provide  
9           adequate banking service in the community or  
10          maintain financial stability in the economy.

11           THE CORPORATION MAY, TAKING  
12          INTO CONSIDERATION THE PECULIAR  
13          CHARACTERISTICS OF ISLAMIC BANKS,  
14          FORMULATE RULES AND REGULATIONS  
15          FOR THE EXTENSION OF FINANCIAL  
16          ASSISTANCE UNDER THIS SECTION.

17           The Corporation, prior to the exercise of  
18          the powers under this section, shall determine  
19          that actual payoff and liquidation thereof will  
20          be more expensive than the exercise of this

1 power: *Provided*, That when the Monetary  
2 Board has determined that there are systemic  
3 consequences of a probable failure or closure  
4 of an insured bank, the Corporation may grant  
5 financial assistance to such insured bank in  
6 such amount as may be necessary to prevent  
7 its failure or closure and/or restore the insured  
8 bank to viable operations, under such terms  
9 and condition as may be deemed necessary by  
10 the Board of Directors, subjected to  
11 concurrence by the Monetary Board and  
12 without additional cost to the DIF AT THE  
13 TIME OF GRANTING THE FINANCIAL  
14 ASSISTANCE.

15 xxx”

16 SEC. 14. Section 24 of the same Act is hereby  
17 further amended to read as follows:

18 “ISSUANCE OF BONDS,  
19 DEBENTURES, AND OTHER OBLIGATIONS

1           “SEC. 24. With the approval of the  
2           President of the Philippines, upon the  
3           recommendation of the Department of Finance,  
4           the Corporation is authorized to issue bonds,  
5           debentures, and other obligations, both local  
6           or foreign, as may be necessary for purposes of  
7           providing liquidity for settlement of insured  
8           deposits in closed banks[,] OR to facilitate  
9           the implementation of [~~bank resolution under~~  
10          ~~Section 11 of this Act, as well as for~~] financial  
11          assistance as provided herein: *Provided*, That  
12          the Board of Directors shall determine the  
13          interest rates, maturity and other  
14          requirements of said obligations: *Provided*,  
15          *further*, That the Corporation may provide for  
16          appropriate reserves for the redemption or  
17          retirement of said obligation.

18                   xxx”

19           SEC. 15. Section 26 (c) of the same Act is hereby  
20          deleted and renumbered accordingly:

## 1                   “SANCTIONS AND PENALTIES

2                   “SEC. 26.

3                   xxx

4                   ~~[(e) Without prior written consent of the~~  
5                   ~~Corporation, no insured bank shall (1) merge or~~  
6                   ~~consolidate with any bank or institution or (2)~~  
7                   ~~assume liability to pay any deposits made in,~~  
8                   ~~or similar liabilities of, any bank or~~  
9                   ~~institution or (3) transfer of assets to any bank~~  
10                  ~~or institution in consideration of the~~  
11                  ~~assumption of liabilities for any portion of the~~  
12                  ~~deposits made in such insured banks.]~~

13                  xxx”

14                  SEC. 16. Section 28 of the same Act is hereby deleted

15                  and replaced as follows:

16                  ~~[SEC. 28. Exempting Clause. — The~~  
17                  ~~Corporation shall be exempt from~~  
18                  ~~Presidential Decree No. 985, Presidential~~  
19                  ~~Decree No. 1597, Republic Act No. 6758, as~~  
20                  ~~amended, Joint Resolution No. 4 (2009) and~~

1       ~~other laws on salary standardization,~~  
2       ~~Presidential Decree No. 1177, Executive~~  
3       ~~Order No. 248, as amended, Executive Order~~  
4       ~~No. 298 and the provisions of Republic Act~~  
5       ~~No. 10149 with regard to position~~  
6       ~~classification, qualification standards, and the~~  
7       ~~compensation package of the employees of the~~  
8       ~~Corporation: Provided, That the PDIC shall be~~  
9       ~~subject to all other policies under Republic Act~~  
10      ~~No. 10149, including, but not limited to,~~  
11      ~~performance evaluation by the Governance~~  
12      ~~Commission for Government Owned or~~  
13      ~~Controlled Corporations, selection and~~  
14      ~~nomination of appointive directors, and~~  
15      ~~limitations on the creation of subsidiaries~~  
16      ~~and the acquisition of affiliates except in the~~  
17      ~~case of acquisition of shares in the grant of~~  
18      ~~financial assistance under this Act.]~~

19                   SEC. 28. *EXEMPTION FROM THE*  
20                   *BULK SALES LAW. – BANK LIQUIDATION*



1            INVOLVING THE PURCHASE OF ALL  
2            ASSETS AND ASSUMPTION OF ALL  
3            LIABILITIES OF A BANK TO A THIRD  
4            PARTY SHALL BE EXEMPT FROM THE  
5            PROVISIONS OF ACT NO. 3952,  
6            OTHERWISE KNOWN AS 'THE BULK  
7            SALES LAW'.

8            *SEC. 17. Implementing Rules and Regulations.* – The  
9            Bangko Sentral ng Pilipinas, the Department of Finance,  
10           the Philippine Deposit Insurance Corporation, and other  
11           concerned government agencies shall promulgate the  
12           necessary implementing rules and regulations within sixty  
13           (60) days upon the effectivity of this Act.

14           *SEC. 18. Separability Clause.* – If any provision of  
15           this Act is subsequently declared invalid or  
16           unconstitutional, the other provisions hereof which are not  
17           affected thereby shall remain in full force and effect.

18           *SEC. 19. Repealing Clause.* – Section 17(c) of  
19           Republic Act No. 11439 on the Non-Applicability of

1 Republic Act No. 3591, as amended, is hereby amended  
2 insofar as certain products or arrangements of Islamic  
3 Banks which may be deemed as deposit by the Bangko  
4 Sentral ng Pilipinas for purposes of this Act.

5 All other laws, decrees, resolutions, instructions, and  
6 rules and regulations, or parts thereof which are  
7 inconsistent with this Act are hereby deemed repealed or  
8 modified accordingly.

9 SEC. 20. *Effectivity Clause.* – This Act shall take  
10 effect fifteen (15) days after its publication in the *Official*  
11 *Gazette* or in a newspaper of general circulation.

Approved,