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



Senate
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'13 JUL -8 P2:49

SENATE

S. B. No. 618

RECEIVED BY: *[Signature]*

Introduced by Senator Ralph G. Recto

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 or Republic Act No. 7653 in 1993 to replace the old one, which was in effect as early as 1948. While the old Central Bank law – Republic Act No. 265 – was amended four times during its lifetime, the new law or R.A. No. 7653 has never been changed in its 20 years of effectivity.

It is therefore imperative that R.A. No. 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 20 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 authors of the present law failed to anticipate 20 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.

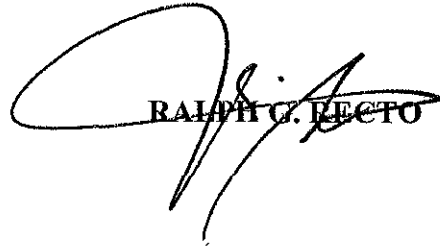
Other salient provisions of the bill include the following:

- Establishing a mechanism for the full payment of the national government's unpaid subscription to the BSP as mandated by R.A. No. 7653.
- Expanding the BSP's supervisory powers to include credit card companies, e-money issuers, remittance agents and institutions performing similar functions.
- Deleting the provision which requires 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 G. RECTO



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SENATE

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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:

2 "SEC. 2. *Creation of the Bangko Sentral.* — There is hereby established an
3 independent central monetary authority, which shall be a body corporate known as the
4 Bangko Sentral ng Pilipinas, hereafter referred to as the Bangko Sentral. The capital of
5 the Bangko Sentral shall be Fifty Billion Pesos (P50,000,000,000), to be fully
6 subscribed by the Government of the Republic, hereafter referred to as the
7 Government, Ten Billion Pesos (P10,000,000,000) of which shall be fully paid for by
8 the Government upon the effectivity of this Act [and the balance to be paid for within
9 two (2) years from the effectivity of this Act in such manner and form as the
10 Government, through the Secretary of Finance and the Secretary of Budget and
11 Management, may thereafter determine]. **THE BALANCE SHALL BE PAID FOR
12 IN CASH AVAILABLE TO THE GOVERNMENT OR THROUGH THE
13 ISSUANCE OF READILY MARKETABLE GOVERNMENT SECURITIES OF
14 EQUIVALENT MARKET VALUE TO THE BALANCE OF THE UNPAID
15 SUBSCRIPTION OF THE GOVERNMENT TO THE BANGKO SENTRAL:
16 PROVIDED, THAT THE CASH OR GOVERNMENT SECURITIES ISSUED
17 PURSUANT HERETO ARE HEREBY AUTHORIZED AND SHALL BE
18 DEEMED AUTOMATICALLY APPROPRIATED FOR THE PURPOSE OF
19 ENABLING THE GOVERNMENT TO COMPLY WITH ITS OBLIGATION
20 TO PAY FOR ITS UNPAID SUBSCRIPTION TO THE BANGKO SENTRAL."**

21 SEC. 2. Section 3 of Republic Act No. 7653 is hereby amended to read as follows:

22 "SEC. 3. *Responsibility and Primary Objective.* — The Bangko Sentral shall
23 provide policy directions in the areas of money, banking, and credit. It shall have
24 supervision over the operations of banks and exercise such regulatory powers as
25 provided in this Act and other pertinent laws over the operations of finance companies
26 and non-bank financial institutions performing quasi-banking functions, hereafter

1 referred to as quasi-banks, **INCLUDING CREDIT CARD COMPANIES, E-**
2 **MONEY ISSUERS, REMITTANCE AGENTS** and institutions performing similar
3 functions **REGULATED BY THE BANGKO SENTRAL UNDER THIS ACT OR**
4 **UNDER SPECIAL LAWS.**

5 [The primary objective of the Bangko Sentral is to maintain price stability
6 conducive to a balanced and sustainable growth of the economy.] **IN THE**
7 **FORMULATION OF MONETARY POLICY, THE BANGKO SENTRAL**
8 **SHALL PROMOTE AND ADVANCE THE PRIMARY GOALS OF FULL**
9 **EMPLOYMENT AND PRICE STABILITY CONDUCTIVE TO A BALANCED**
10 **AND SUSTAINABLE GROWTH OF THE ECONOMY.** It shall also promote and
11 maintain monetary stability and the convertibility of the peso.”

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

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

17 The seven (7) members are:

18 (a) the Governor of the Bangko Sentral who shall be the Chairman of the Monetary
19 Board. [The Governor of the Bangko Sentral shall be head of a department and his
20 appointment shall be subject to confirmation by the Commission on Appointments.]
21 Whenever the Governor is unable to attend a meeting of the Board, he shall designate a
22 Deputy Governor to act as his alternate **AND THE ATTENDANCE OF THE LATTER**
23 **AS AN ALTERNATE TO THE GOVERNOR SHALL BE CONSIDERED IN**
24 **DETERMINING THE QUORUM BUT SAID ALTERNATE, WHILE ENTITLED**
25 **TO BE HEARD, SHALL HAVE NO RIGHT TO VOTE: *Provided, HOWEVER,*** That
26 in [such event,] **THE ABSENCE OF THE GOVERNOR AT THE MEETING OF**
27 **THE BOARD,** the Monetary Board shall designate one of its members as acting
28 Chairman;

29 (b) a member of the Cabinet to be designated by the President of the Philippines.
30 Whenever the designated Cabinet Member is unable to attend a meeting of the Board, he
31 shall designate an Undersecretary in his Department to attend as his alternate **WHOSE**
32 **ATTENDANCE AT THE MEETING OF THE BOARD SHALL BE CONSIDERED**
33 **IN DETERMINING A QUORUM BUT SAID ALTERNATE, WHILE ENTITLED**
34 **TO BE HEARD, SHALL HAVE NO RIGHT TO VOTE;** and

35 (c) five (5) members who shall come from the private sector, all of whom shall
36 serve full-time: *Provided, however,* That of the members first appointed under the
37 provisions of this subsection, three (3) shall have a term of six (6) years, and the other two
38 (2), three (3) years. No member of the Monetary Board may be reappointed more than
39 once.”

40 **SEC. 4.** Section 9 of Republic Act No. 7653 is hereby amended to read as follows:

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

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

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

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

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

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

35 The presence of four (4) members shall constitute a quorum: *Provided,* That in
36 all cases the Governor or his duly designated alternate shall be among the four (4).

37 Unless otherwise provided in this Act, all decisions of the Monetary Board
38 shall require the concurrence of at least four (4) members.

1 **THE MEETING OF THE MONETARY BOARD, AS REQUIRED BY**
2 **CIRCUMSTANCES, MAY BE CONDUCTED THROUGH**
3 **TELECONFERENCING OR VIDEO CONFERENCING SUBJECT TO PRIOR**
4 **NOTICE TO ALL THE MEMBERS OF THE BOARD OF THE CALL FOR**
5 **SUCH METHOD OF CONFERENCING AND SUBJECT FURTHER TO THE**
6 **REQUIREMENT THAT THE CHAIRMAN OF THE BOARD OR THE**
7 **ALTERNATE PRESIDING OFFICER IS PHYSICALLY PRESENT,**
8 **TOGETHER WITH THREE (3) OTHER MEMBERS OF THE BOARD, AT**
9 **THE DESIGNATED VENUE OF THE MEETING.**

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

17 The Bangko Sentral shall maintain and preserve a complete record of the
18 proceedings and deliberations of the Monetary Board, including the tapes and
19 transcripts of the stenographic notes[, either] in their original form, [or] in microfilm
20 **OR IN OTHER RECORDING MEDIA.”**

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

22 “SEC. 12. *Attendance of the Deputy Governors.* — The Deputy Governors
23 [may] **SHALL, UPON THE ORDER OF THE GOVERNOR OR THE**
24 **MONETARY BOARD,** attend the meetings of the Monetary Board with the right to
25 be heard. **OTHER OFFICIALS OF THE BANGKO SENTRAL MAY BE**
26 **DIRECTED TO ATTEND THE MONETARY BOARD MEETINGS UPON**
27 **INVITATION OF THE MONETARY BOARD ON A PER MEETING BASIS IF**
28 **THEIR EXPERTISE IS NEEDED IN A PARTICULAR AGENDA OR**
29 **MATTER.”**

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

31 “SEC. 15. *Exercise of Authority.* — In the exercise of its authority, the
32 Monetary Board shall:

33 (a) issue rules and regulations it considers necessary for the effective discharge
34 of the responsibilities and exercise of the powers vested upon the Monetary Board and
35 the Bangko Sentral. The rules and regulations issued shall be reported to the President
36 and the Congress within fifteen (15) days from the date of their issuance;

37 **ANY ISSUANCE THAT AFFECTS THIRD PARTIES OR IMPOSES A**
38 **PENALTY OR SANCTION AGAINST THE INSTITUTIONS**

1 SUPERVISED/REGULATED BY THE BANGKO SENTRAL OR THEIR
2 DIRECTORS OR OFFICERS SHALL, BEFORE ITS ISSUANCE, BE
3 SUBJECT TO PUBLIC HEARINGS OF THE PARTIES AND INSTITUTIONS
4 TO BE AFFECTED.

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

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

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

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

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

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

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

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

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

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

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

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

31 Similar responsibility shall apply to members, officers, and employees of the
32 Bangko Sentral for: (1) the disclosure of any information of a confidential nature, [or
33 any information on the discussions or resolutions of the Monetary Board,] or about the
34 confidential operations of the Bangko Sentral, unless the disclosure is in connection
35 with the performance of official functions with the Bangko Sentral, or is with prior
36 authorization of the Monetary Board or the Governor; or (2) the use of such
37 information for personal gain or to the detriment of the Government, the Bangko
38 Sentral or third parties: *Provided; however,* That any data or information required to be

1 submitted to the President and/or the Congress, or to be published under the provisions
2 of this Act shall not be considered confidential.”

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33 **(A) DEPUTY GOVERNOR FOR THE MONETARY AND CURRENCY**
34 **MANAGEMENT SECTOR;**

35 **(B) DEPUTY GOVERNOR FOR SUPERVISION AND EXAMINATION**
36 **OF COMMERCIAL AND UNIVERSAL BANKS (INCLUDING THEIR**
37 **SUBSIDIARIES AND AFFILIATES ENGAGED IN FINANCIAL ALLIED**

1 UNDERTAKINGS) AS WELL AS GOVERNMENT-OWNED AND
2 CONTROLLED BANKS;

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

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

13 (E) DEPUTY GOVERNOR FOR HUMAN RESOURCES
14 MANAGEMENT WHO SHALL BE IN CHARGE OF THE ADMINISTRATIVE
15 REQUIREMENTS OF RECRUITMENT, APPOINTMENT, PERFORMANCE
16 EVALUATION, AND THE IMPLEMENTATION OF COMPENSATION AND
17 BENEFITS, PAYROLL SERVICING, LEAVES AND RETIREMENTS AND
18 EMPLOYEE RELATIONS, INCLUDING THE ASSESSMENT OF THE
19 TRAINING NEEDS OF ALL PERSONNEL OF THE BANGKO SENTRAL,
20 AND THE DESIGN AND ADMINISTRATION OF TRAINING PROGRAMS
21 FOR THE RANK AND FILE EMPLOYEES, THE EXECUTIVE
22 DEVELOPMENT AND VALUES ENHANCEMENT COURSES; THE
23 ADMINISTRATION OF THE MEDICAL AND DENTAL CLINIC, AND WHO
24 SHALL SUPERVISE THE CONSTRUCTION, REPAIR AND RENOVATION
25 OF ALL BUILDINGS, OFFICES AND FACILITIES OF THE BANGKO
26 SENTRAL, THE GENERAL UP-KEEP AND MAINTENANCE OF THE
27 MECHANICAL, ELECTRICAL, ELECTRONIC AND
28 AUXILIARY/ACCESSORY EQUIPMENT SYSTEMS OF THE BANGKO
29 SENTRAL AND THE PROTECTION AND SAFEGUARDS OF THE MAIN
30 OFFICE AND OTHER BRANCHES OF THE BANGKO SENTRAL.

31 THE SCOPE OF THE DUTIES AND RESPONSIBILITIES OF EACH
32 AND EVERY DEPUTY GOVERNOR AND THE OFFICES UNDER EACH OF
33 THEM AND THE DELINEATION OF OTHER FUNCTIONS AND
34 ASSIGNMENTS SHALL BE DEFINED OR REFINED AND PRESCRIBED BY
35 THE MONETARY BOARD UPON RECOMMENDATION OF THE
36 GOVERNOR.

37 THE MANAGEMENT OF THE PROVIDENT FUND, THE
38 PROCUREMENT SERVICES, INCLUDING THE SERVICING OF THE BIDS
39 AND AWARDS COMMITTEE AND THE SECURITY PLANT COMPLEX

1 SHALL BE DEFINED AND PRESCRIBED BY THE MONETARY BOARD.
2 THE MONITORING, REPORTING, AND THE INFORMATION
3 TECHNOLOGY APPLICATIONS REQUIRED FOR EACH OF THE OFFICES
4 AND SERVICES REFERRED TO IN THIS PARAGRAPH SHALL ALSO BE
5 SET FORTH BY THE MONETARY BOARD, UPON RECOMMENDATION
6 OF THE GOVERNOR.

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

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

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

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

34 **SEC. 13.** Section 24 of Republic Act No. 7653 is hereby amended to read as follows:

35 “Sec. 24. *Training of Technical Personnel.* — The Bangko Sentral shall promote and
36 sponsor the training of technical personnel in the fields of [money and banking]
37 **BANKING, QUASI-BANKING, NON-BANK FINANCIAL INTERMEDIARIES,**

1 **MICROFINANCE, DERIVATIVES, ARBITRAGE, FOREIGN EXCHANGE,**
2 **SAVINGS FORMATION, PAYMENT AND SETTLEMENT SYSTEMS,**
3 **INFORMATION TECHNOLOGY, MONEY AND CAPITAL MARKETS**
4 **DEVELOPMENT TRENDS, INNOVATIONS AND PRACTICES AND SUCH**
5 **OTHER TRAINING PROGRAMS AS THE MONETARY BOARD SHALL**
6 **APPROVE.** Toward this end, the Bangko Sentral is hereby authorized to defray the
7 costs of study, at home or abroad, of qualified employees of the Bangko Sentral, of
8 promising university graduates or of any other qualified persons who shall be
9 determined by proper competitive examinations. The Monetary Board shall prescribe
10 rules and regulations to govern the training program of the Bangko Sentral.”

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

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

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

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

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

35 **AS USED IN THIS SECTION, CONTROL EXISTS WHEN THE**
36 **PARENT OWNS DIRECTLY OR INDIRECTLY MORE THAN ONE-HALF**
37 **OF THE STOCK OF A SUPERVISED INSTITUTION. CONTROL ALSO**
38 **EXISTS EVEN WHEN THE PARENT OWNS ONE-HALF OR LESS OF THE**

1 VOTING STOCK OF THE SUPERVISED INSTITUTION WHEN THERE IS
2 POWER OVER MORE THAN ONE-HALF OF THE VOTING RIGHTS BY
3 PROXY OR BY VIRTUE OF AN AGREEMENT WITH OTHER INVESTORS
4 WHICH THEREBY ENABLES THE PARENT COMPANY TO CAST THE
5 MAJORITY OF VOTES AT MEETINGS OF THE STOCKHOLDERS OF THE
6 SUPERVISED INSTITUTION, OR TO ELECT THE MAJORITY OF
7 MEMBERS OF THE BOARD OF DIRECTORS OF THE SUPERVISED
8 INSTITUTION OR TO APPOINT KEY EXECUTIVE OFFICERS WHO
9 SHALL DIRECTLY OR INDIRECTLY CONTROL THE MANAGEMENT
10 AND OPERATIONS OF THE SUPERVISED INSTITUTION.

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

21 [No restraining order or injunction shall be issued by the court enjoining the Bangko
22 Sentral from examining any institution subject to supervision or examination by the
23 Bangko Sentral, unless there is convincing proof that the action of the Bangko Sentral
24 is plainly arbitrary and made in bad faith and the petitioner or plaintiff files with the
25 clerk or judge of the court in which the action is pending a bond executed in favor of
26 the Bangko Sentral, in an amount to be fixed by the court. The provisions of Rule 58
27 of the New Rules of Court insofar as they are applicable and not inconsistent with the
28 provisions of this Section shall govern the issuance and dissolution of the restraining
29 order or injunction contemplated in this Section.]”

30 **SEC. 15.** Section 26 of Republic Act No. 7653 is hereby amended to read as follows:

31 “SEC. 26. *Bank Deposits [and Investments]*. — Any director, officer or
32 stockholder who, together with his related interest, contracts a loan or any form of
33 financial accommodation from: (1) his bank; or (2) from a bank (a) which is a
34 subsidiary of a bank holding company of which both his bank and the lending bank are
35 subsidiaries or (b) in which a controlling proportion of the shares is owned by the same
36 interest that owns a controlling proportion of the shares of his bank, in excess of five
37 percent (5%) of the capital and surplus of the bank, or in the maximum amount
38 permitted by law, whichever is lower, shall be required by the lending bank to waive

1 the secrecy of his deposits of whatever nature in all banks in the Philippines. Any
2 information obtained from an examination of his deposits shall be held strictly
3 confidential and may be used by the examiners only in connection with their
4 supervisory and examination responsibility or by the Bangko Sentral in an appropriate
5 legal action it has initiated involving the deposit account.

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

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

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

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

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

32 (c) revealing in any manner, except under orders of the court, the **[Congress]**
33 **HOUSE OF REPRESENTATIVES OR THE SENATE OR ANY OF THE**
34 **APPROPRIATE COMMITTEES THEREIN** or any government office or agency
35 authorized by law, or under such conditions as may be prescribed by the Monetary
36 Board, information relating to the condition or business of any institution **UNDER**
37 **ITS SUPERVISION.** This prohibition shall not be held to apply to the giving of

1 information to the Monetary Board or the Governor of the Bangko Sentral, or to any
2 person authorized by either of them, in writing, to receive such information; and

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

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

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

19 **THE SUPERVISED INSTITUTIONS UNDER THIS SECTION SHALL**
20 **BE GIVEN THE OPPORTUNITY TO CONTEST IN WRITING ANY OR ALL**
21 **OF THE FINDINGS OF THE EXAMINERS OF THE SUPERVISING AND**
22 **EXAMINATION DEPARTMENT OF THE BANGKO SENTRAL IN AN EXIT**
23 **CONFERENCE BEFORE THE REPORT OF EXAMINATION IS FINALIZED.**
24 **THE WRITTEN EXPLANATIONS, IF ANY, OF THE SUPERVISED**
25 **INSTITUTION UNDER EXAMINATION SHALL BE PART OF THE REPORT**
26 **OF EXAMINATION WITH COMMENTS IF DEEMED WARRANTED BY**
27 **THE EXAMINERS INVOLVED.**

28 The bank, **OR QUASI-BANK OR NON-BANK FINANCIAL**
29 **INSTITUTION** concerned shall afford to the head of the appropriate supervising and
30 examining departments and to his authorized deputies full opportunity to examine its
31 books, cash and available assets and general condition at any time during banking
32 hours when requested to do so by the Bangko Sentral: *Provided, however*, That none
33 of the reports and other papers relative to such examinations shall be open to
34 inspection by the public except insofar as such publicity is incidental to the
35 proceedings hereinafter authorized or is necessary for the prosecution of violations in
36 connection with the business of such institutions.

37 Banking, [and] quasi-banking, **AND NON-BANK FINANCIAL** institutions which
38 are subject to examination by the Bangko Sentral shall pay to the Bangko Sentral,

1 within the first thirty (30) days of each year, an annual fee in an amount equal to a
2 percentage as may be prescribed by the Monetary Board of its average total assets
3 during the preceding year as shown on its end-of-**QUARTER** [month balance sheets]
4 **STATEMENT OF CONDITION**, after deducting cash on hand and amounts due
5 from banks, **QUASI-BANKS, AND OTHER FINANCIAL INSTITUTIONS**,
6 including the Bangko Sentral and banks abroad.”

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

8 “**SEC. 29.** Appointment of Conservator. — Whenever, on the basis of a report
9 **OF EXAMINATION** submitted by the appropriate supervising or examining
10 department **OF THE BANGKO SENTRAL**, the Monetary Board, **IN**
11 **CONSULTATION WITH THE PHILIPPINE DEPOSIT INSURANCE**
12 **CORPORATION (PDIC), CONFIRMS** [finds] that a bank or a quasi-bank is in a
13 state of continuing inability or unwillingness to maintain a condition of liquidity
14 deemed adequate to protect the interest of depositors and creditors, **OR CONTINUES**
15 **TO SUFFER CHRONIC RESERVE OR CAPITAL DEFICIENCIES WHICH,**
16 **IF NOT CORRECTED, WILL EVENTUALLY RESULT IN INSOLVENCY**, the
17 Monetary Board, **IN ORDER TO AVERT THE THREATENED INSOLVENCY**
18 **OF THE BANK**, [may] **SHALL** appoint a conservator **WHO SHALL**
19 **INTRODUCE AND ADOPT MANAGEMENT REFORMS AND CORRECTIVE**
20 **MEASURES THAT WILL ENABLE THE BANK TO RESTORE AND**
21 **MAINTAIN ITS VIABILITY. THE CONSERVATOR** [with] **SHALL HAVE**
22 such powers as the Monetary Board shall deem necessary to **ENABLE HIM TO** take
23 charge of the assets, liabilities, and the management thereof, reorganize the
24 management, collect all monies and debts due said institution, **PLACE OR INVEST**
25 **ITS FUNDS IN READILY MARKETABLE SECURITIES AND**
26 **INVESTMENTS, SELL, IF NECESSARY, REAL PROPERTIES AND OTHER**
27 **FIXED ASSETS TO MEET ITS OBLIGATIONS**, and exercise all powers
28 [necessary] to restore **AND MAINTAIN** its viability. The conservator shall report and
29 be responsible to the Monetary Board, **WITH A COPY OF SUCH REPORT**
30 **FURNISHED THE PDIC**, and shall have the power to overrule or revoke the actions
31 of the previous management and board of directors of the bank or quasi-bank,
32 **EXCEPT THAT SUCH POWER CANNOT EXTEND TO THE POST FACTO**
33 **REPUDIATION OF PERFECTED CONTRACTS THAT INFRINGE AGAINST**
34 **THE NON-IMPAIRMENT CLAUSE OF THE CONSTITUTION.**

35 The conservator should be competent and knowledgeable in bank operations
36 and management. The conservatorship shall not exceed one (1) year, **WHICH MAY**
37 **BE EXTENDED FOR A PERIOD OF NOT MORE THAN SIX (6) MONTHS,**
38 **AS MAY BE APPROVED BY THE MONETARY BOARD.** The conservator shall

1 receive remuneration to be fixed by the Monetary Board, **PAYABLE IN MONTHLY**
2 **PAYMENTS:** [in an amount not to exceed two-thirds (2/3) of the salary of the
3 president of the institution in one (1) year, payable in twelve (12) equal monthly
4 payments:] *Provided*, That, if at any time within the one-year period, the
5 conservatorship is terminated on the ground that the institution can operate on its own,
6 the conservator shall receive the balance of the remuneration which he would have
7 received up to the end of the year; but if the conservatorship is terminated on other
8 grounds, the conservator shall not be entitled to such remaining balance. The Monetary
9 Board [may appoint a conservator connected with the Bangko Sentral,] **SHALL**
10 **AUTHORIZE THE CONSERVATOR TO APPOINT A CORE GROUP OF**
11 **PROFESSIONALS TO ASSIST HIM IN THE PERFORMANCE OF HIS**
12 **POWERS AND DUTIES AS CONSERVATOR**, in which case, [he] **THEY** shall
13 [not] be entitled to receive [any] remuneration or emoluments **THAT THE**
14 **MONETARY BOARD SHALL DETERMINE** [from the Bangko Sentral] during
15 the **PERIOD OF** conservatorship. The expenses attendant to the conservatorship shall
16 be borne by the bank or quasi-bank concerned.

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

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

37 The Monetary Board shall terminate the conservatorship when it is satisfied
38 that the institution can continue to operate on its own and the conservatorship is no

1 longer necessary. The conservatorship shall likewise be terminated should the
2 Monetary Board, on the basis of the report of the conservator or of its own findings,
3 determine that the continuance in business of the institution, **DESPITE THE**
4 **REMEDIAL MEASURES THAT HAVE BEEN ADOPTED, CONTINUE TO**
5 **EXPERIENCE ILLIQUIDITY AND OTHER RELATED FINANCIAL**
6 **STRESSES, SUCH THAT THERE EXIST GROUNDS FOR THE**
7 **INSTITUTION TO ENTER RECEIVERSHIP AND LIQUIDATION, [would**
8 **involve probable loss to its depositors or creditors,] in which case the provisions of**
9 **Section 30 shall apply.”**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 **IN THE EVENT THAT THE AFFECTED BANK IS A RURAL BANK**
32 **WHICH IS UNABLE TO COMPLY WITH THE CAPITAL RESTORATION**
33 **PROGRAM INSTITUTED BY THE MONETARY BOARD WITHIN THE**
34 **PRESCRIBED PERIOD AND IN ORDER TO PREVENT THE RURAL BANK**
35 **AFFECTED FROM BEING CLOSED, ANOTHER RURAL BANK SHALL BE**
36 **GIVEN THE RIGHT OF FIRST REFUSAL TO INVEST, CONSOLIDATE OR**
37 **MERGE WITH THE SAID BANK OR TO ACQUIRE THE ASSETS AND**
38 **ASSUME THE LIABILITIES OF SAID RURAL BANK IN ORDER TO**
39 **RESTORE THE NORMAL OPERATIONS OF SAID RURAL BANK, TO THE**

1 EXCLUSION OF OTHER CATEGORIES OF BANKS UNLESS NO OTHER
2 RURAL BANK OF GOOD STANDING EXPRESSES TO EXERCISE THE
3 RIGHT OF FIRST REFUSAL PROVIDED UNDER THIS SECTION. THE
4 RURAL BANKERS ASSOCIATION OF THE PHILIPPINES SHALL BE
5 OFFICIALLY NOTIFIED BY THE MONETARY BOARD IN WRITING OF
6 THE RIGHT OF FIRST REFUSAL MADE AVAILABLE UNDER THIS
7 SECTION IN ORDER THAT ALL RURAL BANKS OF GOOD STANDING
8 SHALL BE NOTIFIED ACCORDINGLY.

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

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

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

28 (B) A BRIDGE BANK REFERS TO A TEMPORARY BANK LICENSED
29 BY THE BANGKO SENTRAL, ESTABLISHED AND OPERATED TO
30 ACQUIRE ASSETS AND ASSUME LIABILITIES OF A FAILED BANK. THE
31 BRIDGE BANK SHALL HAVE AUTHORITY TO PURCHASE ASSETS,
32 ASSUME DEPOSITS AND OTHER LIABILITIES WHICH THE PDIC MAY
33 DETERMINE TO BE APPROPRIATE; AND PERFORM SUCH OTHER
34 BANKING FUNCTIONS AS THE MONETARY BOARD MAY AUTHORIZE,
35 CONSISTENT WITH THE OBJECTIVES OF THIS SECTION.

36 (C) A BRIDGE BANK RESOLUTION MEASURE MAY BE ADOPTED
37 ONLY IF THE BOARD OF DIRECTORS DETERMINES THAT IT IS A
38 COST-EFFECTIVE AND VIABLE RESOLUTION MEASURE AND THE
39 AMOUNT NECESSARY TO IMPLEMENT SUCH MEASURE IS LESS THAN

1 THE ESTIMATED INSURED DEPOSITS OF THE FAILED BANK; AND THE
2 PRESERVATION OF CRITICAL BANKING FUNCTIONS IS IN THE BEST
3 INTEREST OF THE DEPOSITORS AND THE PUBLIC.

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

6 1. SELL, ASSIGN, TRANSFER, OR CONVEY ITS
7 SHAREHOLDINGS IN ITS SUBSIDIARY TO THE FAILED BANK;

8 2. TRANSFER SUCH ASSETS AND DEPOSIT LIABILITIES OF
9 A FAILED BANK TO THE BRIDGE BANK, AS THE PDIC MAY
10 DEEM APPROPRIATE. ALL TRANSFERS UNDER THIS
11 SUBSECTION SHALL:

12 I. NOT BE SUBJECT TO ANY TAXES, SUCH AS
13 CAPITAL GAINS TAX, AS WELL AS INCOME TAX,
14 VALUE ADDED TAX AND DOCUMENTARY STAMP
15 TAX, AND OTHER TAXES, AS MAY BE APPLICABLE;

16 II. BE CONSIDERED IN CUSTODIA LEGIS IN THE
17 HANDS OF THE BRIDGE BANK. FROM THE TIME
18 THE ASSETS ARE TRANSFERRED TO A BRIDGE
19 BANK, ITS ASSETS SHALL NOT BE SUBJECT TO
20 ATTACHMENT, EXECUTION, GARNISHMENT, LEVY,
21 FORECLOSURE OR ANY OTHER COURT PROCESSES.
22 THEREFORE, A JUDGE, OFFICER OF THE COURT OR
23 ANY PERSON WHO SHALL ISSUE, ORDER, PROCESS
24 OR CAUSE THE ISSUANCE OR IMPLEMENTATION
25 OF THE WRIT OF GARNISHMENT, LEVY,
26 ATTACHMENT OR EXECUTION SHALL BE LIABLE
27 UNDER SECTION 22 HEREOF.

28 III. BE EFFECTIVE WITHOUT ANY CONSENT FROM
29 THE STOCKHOLDERS, CREDITORS,
30 STAKEHOLDERS OF THE FAILED BANK,
31 NOTWITHSTANDING ANY PROVISION OF LAW TO
32 THE CONTRARY.

33 3. MAKE ADVANCES TO THE BRIDGE BANK OR CLOSED
34 BANK, UPON SUCH TERMS AND CONDITIONS AND IN SUCH
35 FORM AND AMOUNTS AS THE PDIC MAY PRESCRIBE,
36 SUFFICIENT FUNDS FOR THE BRIDGE BANK TO OPERATE.
37 THESE ADVANCES SHALL PARTAKE OF THE NATURE OF
38 PUBLIC FUNDS, AND AS SUCH, MUST BE CONSIDERED A
39 PREFERRED CREDIT SIMILAR TO TAXES DUE TO THE

1 NATIONAL GOVERNMENT IN THE ORDER OF PREFERENCE
2 UNDER ARTICLE 2224 OF THE NEW CIVIL CODE;

3 4. CONDUCT DUE DILIGENCE ON AN INSURED BANK, AND
4 EXAMINE AND AUDIT THE DEPOSIT ACCOUNTS AND/OR
5 RECORDS, OF AN INSURED BANK, SO AS TO ESTABLISH A
6 DEPOSIT PROFILE OF THE BANK AS TO THE NUMBER OF
7 DEPOSIT ACCOUNTS AND TOTAL INSURED DEPOSITS:
8 *PROVIDED*, THAT THE INFORMATION ON INDIVIDUAL
9 ACCOUNTS OBTAINED THROUGH SUCH EXAMINATION OR
10 AUDIT SHALL NOT BE DISCLOSED OR RELEASED TO ANY
11 OTHER PARTY EXCEPT TO THE BOARD OF DIRECTORS OF THE
12 PDIC OR UPON ORDER OF THE COURT; AND

13 5. APPOINT, INSTALL, DESIGNATE, AND/OR REMOVE THE
14 DIRECTORS AND OFFICERS OF A BRIDGE BANK AND FIX THEIR
15 COMPENSATION.

16 (E) THE 90-DAY PERIOD PROVIDED UNDER SECTION 30 OF
17 REPUBLIC ACT 7653, AS AMENDED, WITHIN WHICH THE RECEIVER
18 SHALL DETERMINE WHETHER THE INSTITUTION MAY BE
19 REHABILITATED SHALL NOT BE APPLICABLE.

20 (F) THE BRIDGE BANK SHALL TERMINATE AT THE END OF TWO
21 (2) YEARS FOLLOWING THE DATE IT WAS GRANTED A BANKING
22 LICENSE, SUBJECT TO THE PROVISIONS IN THE PARAGRAPHS (G)
23 AND (H); *PROVIDED, FURTHER*, THAT THE PDIC MAY EXTEND THE
24 STATUS OF THE BRIDGE BANK IF DEEMED NECESSARY TO
25 CONCLUDE PENDING NEGOTIATIONS FOR THE SALE, MERGER OR
26 ACQUISITION OF THE BRIDGE BANK BY A BUYER OR ACQUIRER:
27 *PROVIDED, FINALLY*, THAT THE MAXIMUM EXTENSION SHALL BE
28 ONE (1) YEAR.

29 (G) TERMINATION OF BRIDGE BANK. - THE STATUS OF ANY
30 BRIDGE BANK AS SUCH SHALL TERMINATE UPON THE EARLIEST
31 OF—

32 1. THE MERGER OR CONSOLIDATION OF THE BRIDGE
33 BANK WITH ANOTHER BANK THAT IS NOT A BRIDGE
34 BANK; OR

35 2. THE SALE OF THE BRIDGE BANK TO A QUALIFIED
36 BUYER, AS MAY BE DETERMINED BY THE PDIC; OR

37 3. THE ASSUMPTION OF ALL OR SUBSTANTIALLY ALL OF
38 THE (i) DEPOSITS AND OTHER LIABILITIES AND/OR (ii)
39 ASSETS OF THE BRIDGE BANK BY AN INSURED BANK

1 THAT IS NOT A BRIDGE BANK, OR OTHER ENTITY AS
2 PERMITTED UNDER APPLICABLE LAW. FOLLOWING THE
3 ASSUMPTION OF ALL OR SUBSTANTIALLY ALL OF THE
4 LIABILITIES OF THE BRIDGE BANK AND THE SALE OF
5 ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE
6 BRIDGE BANK, THE BRIDGE BANK SHALL BE
7 LIQUIDATED IN ACCORDANCE WITH THE PROVISIONS OF
8 LAW RELATING TO THE LIQUIDATION OF CLOSED
9 BANKS; AND

10 4. THE EXPIRATION OF THE PERIOD PROVIDED IN
11 PARAGRAPH (F), OR THE EARLIER DISSOLUTION OF THE
12 BRIDGE BANK AS PROVIDED IN PARAGRAPH (H).

13 (H) DISSOLUTION OF BRIDGE BANK.- NOTWITHSTANDING ANY
14 OTHER PROVISION OF LAW TO THE CONTRARY, IF THE BRIDGE
15 BANK'S STATUS AS SUCH HAS NOT PREVIOUSLY BEEN TERMINATED
16 BY THE OCCURRENCE OF AN EVENT SPECIFIED IN SUBPARAGRAPH
17 (1), (2) OR (3), OF PARAGRAPH (G), THE BOARD OF DIRECTORS OF
18 PDIC, MAY DISSOLVE A BRIDGE BANK AT ANY TIME IT DEEMS
19 NECESSARY. THE PDIC, AS SUCH RECEIVER, SHALL WIND UP THE
20 AFFAIRS OF THE BRIDGE BANK IN CONFORMITY WITH THE
21 PROVISIONS OF LAW RELATING TO THE LIQUIDATION OF CLOSED
22 BANKS. WITH RESPECT TO ANY SUCH BRIDGE BANK, THE PDIC, AS
23 SUCH RECEIVER, SHALL HAVE ALL THE RIGHTS, POWERS, AND
24 PRIVILEGES, AND SHALL PERFORM THE DUTIES RELATED TO THE
25 EXERCISE OF SUCH RIGHTS, POWERS, OR PRIVILEGES GRANTED BY
26 LAW TO A RECEIVER OF ANY INSURED BANK.

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

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

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

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

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

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

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

25 Whenever [a bank or quasi-bank] **AN ENTITY UNDER BANGKO**
26 **SENTRAL SUPERVISION** persists in carrying on its business in an [unlawful or]
27 unsafe or **UNSOUND** manner **AS DETERMINED UNDER THE PROVISIONS**
28 **OF SECTION 56 OF REPUBLIC NO. 8791 AND IT REFUSES OR FAILS TO**
29 **CEASE AND DESIST FROM SUCH MISCONDUCT AND TO INSTITUTE**
30 **CORRECTIVE MEASURES AFTER NOTICE HAS BEEN GIVEN BY THE**
31 **BANGKO SENTRAL,** the **MONETARY** Board may, without prejudice to the
32 penalties provided in the preceding paragraph of this Section and the administrative
33 sanctions provided in Section 37 of this Act, take action under Section 30 of this Act.”

34 **SEC. 24.** Section 37 of Republic Act No. 7653 is hereby amended to read as follows:

35 “SEC. 37. *Administrative Sanctions [On Banks And Quasi-Banks].* — Without
36 prejudice to the criminal sanctions against the culpable persons provided in Sections
37 34, 35, and 36 of this Act, the Monetary Board may, at its discretion, impose

1 **ADMINISTRATIVE SANCTIONS** upon any bank [or quasi-bank, their directors,
2 and/or officers, for any willful violation of its charter or by-laws, willful delay in the
3 submission of reports or publications thereof as required by law, rules and regulations;
4 any refusal to permit examination into the affairs of the institution; any willful making
5 of a false or misleading statement to the Board or the appropriate supervising and
6 examining department or its examiners; any willful failure or refusal to comply with,
7 or violation of, any banking law or any order, instruction or regulation issued by the
8 Monetary Board, or any order, instruction or ruling by the Governor;] **FINANCE**
9 **COMPANY AND NON-BANK FINANCIAL INSTITUTION PERFORMING**
10 **QUASI-BANKING FUNCTIONS, HEREINAFTER REFERRED TO AS**
11 **QUASI-BANKING INSTITUTIONS PERFORMING SIMILAR FUNCTIONS**
12 **REGULATED BY THE BANGKO SENTRAL UNDER THIS ACT OR UNDER**
13 **SPECIAL LAWS THAT ARE UNDER THE SUPERVISION OF THE BANGKO**
14 **SENTRAL FOR WILLFUL VIOLATION OR FAILURE TO COMPLY WITH**
15 **THE PROVISIONS OF THIS ACT, OF REPUBLIC ACT NO. 8791 AND**
16 **OTHER SPECIAL LAWS; or any commission of irregularities, and/or conducting**
17 **business in an unsafe or unsound manner as may be determined by the Monetary**
18 **Board the following administrative sanctions, [whenever] WHEREVER OR**
19 **WHICHEVER applicable.**

20 **THE FOLLOWING ADMINISTRATIVE SANCTIONS SHALL BE**
21 **IMPOSED TAKING INTO CONSIDERATION THE ATTENDANT**
22 **CIRCUMSTANCES SUCH AS THE NATURE AND GRAVITY OF THE**
23 **VIOLATION OR IRREGULARITY AND THE SIZE OF THE BANK, QUASI-**
24 **BANK OR NON-BANK FINANCIAL INSTITUTION INVOLVED.**

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

- 32 **1. FOR UNIVERSAL AND COMMERCIAL BANKS – NOT**
33 **EXCEEDING P10,000 PER BANKING DAY;**
- 34 **2. FOR THRIFT BANKS – NOT EXCEEDING P5,000 PER**
35 **BANKING DAY;**
- 36 **3. FOR RURAL BANKS/COOPERATIVE BANKS – NOT**
37 **EXCEEDING P2,000 PER BANKING DAY;**

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

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

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

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

21 IN COMPUTING THE AFOREMENTIONED PENALTIES, THE
22 FOLLOWING ATTENDING CIRCUMSTANCES SHALL BE TAKEN INTO
23 CONSIDERATION: THE CAPITAL OF THE INSTITUTION, THE NATURE
24 OF THE VIOLATION; A ONE-TIME VIOLATION VIS-Á-VIS A
25 CONTINUING VIOLATION OR OFFENSE; FREQUENCY OF THE
26 VIOLATION OR OFFENSE; AND THE GRAVITY OF THE OFFENSE
27 (GRAVE, LESS GRAVE AND LIGHT VIOLATIONS). GRAVE OFFENSES
28 ARE THOSE THAT HAVE SIGNIFICANT/MATERIAL IMPACT ON THE
29 SOLVENCY, LIQUIDITY AND/OR NET PROFITABILITY OF A BANK,
30 QUASI-BANK OR OTHER NON-BANK FINANCIAL INSTITUTION. -

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 28 (a) the monthly movement of monetary aggregates and their components;
29 (b) the monthly movement of purchases and sales of foreign exchange and of
30 the international reserves of the Bangko Sentral;
31 (c) balance of payments of the Philippines;
32 (d) monthly indices of consumer prices and of import and export prices;
33 (e) the monthly movement, in summary form, of exports and imports, by
34 volume and value;
35 (f) the monthly movement of the accounts of the Bangko Sentral and of other
36 banks;
37 (g) the principal data on government receipts and expenditures and on the
38 status of the public debt, both domestic and foreign; [and]

1 (h) the texts of the major legal and administrative measures adopted by the
2 Government and the Monetary Board during the year which relate to the
3 functions or operations of the Bangko Sentral or of the financial system,
4 and; **AND**

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

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

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

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

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

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

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

36 **(A) THE VOLUME OF NOTES/COINS AS ACTUALLY**
37 **PRINTED/MINTED:**

1 (B) THE NOTES AND COINS PRINTED/MINTED INDICATING THE
2 SERIAL NUMBERS AND YEAR MARK OF THE NOTES PRINTED AS
3 WELL AS THE YEAR MARK OF THE COINS;

4 (C) THE NAMES AND ADDRESSES OF THE ENTITIES THAT
5 PRINTED THE NOTES OR MINTED THE COINS, IF OUTSOURCED;
6 OTHERWISE INDICATE IF THE NOTES AND COINS WERE
7 PRINTED/MINTED IN-HOUSE;

8 (D) PAPERS, INK AND OTHER RAW MATERIALS ORDERED VS.
9 PRODUCTION OUTPUT;

10 (E) PRODUCTION CAPACITY PER DENOMINATION VS. VOLUME
11 OF PRODUCTION OUTPUT;

12 (F) DATES OF DELIVERY OF RAW MATERIALS FOR
13 PARTICULAR DENOMINATION AND DATES OF DELIVERY OF
14 PRINTED NOTES OR MINTED COINS TO THE CASH
15 DEPARTMENT;

16 (G) ALLOWANCE FOR WASTAGE VS. ACTUAL WASTAGE PER
17 PRODUCTION ORDER. THE RECORD OF WASTAGE SHALL
18 INCLUDE INFORMATION ON THE SHREDDING OF WASTAGE;
19 AND

20 (H) RUNNING BALANCE OF THE PARTICULAR DENOMINATION
21 PRINTED/MINTED.

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

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

25 “SEC. 61. *Guiding Principle.* — **THE MONETARY BOARD SHALL**
26 **CONSTANTLY ASSESS PRICE DEVELOPMENTS AND OUTLOOK AND**
27 **BASED ON ITS ANALYSIS AND EVALUATION OF INFLATIONARY**
28 **PRESSURES USE ITS POLICY INSTRUMENTS PRICE STABILITY.**

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

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

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

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

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

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

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

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

30 The amount of any emergency loan or advance shall not exceed the sum of fifty
31 percent (50%) of total [deposits and deposit substitutes] **BORROWINGS** of the
32 [banking] institution and shall be disbursed in two (2) or more tranches. The amount
33 of the first tranche shall be limited to twenty-five percent (25%) of the
34 **BORROWINGS** [total deposit and deposit substitutes] of the institution and shall be
35 secured by (A) government securities [to the extent of their applicable loan values
36 and]; (B) **ACCEPTABLE GUARANTEES BACKED UP BY THE NATIONAL**
37 **GOVERNMENT OR ITS SECURITIES**; (C) other unencumbered first class

1 collaterals **AND (D) PRIVATE COMMERCIAL PAPER TO THE EXTENT OF**
2 **THEIR APPLICABLE LOAN VALUES** which the Monetary Board may approve:
3 *Provided*, That if as determined by the Monetary Board, the circumstances
4 surrounding the emergency warrant a loan or advance greater than the amount
5 provided hereinabove, the amount of the first tranche may exceed twenty-five percent
6 (25%) of the [bank's] **INSTITUTION'S** total [deposit and deposit substitutes]
7 **BORROWINGS** if the same is adequately secured by applicable loan values of
8 government securities and unencumbered first class collaterals **OR ACCEPTABLE**
9 **GUARANTEES BACKED UP BY THE NATIONAL GOVERNMENT OR ITS**
10 **SECURITIES** approved by the Monetary Board, and the principal stockholders of the
11 institution furnish an acceptable undertaking to indemnify and hold harmless from suit
12 a conservator whose appointment the Monetary Board may find necessary at any time.

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

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

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

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

27 In connection with the exercise of these powers, the prohibitions in Section 128
28 of this Act shall not apply insofar as it refers to acceptance as collateral of shares and
29 their acquisition as a result of foreclosure proceedings, including the exercise of voting
30 rights pertaining to said shares: *Provided, however*, That should the Bangko Sentral
31 acquire any of the shares it has accepted as collateral as a result of foreclosure
32 proceedings, the Bangko Sentral shall dispose of said shares by public bidding within
33 one (1) year from the date of consolidation of title by the Bangko Sentral.

34 Whenever a financial institution incurs an overdraft in its account with the
35 Bangko Sentral, the same shall be eliminated within the period prescribed in Section
36 102 of this Act.”

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

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

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

14 **“SEC. 88-B. DEPUTIZATION OF LEGAL STAFF. – IN CASE OF AN**
15 **EXTRAJUDICIAL FORECLOSURE OF MORTGAGE, THE BANGKO**
16 **SENTRAL MAY, DEPUTIZE ANY OF ITS LAWYERS TO CONDUCT THE**
17 **PUBLIC AUCTION PURSUANT TO ACT NO. 3135, AS AMENDED. IN CASE**
18 **OF A JUDICIAL FORECLOSURE, THE BANGKO SENTRAL MAY WITH**
19 **THE APPROVAL OF THE COURT, LIKEWISE DEPUTIZE ANY OF ITS**
20 **LAWYERS TO ACT AS SPECIAL SHERIFF IN THE SALE OF THE**
21 **DEBTOR’S PROPERTIES AND IN THE ENFORCEMENT OF COURT**
22 **WRITS AND PROCESSES RELATED THERETO. THE SPECIAL SHERIFF**
23 **OF THE BANGKO SENTRAL SHALL MAKE A REPORT TO THE PROPER**
24 **COURT AFTER ANY ACTION HAS BEEN TAKEN BY HIM, WHICH**
25 **COURT SHALL TREAT SUCH ACTION AS IF IT WERE AN ACT OF ITS**
26 **OWN SHERIFF IN ALL RESPECTS.**

27 **“NO RESTRAINING ORDER OR INJUNCTION SHALL BE ISSUED**
28 **BY THE COURT ENJOINING THE BANGKO SENTRAL FROM**
29 **PROCEEDING WITH THE FORECLOSURE OF THE MORTGAGE UNLESS**
30 **A BOND IS POSTED IN FAVOR OF THE BANGKO SENTRAL IN AN**
31 **AMOUNT EQUIVALENT TO THE TOTAL CLAIM OF THE BANGKO**
32 **SENTRAL. THE RESTRAINING ORDER OR INJUNCTION SHALL BE**
33 **REFUSED OR, IF GRANTED, SHALL BE DISSOLVED UPON FILING BY**
34 **THE BANGKO SENTRAL OF A BOND, WHICH SHALL BE IN THE FORM**
35 **OF A BANGKO SENTRAL CHECK, IN AN AMOUNT TWICE THE AMOUNT**
36 **OF THE ORIGINAL BOND POSTED CONDITIONED THAT THE BANGKO**
37 **SENTRAL WILL PAY THE DAMAGES WHICH THE PARTY MAY SUFFER**
38 **BY THE REFUSAL OR DISSOLUTION OF THE INJUNCTION. THE**
39 **PROVISIONS OF RULE 58 OF THE NEW RULES OF COURT INSOFAR AS**

1 **THEY ARE APPLICABLE AND NOT INCONSISTENT WITH THE**
2 **PROVISIONS OF THIS SECTION SHALL GOVERN THE ISSUANCE AND**
3 **DISSOLUTION OF THE RESTRAINING ORDER OR INJUNCTION**
4 **CONTEMPLATED IN THIS SECTION.”**

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

7 **“SEC. 88-C. RIGHT OF REDEMPTION OF FORECLOSED REAL**
8 **PROPERTY; RIGHT OF POSSESSION DURING REDEMPTION PERIOD. –**
9 **THE MORTGAGOR SHALL HAVE THE RIGHT TO REDEEM THE**
10 **PROPERTY WITHIN ONE YEAR FROM THE DATE OF FORECLOSURE**
11 **SALE OF THE REAL ESTATE, IN CASE THE MORTGAGOR IS A**
12 **NATURAL PERSON, AND WITHIN NINETY DAYS BUT NOT LATER THAN**
13 **THE DATE OF REGISTRATION OF THE CERTIFICATE OF**
14 **FORECLOSURE SALE, IN CASE THE MORTGAGOR IS A JURIDICAL**
15 **PERSON. REDEMPTION SHALL BE EFFECTED BY PAYING THE**
16 **PRINCIPAL, INTERESTS, CHARGES, COMMISSIONS AND ALL CLAIMS**
17 **OF WHATEVER NATURE OF THE BANGKO SENTRAL OUTSTANDING**
18 **AND DUE AS OF THE DATE OF FORECLOSURE SALE, INCLUDING ALL**
19 **COSTS AND OTHER EXPENSES INCURRED BY REASON OF THE**
20 **FORECLOSURE SALE AND CUSTODY OF THE PROPERTY.**

21 **THE BANGKO SENTRAL, AS PURCHASER IN THE FORECLOSURE**
22 **SALE AND WITHOUT NEED OF POSTING A BOND, MAY TAKE**
23 **POSSESSION OF THE FORECLOSED PROPERTY DURING THE**
24 **REDEMPTION PERIOD. THE BANGKO SENTRAL SHALL BE ENTITLED**
25 **TO THE FRUITS OF THE PROPERTY, THE SAME TO BE APPLIED**
26 **AGAINST THE REDEMPTION PRICE.”**

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

29 **“SEC. 89-A. CREDIT FACILITIES FOR ISLAMIC BANKS. –THE BANGKO**
30 **SENTRAL MAY, TAKING INTO CONSIDERATION THE PECULIAR**
31 **CHARACTERISTICS OF ISLAMIC BANKING, FORMULATE RULES AND**
32 **REGULATIONS FOR THE EXTENSION OF REDISCOUNTING OR OTHER**
33 **SIMILAR FACILITIES TO ISLAMIC BANKS.”**

34 **SEC. 35.** Section 92 of Republic Act No. 7653 is hereby amended to read as follows:

35 **“SEC. 92. Issue and Negotiation of Bangko Sentral Obligations. —** In order to
36 provide the Bangko Sentral with effective instruments for open market operations, the
37 Bangko Sentral may, subject to such rules and regulations as the Monetary Board may
38 prescribe and in accordance with the principles stated in Section 90 of this Act, issue,
39 place, buy and sell freely negotiable evidences of indebtedness of the Bangko Sentral.

1 [*Provided*, That issuance of such certificates of indebtedness shall be made only in
2 cases of extraordinary movement in price levels.] Said evidences of indebtedness may
3 be issued directly against the international reserve of the Bangko Sentral or against the
4 securities which it has acquired under the provisions of Section 91 of this Act, or may
5 be issued without relation to specific types of assets of the Bangko Sentral.

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

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

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

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

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

1 IN THE COMPUTATION OF THE RESERVES AGAINST DEPOSIT
2 SUBSTITUTES UNDER SECTION 94 OF THIS ACT, THE MONETARY
3 BOARD SHALL DETERMINE WHAT SHALL BE CONSIDERED AS
4 DEPOSIT SUBSTITUTES SUBJECT TO RESERVE REQUIREMENTS.
5 FINANCIAL INSTRUMENTS ISSUED BY THE NATIONAL GOVERNMENT
6 AND THE BANGKO SENTRAL AND INTERBANK BORROWINGS SHALL
7 NOT BE CONSTRUED AS DEPOSIT SUBSTITUTES.

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

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

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

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

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

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

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

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

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

17 **THE DIRECT PURCHASE AND SALE OF GOVERNMENT**
18 **SECURITIES BY AND BETWEEN AND AMONG ACCREDITED FINANCIAL**
19 **INSTITUTIONS SHALL BE DEEMED EXEMPT TRANSACTIONS UNDER**
20 **REPUBLIC ACT NO. 8799, OTHERWISE KNOWN AS THE SECURITIES**
21 **REGULATION CODE. THE SECRETARY OF FINANCE, IN**
22 **CONSULTATION WITH THE BANGKO SENTRAL, SHALL PROMULGATE**
23 **SUCH RULES AND REGULATIONS, ORDERS OR INSTRUCTIONS WHICH**
24 **SHALL PROTECT FROM FRAUD THE REPUBLIC OF THE PHILIPPINES,**
25 **AS ISSUER AND THE ACCREDITED FINANCIAL INSTITUTIONS AS**
26 **INVESTORS OR TRADERS OF SAID GOVERNMENT SECURITIES.**

27 **IN ORDER TO INSURE THAT SAID ACCREDITED FINANCIAL**
28 **INSTITUTIONS SHALL OPERATE UNDER FAIR AND UNIFORM**
29 **TRADING RULES, THEY SHALL, AS PART OF THE GUIDELINES OF**
30 **ACCREDITATION, BE REQUIRED TO JOIN AN ASSOCIATION OF**
31 **ACCREDITED FINANCIAL INSTITUTIONS TO BE GOVERNED BY**
32 **INTERNAL RULES OF CONDUCT APPROVED BY THE SECRETARY OF**
33 **FINANCE, THE LATTER BEING THE OFFICIAL REPRESENTATIVE OF**
34 **THE REPUBLIC OF THE PHILIPPINES, THE PRIMARY OBLIGOR IN THE**
35 **ISSUANCE OF SAID GOVERNMENT SECURITIES; PROVIDED, HOWEVER,**
36 **THAT THE DIRECT PARTICIPATION OF ACCREDITED FINANCIAL**
37 **INSTITUTIONS IN THE OPEN MARKET OPERATIONS OF THE BANGKO**
38 **SENTRAL AS PROVIDED IN SECTIONS 90 AND 91 HEREIN SHALL BE**
39 **SUBJECT TO SUCH RULES AND REGULATIONS AS MAY BE**

1 **PRESCRIBED BY THE MONETARY BOARD, IN CONSULTATION WITH**
2 **THE SECRETARY OF FINANCE.”**

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

4 “SEC. 118. *Methods of Placing Government Securities.* — The Bangko Sentral
5 may place the securities to which the **FIRST PARAGRAPH OF THE** preceding
6 Section refers through direct sale to financial institutions [and the public].

7 The Bangko Sentral shall not be a member of any stock exchange or syndicate, but
8 may intervene therein, **IN COORDINATION WITH THE DEPARTMENT OF**
9 **FINANCE**, for the sole purpose of regulating their operations in the placing of
10 government securities.

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

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

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

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

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

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

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

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

10 **THE IMPORTATION OF MACHINERY OR EQUIPMENT REQUIRED**
11 **BY THE BANGKO SENTRAL FOR THE PRINTING OF NOTES AND THE**
12 **MINTING OF COINS SHALL BE SUBJECT TO CUSTOMS DUTIES AND**
13 **OTHER RELATED ASSESSMENTS AND CHARGES RELATED TO THE**
14 **IMPORTATION OF ANY SUCH MACHINERY OR EQUIPMENT.”**

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

17 “**SEC. 126-A. ACQUISITIONS SUBJECT TO PROCUREMENT LAW. —**
18 **ANY AND ALL ACQUISITION OF GOODS AND SERVICES BY THE**
19 **BANGKO SENTRAL SHALL BE SUBJECT TO THE PROCUREMENTS**
20 **LAWS.”**

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

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

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

Approved,