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SENATE
Senate Bill No. 2109

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Introduced by SENATOR FERDINAND R. MARCOS, JR.

EXPLANATORY NOTE

In 1993, the Philippine Congress enacted Republic Act (R.A.) No. 7653 (The New Central Bank Act) creating the *Bangko Sentral ng Pilipinas* (BSP) pursuant to the directive in the 1987 Constitution mandating the establishment of an independent central monetary authority (**Section 20, Article XII, 1987 Constitution**). The BSP replaced the old Central Bank of the Philippines, which had been established by Republic Act No. 265 in 1948. Twenty years hence, the economic milieu in the Philippines has changed, globalization has increased the integration of financial markets, and the scope of operations of financial institutions has evolved. In light of these, there is, undoubtedly, a need to respond to contemporary challenges by amending R.A. No. 7653 in order that the BSP shall remain effective in its conduct of monetary policy and supervision of entities within the financial system.

Towards this end, this bill proposes to strengthen the tools which the BSP exercises in performing its mandates, supplement the mechanisms in protecting savings of depositors and in ensuring the smooth flow of transactions in the financial system, as well as to enhance the corporate viability of the BSP. The proposed amendments in this bill are three-fold, and the salient features thereof include:

1. Strengthening BSP's Monetary Stability function

a) Restoration of authority to obtain data from private persons or entities for purposes of statistical and policy development, as well as ascertaining compliance with laws and banking regulations, and authority to issue negotiable certificates of indebtedness even during normal times, both of which were powers granted to the old Central Bank of the Philippines; and

b) Removal of thresholds in the growth of monetary aggregates, credit and prices as guiding principles in monetary administration, in view of current international trends in monetary policy frameworks adopting inflation targeting.

2. Strengthening BSP's Financial Stability function

a) Formal statutory recognition of the BSP's mandate of promoting and maintaining financial stability, as well as grant of statutory oversight of payment and settlement systems;

b) Enhancement of BSP's supervisory authority by: i) expanding the entities it supervises to include other categories of financial institutions; ii) granting authority to impose sanctions on transfers and acquisitions of substantial shares of banks and quasi-banks without BSP approval; iii) allowing full flexibility to conduct risk-based supervision of financial institutions; iv) strengthening of administrative and criminal sanctions to include, among other things, forfeiture of profits from unauthorized financial transactions; and v) improving resolution mechanisms to deal with problematic financial institutions; and

c) Legal protection for BSP officials and staff when performing official duties similar to that provided to officers and employees of the Philippine Deposit Insurance Corporation (PDIC) under the latter's charter (Republic Act No. 9576).

3. Strengthening BSP's Corporate and Financial Viability

a) Additional BSP capitalization of P150 billion, payable in three (3) years;

b) Grant of flexibility to establish adequate loss allowances and create reserve buffers against future risks and contingencies, and restoration of tax exemption, similar to other central banks in the world;

c) Enhancement to credit operations by granting exemption from court processes relating to collateral obtained from banks, similar to that enjoyed by Land Bank of the Philippines (LBP), and the authority to deputize the BSP legal staff in extrajudicial foreclosure of mortgaged properties in the same manner that the legal staff of LBP and Development Bank of the Philippines (DBP) may so be deputized under their respective charters.

These amendments, once enacted into law, will empower the BSP to effectively respond to challenges and innovations of a globalized economy and, more significantly, to better perform its constitutional mandates. Indeed, an empowered BSP is indispensable in ensuring a competitive, robust and inclusive economy, and a financial system that will support a higher quality of life for Filipinos.

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


FERDINAND R. MARCOS, JR.



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SENATE
S.B. No. 2109

RECEIVED BY: *[Signature]*

Introduced by SENATOR FERDINAND R. MARCOS, JR.

**AN ACT AMENDING REPUBLIC ACT NUMBER 7653,
OTHERWISE KNOWN AS "THE NEW CENTRAL BANK ACT",
AND FOR OTHER PURPOSES**

*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, otherwise known as
2 "The New Central Bank Act" is hereby amended to read as follows:

3
4 "SEC. 2. *Creation of the Bangko Sentral.* - There is
5 hereby established an independent central monetary
6 authority, which shall be a body corporate known as the
7 *Bangko Sentral ng Pilipinas*, hereafter referred to as the
8 *Bangko Sentral*.

9
10 "The capital of the *Bangko Sentral* shall be **TWO**
11 **HUNDRED** [Fifty] billion pesos (P[~~50,~~200,000,000,000), to be
12 fully subscribed by the Government of the Republic,
13 hereafter referred to as the Government. [~~Ten billion pesos~~
14 (~~P10,000,000,000~~) ~~of which~~] **THE UNPAID SUBSCRIPTION** shall
15 be fully paid for by the Government **IN CASH AND/OR**
16 **GOVERNMENT SECURITIES IMMEDIATELY UPON EFFECTIVITY OF**
17 **THIS ACT. THE CAPITALIZATION SHALL BE SUBJECT TO REVIEW**
18 **EVERY FIVE (5) YEARS UPON JOINT RECOMMENDATION BY THE**
19 **SECRETARY OF FINANCE, THE SECRETARY OF BUDGET AND**
20 **MANAGEMENT AND THE MONETARY BOARD. THE PAYMENT OF**
21 **ANY UNPAID SUBSCRIPTION AND/OR INCREASE IN**
22 **CAPITALIZATION SHALL BE AUTOMATICALLY APPROPRIATED IN**
23 **THE ANNUAL GENERAL APPROPRIATIONS ACT.** [~~upon the~~
24 ~~effectivity of this Act and the balance to be paid for within a~~
25 ~~period of two (2) years from the effectivity of this Act in such~~
26 ~~manner and form as the Government, through the Secretary~~
27 ~~of Finance and the Secretary of Budget and Management,~~
28 ~~may thereafter determine.]"~~

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

3
4 "SEC. 3. *Responsibility and Primary Objective.* - The
5 *Bangko Sentral* shall provide policy directions in the areas of
6 money, banking, and credit. It shall have supervision over
7 the operations of banks and exercise such regulatory
8 powers as provided in this Act and other pertinent laws over
9 the operations of finance companies and non-bank
10 financial institutions performing quasi-banking functions,
11 [~~hereafter referred to as quasi-banks,~~] **CREDIT CARD**
12 **COMPANIES, MONEY CHANGERS, E-MONEY ISSUERS,**
13 **REMITTANCE AGENTS, PAYMENT AND SETTLEMENT SYSTEM**
14 **OPERATORS** and **OTHER** institutions performing similar
15 functions **AS MAY BE DETERMINED BY THE MONETARY BOARD,**
16 **CONSISTENT WITH THE MANDATE OF THE BANGKO SENTRAL**
17 **TO PROVIDE POLICY DIRECTION IN THE AREAS OF MONEY,**
18 **BANKING AND CREDIT.**

19
20 "The primary objective of the *Bangko Sentral* is to
21 maintain price stability conducive to a balanced and
22 sustainable growth of the economy. It shall also promote
23 and maintain monetary **AND FINANCIAL** stability and the
24 convertibility of the peso.

25
26 **"THE BANGKO SENTRAL SHALL OVERSEE THE PAYMENT**
27 **AND SETTLEMENT SYSTEMS IN THE PHILIPPINES IN**
28 **ACCORDANCE WITH SOUND AND PRUDENT PRACTICES. FOR**
29 **PURPOSES OF THIS ACT, "PAYMENT AND SETTLEMENT SYSTEM"**
30 **SHALL REFER TO ANY SYSTEM THAT CONSISTS OF A SET OF**
31 **INSTRUMENTS AND ARRANGEMENTS THAT ENSURES THE**
32 **EFFICIENT CIRCULATION OF MONEY AND SAFE TRANSFER OF**
33 **FINANCIAL VALUES."**

34
35
36 **SEC. 3.** Section 11 of the same Act is hereby amended to read as
37 follows:

38
39 "SEC. 11. *Meetings.* — The Monetary Board shall meet
40 at least once a week. The Board may be called to a meeting
41 by the Governor of the *Bangko Sentral* or by two (2) other
42 members of the Board.

43
44 "The presence of four (4) members shall constitute a
45 quorum: *Provided,* That in all cases the Governor or his duly
46 designated alternate shall be among the four (4).

47
48 "Unless otherwise provided in this Act, all decisions of
49 the Monetary Board shall require the concurrence of at least
50 four (4) members.

51
52 "The *Bangko Sentral* shall maintain and preserve a
53 complete record of the proceedings and deliberations of the

1 Monetary Board, including the tapes and transcripts of the
2 stenographic notes, either in their original form or in microfilm:

3
4 **"THE MEETINGS OF THE MONETARY BOARD MAY BE**
5 **CONDUCTED THROUGH MODERN TECHNOLOGIES SUCH AS,**
6 **BUT NOT LIMITED TO, TELECONFERENCING AND**
7 **VIDEOCONFERENCING."**

8
9
10 **SEC. 4.** Section 16 of the same Act is hereby amended to read as
11 follows:

12
13 **"SEC. 16. Responsibility. - THE GENERAL RULE AND THE**
14 **EXCEPTION THEREFROM ON THE LIABILITY OF PUBLIC OFFICERS AS**
15 **PROVIDED IN SECTIONS 38 AND 39 OF CHAPTER 9, BOOK 1 OF THE**
16 **REVISED ADMINISTRATIVE CODE OF 1987 SHALL APPLY TO THE**
17 members of the Monetary Board [~~officials, examiners, and~~
18 ~~employees]~~ **AND OTHER PERSONNEL** of the *Bangko Sentral* [~~who~~
19 ~~willfully violate this Act or who are guilty of negligence, abuses~~
20 ~~or acts of malfeasance or misfeasance or fail to exercise~~
21 ~~extraordinary diligence in the performance of his duties shall be~~
22 ~~held liable for any loss or injury suffered by the Bangko Sentral~~
23 ~~or other banking institutions as a result of such violation,~~
24 ~~negligence, abuse, malfeasance, misfeasance or failure to~~
25 ~~exercise extraordinary diligence].~~

26
27 "Similar responsibility shall apply to members, officers, and
28 employees of the *Bangko Sentral* for: (1) the disclosure of any
29 information of a confidential nature, or any information on the
30 discussions or resolutions of the Monetary Board, or about the
31 confidential operations of the *Bangko Sentral*, unless the
32 disclosure is in connection with the performance of official
33 functions with the *Bangko Sentral*, or is with prior authorization of
34 the Monetary Board or the Governor; or (2) the use of such
35 information for personal gain or to the detriment of the
36 Government, the *Bangko Sentral* or third parties: *Provided,*
37 *however,* That any data or information required to be submitted
38 to the President and/or the Congress, or to be published under
39 the provisions of this Act shall not be considered confidential.

40
41 **"THE FOREGOING NOTWITHSTANDING, UNLESS THE**
42 **ACTION OF THE BANGKO SENTRAL OR ANY OF ITS OFFICIALS**
43 **AND EMPLOYEES IS FOUND TO BE IN WILLFUL VIOLATION OF**
44 **THIS ACT OR PERFORMED IN BAD FAITH, WITH MALICE AND/OR**
45 **GROSS NEGLIGENCE, THE BANGKO SENTRAL, ITS OFFICIALS,**
46 **EMPLOYEES AND AGENTS ARE HELD FREE AND HARMLESS TO**
47 **THE FULL EXTENT PERMITTED BY LAW FROM ANY LIABILITY AND**
48 **SHALL BE INDEMNIFIED FOR ANY AND ALL LIABILITIES, CLAIMS**
49 **DEMANDS, DAMAGES, DEFICIENCIES, COSTS AND EXPENSES**
50 **OF WHATSOEVER KIND AND NATURE THAT MAY ARISE IN**
51 **CONNECTION WITH THE PERFORMANCE OF THEIR FUNCTIONS."**

1 **SEC. 5.** Section 21 of the same Act is hereby amended to read as
2 follows:

3
4 "SEC. 21. *Deputy Governors.* — The Governor of the
5 *Bangko Sentral*, with the approval of the Monetary Board,
6 shall appoint not more than [~~three (3)~~] **FIVE (5)** Deputy
7 Governors who shall perform duties as may be assigned to
8 them by the Governor and the Board.

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

20
21
22 **SEC. 6.** Section 23 of the same Act is hereby amended to read as
23 follows:

24
25 "SEC. 23. *Authority to Obtain Data and Information.* —
26 The *Bangko Sentral* shall have the authority to **REQUIRE**
27 [~~request~~] from **ANY PERSON OR ENTITY, INCLUDING**
28 government offices and instrumentalities, or government-
29 owned or -controlled corporations, any data which ~~it may,~~
30 **FOR STATISTICAL AND POLICY DEVELOPMENT PURPOSES**
31 ~~require for~~ **IN RELATION TO** the proper discharge of its
32 functions and responsibilities, **PROVIDED, THAT**
33 **DISAGGREGATED DATA GATHERED ARE SUBJECT TO**
34 **PREVAILING CONFIDENTIALITY LAWS.** The *Bangko Sentral*
35 through the Governor or in his absence, a duly authorized
36 representative shall have the power to issue a subpoena for
37 the production of the books and records for the aforesaid
38 purpose. Those who refuse the subpoena without justifiable
39 cause, or who refuse to supply the [bank] **BANGKO SENTRAL**
40 with data [~~requested or~~] required, shall be subject to
41 punishment for contempt in accordance with the provisions
42 of the Rules of Court.

43
44 Data on individuals **AND** firms, other than banks,
45 gathered by the [~~Department of Economic Research and~~
46 ~~other departments or units of the~~] *Bangko Sentral* shall not be
47 made available to any person or entity outside of the
48 *Bangko Sentral* whether public or private except under order
49 of the court or under such conditions as may be prescribed
50 by the Monetary Board: *Provided, however,* That the
51 collective data on firms may be released to interested
52 persons or entities: *Provided, finally,* That in the case of data
53 on banks, the provisions of Section 27 of this Act shall apply."

1 **SEC. 7.** Section 25 of the same Act is hereby amended to read as
2 follows:

3
4 "SEC. 25. *Supervision and Examination.* — The *Bangko*
5 *Sentral* shall have supervision over, and conduct **REGULAR** or
6 special examinations of, banking institutions and quasi-banks,
7 including their subsidiaries and affiliates engaged in allied
8 activities.

9
10 **"THE BANGKO SENTRAL SHALL HAVE REGULATORY**
11 **AUTHORITY OVER, AND CONDUCT REGULAR OR SPECIAL**
12 **EXAMINATIONS OF, ENTITIES WHICH UNDER THIS ACT OR BY**
13 **SPECIAL LAWS ARE SUBJECT TO ITS JURISDICTION.**

14
15 **"THE BANGKO SENTRAL SHALL, FOR SUPERVISORY**
16 **PURPOSES, ALSO HAVE THE POWER TO OBTAIN INFORMATION**
17 **ON AND EXAMINE TRANSACTIONS BETWEEN AND AMONG A**
18 **SUPERVISED INSTITUTION AND ITS PARENT OR OTHER AFFILIATE**
19 **COMPANIES, PROVIDED THAT THE TRANSACTIONS TO BE**
20 **LOOKED INTO SHALL BE LIMITED TO THOSE HAVING MATERIAL**
21 **IMPACT ON THE SAFETY AND SOUNDNESS OF THE BANK AND**
22 **THE BANKING GROUP.**

23
24 **"A PARENT COMPANY MEANS A CORPORATION WHICH**
25 **OWNS DIRECTLY OR INDIRECTLY THE VOTING STOCK OF A**
26 **SUPERVISED INSTITUTION OF THE BANGKO SENTRAL SUFFICIENT**
27 **TO CONTROL ITS MANAGEMENT AND OPERATIONS, SUBJECT**
28 **TO THE GUIDELINES ISSUED BY THE MONETARY BOARD.**

29
30 **"AS USED IN THIS SECTION AND SECTION 25-A, AND**
31 **SUBJECT TO THE GUIDELINES ISSUED BY THE MONETARY BOARD,**
32 **CONTROL EXISTS WHEN THE PARENT OWNS DIRECTLY OR**
33 **INDIRECTLY MORE THAN ONE HALF OF THE STOCK OF A**
34 **SUPERVISED INSTITUTION. CONTROL ALSO EXISTS EVEN WHEN**
35 **THE PARENT OWNS ONE HALF OR LESS OF THE VOTING STOCK**
36 **OF THE SUPERVISED INSTITUTION WHEN THERE IS POWER OVER**
37 **MORE THAN ONE HALF OF THE VOTING RIGHTS BY PROXY OR**
38 **BY VIRTUE OF AN AGREEMENT WITH OTHER INVESTORS, OR**
39 **OTHER SIMILAR ARRANGEMENTS, WHICH THEREBY ENABLES THE**
40 **PARENT COMPANY TO CAST THE MAJORITY OF VOTES AT**
41 **MEETINGS OF THE STOCKHOLDERS OF THE SUPERVISED**
42 **INSTITUTION, OR TO ELECT THE MAJORITY OF MEMBERS OF THE**
43 **BOARD OF DIRECTORS OF THE SUPERVISED INSTITUTION OR TO**
44 **APPOINT KEY EXECUTIVE OFFICERS WHO SHALL DIRECTLY OR**
45 **INDIRECTLY CONTROL THE MANAGEMENT AND OPERATIONS**
46 **OF THE SUPERVISED INSTITUTION.**

47
48 "For purposes of this section, a subsidiary means a
49 corporation more than fifty percent (50%) of the voting stock
50 of which is owned by a bank or quasi-bank and an affiliate
51 means a corporation the voting stock of which, to the extent
52 of fifty percent (50%) or less, is owned by a bank or quasi-
53 bank or which is related or linked to such institution or

1 intermediary through common stockholders or such other
2 factors as may be determined by the Monetary Board.
3

4 "The department heads and the examiners of the
5 supervising and/or examining departments are hereby
6 authorized to administer oaths to any director, officer, or
7 employee of any institution under their respective supervision
8 or subject to their examination, [and] to compel the
9 presentation of all books, documents, papers or records
10 necessary in their judgment to ascertain the facts relative to
11 the true condition of any institution as well as the books and
12 records of persons and entities relative to or in connection
13 with the operations, activities or transactions of the institution
14 under examination, **AND TO INQUIRE INTO BANK DEPOSITS
15 AND INVESTMENT ACCOUNTS IN THE COURSE OF AN
16 EXAMINATION IN ORDER TO ASCERTAIN COMPLIANCE WITH
17 THE LAWS AND BANKING REGULATIONS.** [~~subject to the
18 provision of existing laws protecting or safeguarding the
19 secrecy or confidentiality of bank deposits as well as
20 investments of private persons, natural or juridical, in debt
21 instruments issued by the Government.~~]
22

23 "No restraining order or injunction shall be issued by the
24 court enjoining the *Bangko Sentral* from examining any
25 institution subject to supervision or examination by the
26 *Bangko Sentral*, unless there is convincing proof that the
27 action of the *Bangko Sentral* is plainly arbitrary and made in
28 bad faith and the petitioner or plaintiff files with the clerk or
29 judge of the court in which the action is pending a bond
30 executed in favor of the *Bangko Sentral*, in an amount to be
31 fixed by the court. The provisions of Rule 58 of the New Rules
32 of Court insofar as they are applicable and not inconsistent
33 with the provisions of this section shall govern the issuance
34 and dissolution of the restraining order or injunction
35 contemplated in this section."
36
37

38 **SEC. 8.** A new section entitled Section 25-A is hereby inserted in the
39 same Act to read as follows:
40

41 **"SEC. 25-A. AUTHORITY TO APPROVE TRANSFER OF
42 SHARES - TRANSFERS OR ACQUISITIONS, OR A SERIES THEREOF,
43 OF AT LEAST TEN PERCENT (10%) OF THE VOTING STOCK IN
44 BANKS OR QUASI-BANKS SHALL REQUIRE THE PRIOR APPROVAL
45 OF THE BANGKO SENTRAL. THE SELLING OR CONVEYING
46 STOCKHOLDER SHALL SUBMIT SUCH TRANSFER OR ACQUISITION
47 FOR APPROVAL BY THE BANGKO SENTRAL WITHIN SUCH
48 PERIOD AS MAY BE PRESCRIBED BY THE MONETARY BOARD. IN
49 APPROVING SUCH TRANSFERS OR ACQUISITIONS, REGARD
50 SHALL BE GIVEN BY THE BANGKO SENTRAL TO THE FITNESS OF
51 THE INCOMING STOCKHOLDERS AS MAY BE INDICATED IN
52 THEIR INTEGRITY, REPUTATION AND FINANCIAL CAPACITY.
53 WITHOUT BANGKO SENTRAL APPROVAL, NO SUCH TRANSFER**

1 OR ACQUISITION SHALL HAVE LEGAL EFFECT NOR SHALL THE
2 SAME BE RECOGNIZED IN THE BOOKS OF THE INSTITUTION OR
3 BY ANY GOVERNMENT AGENCY, AND THE TRANSFEROR-
4 STOCKHOLDERS SHALL REMAIN ACCOUNTABLE AND
5 RESPONSIBLE THEREFOR. TRANSFER OF ACTUAL CONTROL OR
6 MANAGEMENT OF THE INSTITUTION TO THE NEW
7 STOCKHOLDERS OR THEIR REPRESENTATIVES PRIOR TO BANGKO
8 SENTRAL APPROVAL SHALL MAKE THE TRANSFEROR, THE
9 TRANSFEREE AND ANY PERSON RESPONSIBLE THEREFOR LIABLE
10 UNDER SECTIONS 36 AND 37 OF THIS ACT. NOTWITHSTANDING
11 ANY PROVISION OF LAW TO THE CONTRARY, THE BANGKO
12 SENTRAL MAY SHARE WITH THE PHILIPPINE DEPOSIT INSURANCE
13 CORPORATION ANY INFORMATION THAT THE BANGKO
14 SENTRAL MAY OBTAIN PERTAINING TO TRANSFER OR
15 ACQUISITION OF SHARES OR SERIES OF TRANSFERS OR
16 ACQUISITION OF SHARES IN BANKS AND QUASI-BANKS.”
17
18

19 **SEC. 9.** Section 28 of the same Act is hereby amended to read as
20 follows:
21

22 “SEC. 28. *Examination and Fees.* — The supervising and
23 examining department head, personally or by deputy, shall
24 examine the [~~books~~] **OPERATIONS** of every bank[ing] **AND**
25 **QUASI-BANK, INCLUDING THEIR SUBSIDIARIES AND AFFILIATES**
26 **ENGAGED IN ALLIED ACTIVITIES, AND OTHER ENTITIES WHICH**
27 **UNDER THIS ACT OR SPECIAL LAWS ARE SUBJECT TO BANGKO**
28 **SENTRAL SUPERVISION, IN ACCORDANCE WITH THE GUIDELINES**
29 **SET BY THE MONETARY BOARD TAKING INTO CONSIDERATION**
30 **SOUND AND PRUDENT PRACTICES.** [~~once in every twelve (12)~~
31 ~~months, and at such other times as the Monetary Board by~~
32 ~~an affirmative vote of five (5) members, may deem~~
33 ~~expedient and to make a report on the same to the~~
34 ~~Monetary Board;] *Provided,* That there shall be an interval of~~
35 ~~at least twelve (12) months between [annual] **REGULAR**~~
36 ~~examinations; **PROVIDED, FURTHER, THAT THE MONETARY**~~
37 ~~**BOARD, BY AN AFFIRMATIVE VOTE OF AT LEAST FIVE (5)**~~
38 ~~**MEMBERS, MAY AUTHORIZE A SPECIAL EXAMINATION IF THE**~~
39 ~~**CIRCUMSTANCES WARRANT.**~~
40

41 “The **INSTITUTION** [~~bank~~] concerned shall afford to the
42 head of the appropriate supervising and examining
43 departments and to his authorized deputies full opportunity
44 to examine its books **AND RECORDS**, cash and [~~available~~]
45 assets and general condition **AND REVIEW ITS SYSTEMS AND**
46 **PROCEDURES** at any time during **BUSINESS** [~~banking~~] hours
47 when requested to do so by the *Bangko Sentral: Provided,*
48 *however,* That none of the reports and other papers relative
49 to such examinations shall be open to inspection by the
50 public except insofar as such publicity is incidental to the
51 proceedings hereinafter authorized or is necessary for the
52 prosecution of violations in connection with the business of
53 such institutions.

1 ~~"[Banking and quasi-banking institutions which are~~
2 ~~subject to examination by the Bangko Sentral]~~ **SUPERVISED**
3 **INSTITUTIONS** shall pay to the *Bangko Sentral*, **NO LATER THAN**
4 **MAY 31 OF EACH YEAR** ~~[within the first thirty (30) days of each~~
5 ~~year],~~ an annual **SUPERVISION** fee ~~[in an amount equal to a~~
6 ~~percentage,~~ as may be prescribed by the Monetary Board.
7 ~~[, of its average total assets during the preceding year as~~
8 ~~shown on its end-of-month balance sheets, after deducting~~
9 ~~cash on hand and amounts due from banks, including the~~
10 ~~*Bangko Sentral* and banks abroad.]~~ **IN DETERMINING THE**
11 **AMOUNT OF THE ANNUAL SUPERVISION FEE, THE MONETARY**
12 **BOARD SHALL CONSIDER THE COSTS OF SUPERVISION."**

13
14
15 **SEC. 10.** A new section entitled Section 28-A is hereby inserted in the
16 same Act to read as follows:

17
18 **"SEC. 28-A. BANGKO SENTRAL COORDINATION. – THE**
19 **SUSPENSION OR REVOCATION OF ANY GOVERNMENT LICENSE**
20 **NECESSARY FOR THE OPERATION OF A BANGKO SENTRAL-**
21 **SUPERVISED ENTITY MUST BE DONE ONLY WITH PRIOR**
22 **CONSULTATION WITH THE BANGKO SENTRAL."**

23
24
25 **SEC. 11.** Section 30 of the same Act is hereby amended to read as
26 follows:

27
28 **"SEC. 30. Proceedings in Receivership and Liquidation.**
29 - Whenever, upon report of the head of the supervising or
30 examining department, the Monetary Board finds that a
31 bank or quasi-bank:

32
33 "(a) is unable to pay its liabilities as they become due
34 in the ordinary course of business; *Provided*, That this shall not
35 include inability to pay caused by extraordinary demands
36 induced by financial panic in the banking community;

37
38 "(b) has insufficient realizable assets, as determined by
39 the *Bangko Sentral*, to meet its liabilities; or

40
41 "(c) cannot continue in business without involving
42 probable losses to its depositors or creditors; or

43
44 "(d) has willfully violated a cease and desist order
45 under Section 37 that has become final, involving acts or
46 transactions which amount to fraud or a dissipation of the
47 assets of the institution; in which cases, the Monetary Board
48 may summarily and without need for prior hearing forbid the
49 institution from doing business in the Philippines and
50 designate the Philippine Deposit Insurance Corporation as
51 receiver of the banking institution.

1 ~~"[For a quasi-bank, any person of recognized~~
2 ~~competence in banking or finance may be designated as~~
3 ~~receiver.]~~
4

5 "The receiver shall immediately gather and take
6 charge of all the assets and liabilities of the institution,
7 administer the same for the benefit of its creditors, and
8 exercise the general powers of a receiver under the Revised
9 Rules of Court but shall not, with the exception of
10 administrative expenditures, pay or commit any act that will
11 involve the transfer or disposition of any asset of the
12 institution: *Provided*, That the receiver may deposit or place
13 the funds of the institution in nonspeculative investments. The
14 receiver shall determine as soon as possible, but not later
15 than ninety (90) days from takeover, whether the institution
16 may be rehabilitated or otherwise placed in such a condition
17 so that it may be permitted to resume business with safety to
18 its depositors and creditors and the general public: *Provided*,
19 That any determination for the resumption of business of the
20 institution shall be subject to prior approval of the Monetary
21 Board.
22

23 **"IN ORDER TO REHABILITATE THE CLOSED INSTITUTION OR**
24 **TO RESTORE ITS OPERATIONS WITH SAFETY TO ITS DEPOSITORS,**
25 **CREDITORS AND THE GENERAL PUBLIC, OR TO MERGE OR**
26 **CONSOLIDATE THE CLOSED INSTITUTION WITH ANOTHER**
27 **QUALIFIED INSTITUTION, THE RECEIVER MAY IMMEDIATELY**
28 **TRANSFER OR DISPOSE OF ANY OR ALL OF THE ASSETS OF THE**
29 **CLOSED INSTITUTION, CAUSE QUASI-REORGANIZATION OF THE**
30 **INSTITUTION, AND SUCH OTHER ACTS AS MAY BE AUTHORIZED**
31 **BY LAW.**
32

33 "If the receiver determines that the institution cannot
34 be rehabilitated or permitted to resume business in
35 accordance with the next preceding paragraph, the
36 Monetary Board shall notify in writing the board of directors
37 of **THE RECEIVER'S** [its] findings and direct the receiver to
38 proceed with the liquidation of the institution. The receiver
39 shall:
40

41 "1. file *ex parte* with the proper regional trial court, and
42 without requirement of prior notice or any other action, a
43 petition for assistance in the liquidation of the institution
44 pursuant to a liquidation plan adopted by the Philippine
45 Deposit Insurance Corporation for general application to all
46 closed banks. In case of quasi-banks, the liquidation plan
47 shall be adopted by the Monetary Board. Upon acquiring
48 jurisdiction, the court shall, upon motion by the receiver after
49 due notice, adjudicate disputed claims against the
50 institution, assist the enforcement of individual liabilities of the
51 stockholders, directors and officers, and decide on other
52 issues as may be material to implement the liquidation plan

1 adopted. The receiver shall pay the cost of the proceedings
2 from the assets of the institution.

3
4 "2. convert the assets of the institutions to money,
5 dispose of the same to creditors and other parties, for the
6 purpose of paying the debts of such institution in
7 accordance with the rules on concurrence and preference
8 of credit under the Civil Code of the Philippines and he may,
9 in the name of the institution, and with the assistance of
10 counsel as he may retain, institute such actions as may be
11 necessary to collect and recover accounts and assets of, or
12 defend any action against, the institution. The assets of an
13 institution under receivership or liquidation shall be deemed
14 in *custodia legis* in the hands of the receiver and shall, from
15 the moment the institution was placed under such
16 receivership or liquidation, be exempt from any order of
17 garnishment, levy, attachment, or execution.

18
19 "The actions of the Monetary Board taken under this
20 section or under Section 29 of this Act shall be final and
21 executory, and may not be restrained or set aside by the
22 court except on petition for *certiorari* on the ground that the
23 action taken was in excess of jurisdiction or with such grave
24 abuse of discretion as to amount to lack or excess of
25 jurisdiction. The petition for *certiorari* may only be filed by the
26 stockholders of record representing the majority of the
27 capital stock within ten (10) days from receipt by the board
28 of directors of the institution of the order directing
29 receivership, liquidation or conservatorship. The designation
30 of a conservator under Section 29 of this Act or the
31 appointment of a receiver under this section shall be vested
32 exclusively with the Monetary Board. Furthermore, the
33 designation of a conservator is not a precondition to the
34 designation of a receiver.

35
36 **"THE AUTHORITY OF THE MONETARY BOARD TO PLACE A**
37 **BANK OR QUASI-BANK UNDER RECEIVERSHIP AS PROVIDED**
38 **ABOVE MAY ALSO BE EXERCISED OVER NON-STOCK SAVINGS**
39 **AND LOAN ASSOCIATIONS, BASED ON THE SAME APPLICABLE**
40 **GROUND. FOR QUASI-BANKS AND NON-STOCK SAVINGS**
41 **AND LOAN ASSOCIATIONS, ANY PERSON OF RECOGNIZED**
42 **COMPETENCE IN BANKING, CREDIT OR FINANCE MAY BE**
43 **DESIGNATED BY THE BANGKO SENTRAL AS A RECEIVER."**

44
45
46 **SEC. 12.** Section 31 of the same Act is hereby amended to read as
47 follows:

48
49 "SEC. 31. *Distribution of Assets.* — In case of liquidation
50 of a bank, quasi-bank **OR NON-STOCK SAVINGS AND LOAN**
51 **ASSOCIATION**, after payment of the cost of proceedings,
52 including reasonable expenses and fees of the receiver to be
53 allowed by the court, the receiver shall pay the debts of such

1 institution, under order of the court, in accordance with the
2 rules on concurrence and preference of credit as provided in
3 the Civil Code."

4
5
6 **SEC. 13.** Section 32 of the same Act is hereby amended to read as
7 follows:

8
9 "SEC. 32. *Disposition of Revenues and Earnings.* — All
10 revenues and earnings realized by the receiver in winding up
11 the affairs and administering the assets of any bank, quasi-
12 bank **OR NON-STOCK SAVINGS AND LOAN ASSOCIATION**
13 within the purview of this Act shall be used to pay the costs,
14 fees and expenses mentioned in the preceding section,
15 salaries of such personnel whose employment is rendered
16 necessary in the discharge of the liquidation together with
17 other additional expenses caused thereby. The balance of
18 revenues and earnings, after the payment of all said
19 expenses, shall form part of the assets available for payment
20 to creditors."

21
22
23 **SEC. 14.** Section 34 of the same Act is hereby amended to read as
24 follows:

25
26 "SEC. 34. *Refusal to Make Reports or Permit*
27 *Examination.* — Any officer, owner, agent, manager, director
28 or officer-in-charge of any institution subject to the
29 supervision or examination by the *Bangko Sentral* within the
30 purview of this act who, being required in writing by the
31 Monetary Board or by the head of the supervising and
32 examining department willfully refuses to file the required
33 report or permit any lawful examination into the affairs of
34 such institution shall be punished by a fine of not less than fifty
35 thousand pesos (P50,000) nor more than ~~one hundred~~
36 ~~thousand pesos (P100,000)]~~ **TWO MILLION PESOS (P2,000,000)**
37 or by imprisonment of not less than one (1) year nor more
38 than five (5) years, or both, [in] **AT** the discretion of the court.

39
40 **"THIS SHALL ALSO APPLY TO THE OFFICER, OWNER,**
41 **AGENT, MANAGER, DIRECTOR OR OFFICER-IN-CHARGE OF THE**
42 **AFFILIATE COMPANY/IES AND PARENT COMPANY OF A BANK**
43 **OR QUASI-BANK, AS WELL AS THE AFFILIATES OF SUCH PARENT**
44 **COMPANY, WHOSE TRANSACTIONS ARE SUBJECT TO**
45 **EXAMINATION UNDER THIS LAW."**

46
47
48 **SEC. 15.** Section 35 of the same Act is hereby amended to read as
49 follows"

50
51 "SEC. 35. *False Statement.* — The willful making of a
52 false or misleading statement on a material fact to the
53 Monetary Board or to the examiners of the *Bangko Sentral*

1 shall be punished by a fine of not less than One hundred
2 thousand pesos (P100,000) nor more than [~~Two hundred~~
3 ~~thousand pesos (P200,000)] **TWO MILLION PESOS (P2,000,000)**,
4 or by imprisonment of not more than (5) years, or both, at the
5 discretion of the court.”~~

6
7
8 **SEC. 16.** Section 36 of the same Act is hereby amended to read as
9 follows:

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

26
27 “Whenever **AN ENTITY UNDER BANGKO SENTRAL**
28 **SUPERVISION** [~~a bank or quasi-bank~~] persists in carrying on its
29 business in an unlawful or unsafe manner, the Board may,
30 without prejudice to the penalties provided in the preceding
31 paragraph of this Section and the administrative sanctions
32 provided in Section 37 of this Act, take action under Section
33 30 of this Act.”

34
35
36 **SEC. 17.** Section 37 of the same Act is hereby amended to read as
37 follows:

38
39 “SEC. 37. *Administrative Sanctions on Banks and Quasi-*
40 *Banks SUPERVISED ENTITIES.* — Without prejudice to the
41 criminal sanctions against the culpable persons provided in
42 Sections 34, 35, and 36 of this Act, the Monetary Board may,
43 at its discretion, impose upon any bank or quasi-bank,
44 **INCLUDING THEIR SUBSIDIARIES AND AFFILIATES ENGAGED IN**
45 **ALLIED ACTIVITIES, OR OTHER ENTITIES WHICH UNDER THIS ACT**
46 **OR SPECIAL LAWS ARE SUBJECT TO THE BANGKO SENTRAL**
47 **SUPERVISION, AND/OR** their directors, officers and/or
48 **EMPLOYEES**, for any willful violation of its charter or by-laws,
49 willful delay in the submission of reports or publications
50 thereof as required by law, rules and regulations; any refusal
51 to permit examination into the affairs of the institution; any
52 willful making of a false or misleading statement to the Board
53 or the appropriate supervising and examining department or

1 its examiners; any willful failure or refusal to comply with, or
2 violation of, any banking law or any order, instruction or
3 regulation issued by the Monetary Board, or any order,
4 instruction or ruling by the Governor; or any commission of
5 irregularities, and/or conducting business in an unsafe or
6 unsound manner as may be determined by the Monetary
7 Board, the following administrative sanctions, whenever
8 applicable:

9
10 "(a) fines in amounts as may be determined by the
11 Monetary Board to be appropriate, but in no case to exceed
12 [~~Thirty thousand pesos (P30,000)~~] **ONE MILLION PESOS**
13 **(P1,000,000.00) FOR EACH TRANSACTIONAL VIOLATION OR**
14 **ONE HUNDRED THOUSAND PESOS (P100,000.00) PER BANKING**
15 **[a]day for each CONTINUING violation, taking into**
16 **consideration the attendant circumstances, such as the**
17 **nature and gravity of the violation or irregularity and the size**
18 **of the INSTITUTION, [~~bank or quasi-bank~~] PROVIDED: THAT IN**
19 **CASE PROFIT IS GAINED OR LOSS IS AVOIDED AS A RESULT OF**
20 **THE VIOLATION, A FINE OF NO MORE THAN THREE (3) TIMES THE**
21 **PROFIT GAINED OR LOSS AVOIDED MAY BE IMPOSED;**

22
23 "(b) suspension of rediscounting privileges or access to
24 *Bangko Sentral* credit facilities;

25
26 "(c) suspension of lending or foreign exchange
27 operations or authority to accept new deposits or make new
28 investments;

29
30 "(d) suspension of interbank clearing privileges; and/or

31
32 "(e) **SUSPENSION OR** revocation of quasi-banking **OR**
33 **OTHER SPECIAL** licenses.

34
35 "Resignation or termination from office shall not
36 exempt such director, officer **OR EMPLOYEE** from
37 administrative or criminal sanctions.

38
39 "The Monetary Board may, whenever warranted by
40 circumstances, preventively suspend any director or officer
41 of [~~a bank or quasi-bank~~] **THE INSTITUTION** pending an
42 investigation: *Provided*, That should the case be not finally
43 decided by the *Bangko Sentral* within a period of one
44 hundred twenty (120) days after the date of suspension, said
45 director or officer shall be reinstated in his position: *Provided*,
46 *further*, That when the delay in the disposition of the case is
47 due to the fault, negligence or petition of the director or
48 officer, the period of delay shall not be counted in
49 computing the period of suspension herein provided.

50
51 "The above administrative sanctions need not be
52 applied in the order of their severity.

1 "Whether or not there is an administrative proceeding,
2 if the institution and/or the directors, officers and/or
3 **EMPLOYEES** concerned continue with or otherwise persist in
4 the commission of the indicated practice or violation, the
5 Monetary Board may issue an order requiring the institution
6 and/or the directors, officers and/or **EMPLOYEES** concerned
7 to cease and desist from the indicated practice or violation,
8 and may further order that immediate action be taken to
9 correct the conditions resulting from such practice or
10 violation. The cease and desist order shall be immediately
11 effective upon service on the respondents.
12

13 "The respondents shall be afforded an opportunity to
14 defend their action in a hearing before the Monetary Board
15 or any committee chaired by any Monetary Board member
16 created for the purpose, upon request made by the
17 respondents within five (5) days from their receipt of the
18 order. If no such hearing is requested within said period, the
19 order shall be final. If a hearing is conducted, all issues shall
20 be determined on the basis of records, after which the
21 Monetary Board may either reconsider or make final its order.
22

23 "The Governor is hereby authorized, at his discretion, to
24 impose upon [~~banking institutions~~], **BANKS AND QUASI-**
25 **BANKS, INCLUDING THEIR SUBSIDIARIES AND AFFILIATES**
26 **ENGAGED IN ALLIED ACTIVITIES, AND OTHER ENTITIES WHICH**
27 **UNDER SPECIAL LAWS ARE SUBJECT TO BANGKO SENTRAL**
28 **SUPERVISION** for any failure to comply with the requirements
29 of law, Monetary Board regulations and policies, and/or
30 instructions issued by the Monetary Board or by the Governor,
31 fines not in excess of [~~Ten thousand pesos (P10,000)~~] **ONE**
32 **HUNDRED THOUSAND PESOS (P100,000.00) FOR EACH**
33 **TRANSACTIONAL VIOLATION OR THIRTY THOUSAND PESOS**
34 **(P30,000.00) PER BANKING [a] day for each CONTINUING**
35 violation, the imposition of which shall be final and executory
36 until reversed, modified or lifted by the Monetary Board on
37 appeal."
38
39

40 **SEC. 18.** A new section entitled Section 38-A is hereby inserted in the
41 same Act to read as follows:
42

43 **"SEC. 38-A. ISSUANCE OF INJUNCTIVE RELIEF AGAINST**
44 **BANGKO SENTRAL ACTIONS. - NO COURT, OTHER THAN THE**
45 **COURT OF APPEALS AND THE SUPREME COURT, SHALL ISSUE**
46 **ANY TEMPORARY RESTRAINING ORDER, PRELIMINARY**
47 **INJUNCTION OR PRELIMINARY MANDATORY INJUNCTION**
48 **AGAINST THE BANGKO SENTRAL FOR ANY ACTION UNDER THIS**
49 **ACT.**
50

51 **"ANY RESTRAINING ORDER OR INJUNCTION ISSUED IN**
52 **VIOLATION OF THIS SECTION IS VOID AND OF NO FORCE AND**
53 **EFFECT.**

1 "THE PROVISIONS OF RULES OF COURT ON INJUNCTIONS
2 IN SO FAR AS THEY ARE APPLICABLE AND NOT INCONSISTENT
3 WITH THE PROVISIONS OF THIS ACT SHALL GOVERN THE
4 ISSUANCE AND DISSOLUTION OF RESTRAINING ORDERS OR
5 INJUNCTIONS AGAINST THE BANGKO SENTRAL."
6
7

8 **SEC. 19.** Section 43 of the same Act is hereby amended as follows:
9

10 "SEC. 43. *Computation of Profits and Losses.* — Within
11 the first thirty (30) days following the end of each year, the
12 *Bangko Sentral* shall determine its net profits or losses. [~~In the~~
13 ~~calculation of net profits, the Bangko Sentral shall make~~
14 ~~adequate allowance or establish adequate reserves for bad~~
15 ~~and doubtful accounts]. **NOTWITHSTANDING ANY PROVISION**
16 **OF LAW TO THE CONTRARY, THE NET PROFIT OF THE BANGKO**
17 **SENTRAL SHALL BE DETERMINED AFTER ALLOWING FOR**
18 **EXPENSES OF OPERATION ADEQUATE ALLOWANCES AND**
19 **PROVISIONS FOR BAD AND DOUBTFUL DEBTS, DEPRECIATION IN**
20 **ASSETS, AND SUCH OTHER ALLOWANCES AND**
21 **CONTINGENCIES OR PURPOSES AS THE MONETARY BOARD**
22 **MAY DETERMINE IN ACCORDANCE WITH PRUDENT FINANCIAL**
23 **MANAGEMENT."**
24
25~~

26 **SEC. 20.** A new section entitled Section 43-A is hereby inserted in the
27 same Act to read as follows:
28

29 "SEC. 43-A. **BANGKO SENTRAL RESERVE FUND. - THE**
30 **BANGKO SENTRAL SHALL ESTABLISH A RESERVE FUND TO**
31 **MITIGATE FUTURE RISKS AND CONTINGENCIES INHERENT IN**
32 **CARRYING OUT THE BANGKO SENTRAL-MANDATED FUNCTIONS**
33 **AS CENTRAL MONETARY AUTHORITY. THE RESERVE FUND SHALL**
34 **CONSIST OF FLUCTUATION RESERVE, CONTINGENCY RESERVE**
35 **AND SUCH OTHER RESERVES AS THE MONETARY BOARD DEEMS**
36 **PRUDENT OR NECESSARY.**
37

38 "THE FLUCTUATION RESERVE SHALL COVER LOSSES FROM
39 EXCHANGE RATE AND PRICE VOLATILITY AND SHALL BE
40 DERIVED FROM THE NET PROFITS BEFORE DISTRIBUTION, AS
41 PROVIDED UNDER SECTION 44 OF THIS ACT. ALL OTHER
42 RESERVE FUNDS SHALL BE SOURCED FROM SURPLUS."
43
44

45 **SEC. 21.** Section 45 of the same Act is hereby amended to read as
46 follows:
47

48 "SEC. 45. *Revaluation Profits and Losses.* — **UNREALIZED**
49 **profits or losses arising from any revaluation of the *Bangko***
50 ***Sentral's* [~~net~~] assets [~~or~~], liabilities **OR DERIVATIVE**
51 **INSTRUMENTS DENOMINATED** in [~~gold-or~~] foreign currencies
52 with respect to the **MOVEMENTS OF PRICES AND EXCHANGE**
53 **RATES FROM THIRD CURRENCIES TO** Philippine peso shall not**

1 be included in the computation of the annual profits and
2 losses of the *Bangko Sentral*. Any profits or losses arising in this
3 manner shall be offset by any amounts which, as a
4 consequence of such revaluations, are owed by the
5 Philippines to any international or regional intergovernmental
6 financial institution of which the Philippines is a member or
7 are owed by these institutions to the Philippines. Any
8 remaining **UNREALIZED** profit or loss shall be carried in a
9 special frozen account which shall be named "Revaluation of
10 International Reserve (RIR)", and the net balance of which
11 shall appear either among the liabilities or among the assets
12 of the *Bangko Sentral*, depending on whether the
13 revaluations have produced net profits or net losses.

14
15 "The [~~Revaluation of International Reserve~~] **RIR**
16 account shall be [~~neither~~] credited [~~nor~~] **OR** debited **ONLY**
17 **FOR THE PERIODIC REVALUATION AS AUTHORIZED IN THIS**
18 **SECTION AND TO REFLECT THE CORRESPONDING ADJUSTMENT**
19 **RESULTING TO REDUCTION IN THE BANGKO SENTRAL'S NET**
20 **FOREIGN ASSETS, LIABILITIES AND FOREIGN CURRENCY-**
21 **DENOMINATED DERIVATIVE INSTRUMENTS. THE RIR SHALL BE**
22 **ADJUSTED AND RECOGNIZED IN THE INCOME STATEMENT**
23 **UPON SALE OF GOLD AND FOREIGN SECURITIES, OR WHEN THE**
24 **FOREIGN CURRENCY IS REPATRIATED TO LOCAL CURRENCY OR**
25 **IS USED TO PAY FOREIGN OBLIGATIONS, OR UPON MATURITY**
26 **OF A FOREIGN CURRENCY-DENOMINATED FORWARD OR**
27 **OPTION CONTRACT INVOLVING THE PHILIPPINE PESO. [~~for any~~**
28 **purposes other than those specifically authorized in this**
29 **section.]"**

30
31
32 **SEC. 22.** Section 61 of the same Act is hereby amended to read as
33 follows:

34
35 "SEC. 61. *Guiding Principle.* — **THE MONETARY BOARD**
36 **SHALL REGULARLY ASSESS PRICE DEVELOPMENTS AND**
37 **OUTLOOK AND, BASED ON ITS ANALYSIS AND EVALUATION OF**
38 **INFLATIONARY PRESSURES, USE ITS POLICY INSTRUMENTS TO**
39 **ATTAIN AND MAINTAIN PRICE STABILITY. [~~The Monetary Board~~**
40 **shall endeavor to control any expansion or contraction in**
41 **monetary aggregates which is prejudicial to the attainment**
42 **or maintenance of price stability.]"**

43
44
45 **SEC. 23.** Section 63 of the same Act is hereby amended to read as
46 follows:

47
48 "SEC. 63. *Action when Abnormal Movements Occur in*
49 *the [~~Monetary Aggregates, Credit, Or~~] Price Level.* —
50 Whenever abnormal movements in the [~~monetary~~
51 ~~aggregates, in credit, or in~~] prices endanger the stability of
52 the Philippine economy or important sectors thereof, the
53 Monetary Board shall:

1 “(a) take such remedial measures as are appropriate
2 and within the powers granted to the Monetary Board and
3 the *Bangko Sentral* under the provisions of this Act; and
4

5 “(b) submit to the President of the Philippines and the
6 Congress, and make public, a detailed report which shall
7 include, as a minimum, a description and analysis of:
8

9 “(1) the causes of the rise or fall of [~~the monetary~~
10 ~~aggregates, of credit or of~~] prices;
11

12 “(2) the extent to which the changes in [~~the~~
13 ~~monetary aggregates, in credit, or in~~] prices have
14 been reflected in changes in the level of domestic
15 output, employment, wages and economic activity in
16 general, and the nature and significance of any such
17 changes; and
18

19 “(3) the measures which the Monetary Board has
20 taken and the other monetary, fiscal or administrative
21 measures which it recommends to be adopted.
22

23 “Whenever the [~~monetary aggregates, or the level of~~
24 ~~credit, increases or decreases by more than fifteen percent~~
25 ~~(15%), or the~~] cost of living index increases by more than ten
26 percent (10%), in relation to the level existing at the end of
27 the corresponding month of the preceding year, or even
28 though [~~any of these~~] **THIS** quantitative guideline[s have] **HAS**
29 not been reached when in its judgment the circumstances so
30 warrant, the Monetary Board shall submit the reports
31 mentioned in this Section, and shall state therein whether, in
32 the opinion of the Board, said changes in the [~~monetary~~
33 ~~aggregates, credit or~~] cost of living represent a threat to the
34 stability of the Philippine economy or of important sectors
35 thereof.
36

37 “The Monetary Board shall continue to submit periodic
38 reports to the President of the Philippines and to Congress
39 until it considers that the [~~monetary, credit or~~] price
40 disturbances have disappeared or have been adequately
41 controlled.”
42
43

44 **SEC. 24.** Section 81 of the same Act is hereby amended to read as
45 follows:
46

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

1
2 **SEC. 25.** Section 84 of the same Act is hereby amended to read as
3 follows:
4

5 "SEC. 84. *Emergency Loans and Advances.* - In periods
6 of national and/or local emergency or of imminent financial
7 panic which directly threaten monetary and **FINANCIAL**
8 [~~banking~~] stability, the Monetary Board may, by a vote of at
9 least five (5) of its members, authorize the *Bangko Sentral* to
10 grant extraordinary loans or advances to banking institutions,
11 secured by assets as defined hereunder: *Provided,* That
12 while such loans or advances are outstanding, the debtor
13 institution shall not, except upon prior authorization by the
14 Monetary Board, expand the total volume of its loans or
15 investments.
16

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

30 "The amount of any emergency loan or advance shall
31 not exceed the sum of fifty percent (50%) of total deposits
32 and deposit substitutes of the banking institution, and shall be
33 disbursed in two (2) or more tranches. The amount of the first
34 tranche shall be limited to twenty-five percent (25%) of the
35 total deposit and deposit substitutes of the institution and
36 shall be secured by **(A)** government securities, **(B)**
37 **ACCEPTABLE GUARANTEES BACKED UP BY THE NATIONAL**
38 **GOVERNMENT OR ITS SECURITIES; (C)** [~~to the extent of their~~
39 ~~applicable loan values and~~] other unencumbered first class
40 collaterals and **(D) OTHER KINDS OF COLLATERALS AS MAY BE**
41 **AUTHORIZED BY THE MONETARY BOARD IN ACCORDANCE**
42 **WITH SOUND RISK MANAGEMENT PRINCIPLES** [~~which the~~
43 ~~Monetary Board may approve~~]: *Provided,* That if as
44 determined by the Monetary Board, the circumstances
45 surrounding the emergency warrant a loan or advance
46 greater than the amount provided hereinabove, the amount
47 of the first tranche may exceed twenty-five percent (25%) of
48 the bank's total deposit and deposit substitutes if the same is
49 adequately secured by applicable loan values of
50 government securities and unencumbered first class
51 collaterals approved by the Monetary Board, and the
52 principal stockholders of the institution furnish an acceptable
53 undertaking to indemnify and hold harmless from suit a

1 conservator whose appointment the Monetary Board may
2 find necessary at any time.

3
4 "Prior to the release of the first tranche, the banking
5 institution shall submit to the *Bangko Sentral* a resolution of its
6 board of directors authorizing the *Bangko Sentral* to evaluate
7 other assets of the banking institution certified by its external
8 auditor to be good and available for collateral purposes
9 should the release of the subsequent tranche be thereafter
10 applied for.

11
12 "The Monetary Board may, by a vote of at least five (5)
13 of its members, authorize the release of a subsequent
14 tranche on condition that the principal stockholders of the
15 institution:

16
17 "(a) furnish an acceptable undertaking to indemnify
18 and hold harmless from suit a conservator whose
19 appointment the Monetary Board may find necessary at any
20 time; and

21
22 "(b) provide acceptable security which, in the
23 judgment of the Monetary Board, would be adequate to
24 supplement, where necessary, the assets tendered by the
25 banking institution to collateralize the subsequent tranche.

26
27 "In connection with the exercise of these powers, the
28 prohibitions in Section 128 of this Act shall not apply insofar as
29 it refers to acceptance as collateral of shares and their
30 acquisition as a result of foreclosure proceedings, including
31 the exercise of voting rights pertaining to said shares:
32 *Provided, however, That should the Bangko Sentral acquire*
33 *any of the shares it has accepted as collateral as a result of*
34 *foreclosure proceedings, the Bangko Sentral shall dispose of*
35 *said shares by public bidding within one (1) year from the*
36 *date of consolidation of title by the Bangko Sentral.*

37
38 "Whenever a financial institution incurs an overdraft in
39 its account with the *Bangko Sentral*, the same shall be
40 eliminated within the period prescribed in Section 102 of this
41 Act."

42
43
44 **SEC. 26.** A new section entitled Section 88-A is hereby inserted in the
45 same Act to read as follows:

46
47 **"SEC. 88-A. EXEMPTION OF COLLATERALS FROM**
48 **ATTACHMENTS, EXECUTIONS AND OTHER RESTRICTIONS. -**
49 **COLLATERALS ON LOANS AND ADVANCES GRANTED BY THE**
50 **BANGKO SENTRAL, WHETHER OR NOT THE INTEREST OF THE**
51 **BANGKO SENTRAL IS REGISTERED, SHALL NOT BE SUBJECT TO**
52 **ATTACHMENT, EXECUTION OR ANY OTHER COURT PROCESS OR**
53 **ADMINISTRATIVE RESTRICTIONS ON LAND USE, NOR SHALL THEY**

1 BE INCLUDED IN THE PROPERTY OF INSOLVENT PERSONS OR
2 INSTITUTIONS.”

3
4
5 **SEC. 27.** A new section entitled Section 88-B is hereby inserted in the
6 same Act to read as follows:

7
8 **“SEC. 88-B. DEPUTIZATION OF LEGAL STAFF IN CASE OF**
9 **FORECLOSURES. – IN CASE OF AN EXTRAJUDICIAL**
10 **FORECLOSURE OF MORTGAGE IN CONNECTION WITH LOANS**
11 **AND ADVANCES UNDER THIS ARTICLE, THE BANGKO SENTRAL**
12 **MAY DEPUTIZE ANY OF ITS LAWYERS TO CONDUCT THE PUBLIC**
13 **AUCTION PURSUANT TO ACT NO. 3135, AS AMENDED.**

14
15 **LIKEWISE, IN CASE OF A JUDICIAL FORECLOSURE IN**
16 **CONNECTION WITH LOANS AND ADVANCES UNDER THIS**
17 **ARTICLE, THE BANGKO SENTRAL MAY, WITH THE APPROVAL OF**
18 **THE COURT, DEPUTIZE ANY OF ITS LAWYERS TO ACT AS SPECIAL**
19 **SHERIFF IN THE SALE OF A DEBTOR'S PROPERTIES AND IN THE**
20 **ENFORCEMENT OF COURT WRITS AND PROCESSES RELATED**
21 **THERETO. THE SPECIAL SHERIFF OF THE BANGKO SENTRAL SHALL**
22 **MAKE A REPORT TO THE PROPER COURT AFTER ANY ACTION**
23 **HAS BEEN TAKEN BY HIM, WHICH COURT SHALL TREAT SUCH**
24 **ACTION AS IF IT WERE AN ACT OF ITS OWN SHERIFF IN ALL**
25 **RESPECTS.**

26
27 **“NO RESTRAINING ORDER OR INJUNCTION SHALL BE**
28 **ISSUED BY THE COURT ENJOINING THE BANGKO SENTRAL FROM**
29 **PROCEEDING WITH THE FORECLOSURE OF THE MORTGAGE**
30 **UNLESS A BOND IS POSTED IN FAVOR OF THE BANGKO SENTRAL**
31 **IN AN AMOUNT EQUIVALENT TO THE TOTAL CLAIM OF THE**
32 **BANGKO SENTRAL. THE RESTRAINING ORDER OR INJUNCTION**
33 **SHALL BE REFUSED OR, IF GRANTED, SHALL BE DISSOLVED UPON**
34 **FILING BY THE BANGKO SENTRAL OF A BOND, WHICH SHALL BE**
35 **IN THE FORM OF A BANGKO SENTRAL CHECK, IN AN AMOUNT**
36 **TWICE THE AMOUNT OF THE ORIGINAL BOND POSTED**
37 **CONDITIONED THAT THE BANGKO SENTRAL WILL PAY THE**
38 **DAMAGES WHICH THE PARTY MAY SUFFER BY THE REFUSAL OR**
39 **DISSOLUTION OF THE INJUNCTION. THE PROVISIONS OF THE**
40 **RULES OF COURT ON INJUNCTIONS INsofar AS THEY ARE**
41 **APPLICABLE AND NOT INCONSISTENT WITH THE PROVISIONS OF**
42 **THIS SECTION SHALL GOVERN THE ISSUANCE AND DISSOLUTION**
43 **OF THE RESTRAINING ORDER OR INJUNCTION CONTEMPLATED**
44 **IN THIS SECTION.”**

45
46
47 **SEC. 28.** A new section entitled Section 88-C is hereby inserted in
48 the same Act to read as follows:

49
50 **“SEC. 88-C. RIGHT OF REDEMPTION OF FORECLOSED**
51 **REAL PROPERTY; RIGHT OF POSSESSION DURING REDEMPTION**
52 **PERIOD. – IN THE EVENT OF FORECLOSURE, WHETHER**
53 **JUDICIALLY OR EXTRAJUDICIALLY, THE MORTGAGOR, WHO IS**

1 A NATURAL PERSON, SHALL HAVE THE RIGHT TO REDEEM THE
2 PROPERTY WITHIN ONE (1) YEAR FROM THE DATE OF
3 FORECLOSURE SALE. IN CASE THE MORTGAGOR IS A JURIDICAL
4 PERSON, THE MORTGAGOR SHALL HAVE THE RIGHT TO REDEEM
5 THE PROPERTY SOLD IN AN EXTRAJUDICIAL FORECLOSURE SALE
6 UNDER ACT NO. 1135 WITHIN ONE (1) YEAR FROM THE DATE OF
7 FORECLOSURE SALE; PROVIDED, THAT IN CASE OF JUDICIAL
8 FORECLOSURE, THE MORTGAGOR SHALL HAVE THE RIGHT TO
9 REDEEM THE PROPERTY SOLD WITHIN NINETY (90) DAYS FROM
10 THE FORECLOSURE SALE BUT NOT LATER THAN THE
11 REGISTRATION OF THE CERTIFICATE OF FORECLOSURE SALE.
12 REDEMPTION SHALL BE EFFECTED BY PAYING THE PRINCIPAL,
13 INTERESTS, CHARGES, COMMISSIONS AND ALL CLAIMS OF
14 WHATEVER NATURE OF THE BANGKO SENTRAL OUTSTANDING
15 AND DUE AS OF THE DATE OF FORECLOSURE SALE, INCLUDING
16 ALL COSTS AND OTHER EXPENSES INCURRED BY REASON OF
17 THE FORECLOSURE SALE AND CUSTODY OF THE PROPERTY.
18

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

26
27 **SEC. 29.** A new section entitled Section 88-D is hereby inserted in the
28 same Act to read as follows:
29

30 "SEC. 88-D. *UNSECURED BANGKO SENTRAL CLAIMS.* -
31 ALL UNSECURED CLAIMS OF THE BANGKO SENTRAL SHALL BE
32 CONSIDERED PREFERRED CREDITS SIMILAR TO TAXES DUE TO
33 THE NATIONAL GOVERNMENT IN THE ORDER OF PREFERENCE
34 UNDER ARTICLE 2244 OF THE NEW CIVIL CODE."
35

36
37 **SEC. 30.** A new section entitled Section 89-A is hereby inserted in the
38 same Act to read as follows:
39

40 "SEC. 89-A. *FINANCIAL FACILITIES FOR ISLAMIC BANKS.*
41 - THE BANGKO SENTRAL MAY, TAKING INTO CONSIDERATION
42 THE PECULIAR CHARACTERISTICS OF ISLAMIC BANKING,
43 FORMULATE RULES AND REGULATIONS FOR THE EXTENSION OF
44 FINANCIAL FACILITIES TO ISLAMIC BANKS PROVIDED SUCH
45 EXPOSURES SHALL BE PROPERLY SECURED."
46

47
48 **SEC. 31.** A new section entitled Section 89-B is hereby inserted in the
49 same Act to read as follows:
50

51 "SEC. 89-B. *LOANS TO THE PHILIPPINE DEPOSIT*
52 *INSURANCE CORPORATION.* - THE BANGKO SENTRAL,
53 PURSUANT TO ITS MANDATE OF MAINTAINING FINANCIAL

1 STABILITY, MAY LEND FUNDS TO THE PHILIPPINE DEPOSIT
2 INSURANCE CORPORATION FOR INSURANCE PURPOSES AND
3 IN CASES OF FINANCIAL ASSISTANCE THAT THE LATTER IS
4 AUTHORIZED TO EXTEND UNDER SECTION 17(D) OF REPUBLIC
5 ACT NO. 3591, AS AMENDED, TO AN INSURED BANK IN
6 DANGER OF CLOSING IN ORDER TO MINIMIZE LOSSES TO ITS
7 DEPOSITORS AND CREDITORS. NOTWITHSTANDING SECTION 18
8 OF REPUBLIC ACT NO. 3591, AS AMENDED, THE MONETARY
9 BOARD SHALL PRESCRIBE INTEREST RATES AND SUCH OTHER
10 TERMS AND CONDITIONS OF THE LOAN.”

11
12
13 **SEC. 32.** Section 92 of the same Act is hereby amended to read as
14 follows:

15
16 “SEC. 92. *Issue and Negotiation of Bangko Sentral*
17 *Obligations.* — In order to provide the *Bangko Sentral* with
18 effective instruments for open market operations, the *Bangko*
19 *Sentral* may, subject to such rules and regulations as the
20 Monetary Board may prescribe and in accordance with the
21 principles stated in Section 90 of this Act, issue, place, buy
22 and sell freely negotiable evidences of indebtedness of the
23 *Bangko Sentral*. [~~Provided, That issuance of such certificates~~
24 ~~of indebtedness shall be made only in cases of extraordinary~~
25 ~~movement in price levels.] Said evidences of indebtedness~~
26 may be issued directly against the international reserve of
27 the *Bangko Sentral* or against the securities which it has
28 acquired under the provisions of Section 91 of this Act, or
29 may be issued without relation to specific types of assets of
30 the *Bangko Sentral*.

31
32 “The Monetary Board shall determine the interest rates,
33 maturities and other characteristics of said obligations of the
34 *Bangko Sentral*, and may, if it deems it advisable,
35 denominate the obligations in gold or foreign currencies.

36
37 “Subject to the principles stated in Section 90 of this
38 Act, the evidences of indebtedness of the *Bangko Sentral* to
39 which this section refers may be acquired by the *Bangko*
40 *Sentral* before their maturity, either through purchases in the
41 open market or through redemptions at par and by lot if the
42 *Bangko Sentral* has reserved the right to make such
43 redemptions. The evidences of indebtedness acquired or
44 redeemed by the *Bangko Sentral* shall not be included
45 among its assets, and shall be immediately retired and
46 cancelled.”

47
48
49 **SEC. 33.** Section 95 of the same Act is hereby amended to read as
50 follows:

51
52 “SEC. 95. *Definition of Deposit Substitutes.* — The term
53 “deposit substitutes” is defined as an alternative form of

1 obtaining funds from the public, other than deposits, through
2 the issuance, endorsement, or acceptance of debt
3 instruments for the borrower's own account, for the purpose
4 of relending or purchasing of receivables and other
5 obligations. These instruments may include, but need not be
6 limited to, bankers acceptances, promissory notes,
7 participations, certificates of assignment and similar
8 instruments with recourse, and repurchase agreements. **THE**
9 **PHRASE 'OBTAINING FUNDS FROM THE PUBLIC' SHALL MEAN**
10 **BORROWING FROM TWENTY (20) OR MORE LENDERS AT ANY**
11 **ONE TIME, AND, FOR THIS PURPOSE, "LENDERS" SHALL REFER TO**
12 **INDIVIDUALS AND CORPORATE ENTITIES THAT ARE NOT ACTING**
13 **AS FINANCIAL INTERMEDIARIES, SUBJECT TO THE SAFEGUARDS**
14 **AND REGULATIONS ISSUED BY THE MONETARY BOARD.** The
15 Monetary Board shall determine what specific instruments
16 shall be considered as deposit substitutes for the purposes of
17 Section 94 of this Act: *Provided, however,* That deposit
18 substitutes of commercial, industrial and other non-financial
19 companies for the limited purpose of financing their own
20 needs or the needs of their agents or dealers shall not be
21 covered by the provisions of Section 94 of this Act."
22
23

24 **SEC. 34.** Section 101 of the same Act is hereby amended to read as
25 follows:
26

27 "SEC. 101. *Reserve Deficiencies.* - Whenever the
28 reserve position of any bank or quasi-bank, computed in the
29 manner specified in the preceding section of this Act, is
30 below the required minimum, the bank or quasi-bank shall
31 pay the *Bangko Sentral* one-tenth of one percent (1/10 of
32 1%) per day on the amount of the deficiency or the
33 prevailing ninety-one-day treasury bill rate plus three
34 percentage points, whichever is higher; *Provided, however,*
35 That banks and quasi-banks shall ordinarily be permitted to
36 offset any reserve deficiency occurring on one or more days
37 of the week with any excess reserves which they may hold on
38 other days of the same week and shall be required to pay
39 the penalty only on the average daily deficiency during the
40 week. In cases of abuse, the Monetary Board may deny any
41 bank or quasi-bank the privilege of offsetting reserve
42 deficiencies in the aforesaid manner.
43

44 "If a bank or quasi-bank chronically has a reserve
45 deficiency, the Monetary Board may limit or prohibit the
46 making of new loans or investments by the institution and
47 may require that part or all of the net profits of the institution
48 be assigned to surplus.
49

50 "The Monetary Board may modify or set aside the
51 reserve deficiency penalties provided in this section, for part
52 or the entire period of a strike or lockout affecting a bank or
53 a quasi-bank as defined in the Labor Code, or of a national

1 emergency affecting operations of banks or quasi-banks, **OR**
2 **IN SUCH OTHER INSTANCES WHERE THE GRANT OF WAIVER OF**
3 **PENALTIES IS DETERMINED BY THE MONETARY BOARD TO BE**
4 **JUSTIFIABLE.** The Monetary Board may also modify or set
5 aside reserve deficiency penalties for rehabilitation program
6 of a bank."
7
8

9 **SEC. 35.** Section 104 of the same Act is hereby amended to read as
10 follows:

11
12 "SEC. 104. *Guiding Principle.* — The Monetary Board
13 shall use the powers granted to it under this Act to ensure
14 that the supply, availability and cost of money are in accord
15 with the needs of the Philippine economy and that bank
16 credit is not granted for speculative purposes prejudicial to
17 the national interests. Regulations on bank operations shall
18 be applied to all banks of the same category, **AS MAY BE**
19 **DEFINED BY THE MONETARY BOARD**, uniformly and without
20 discrimination."
21
22

23 **SEC. 36.** Section 108 of the same Act is hereby amended to read as
24 follows:

25
26 "SEC. 108. *Minimum Capital Ratios.* — The Monetary
27 Board may prescribe minimum **RISK-BASED CAPITAL**
28 **ADEQUACY** ratios **BASED ON INTERNATIONALLY ACCEPTED**
29 **STANDARDS** [~~which the capital and surplus of the banks must~~
30 ~~bear to the volume of their assets, or to specific categories~~
31 ~~thereof,]~~ and may alter said ratios whenever it deems
32 necessary. **IN THE EXERCISE OF ITS AUTHORITY UNDER THIS**
33 **SECTION, THE MONETARY BOARD MAY REQUIRE BANKS TO**
34 **HOLD CAPITAL BEYOND THE MINIMUM REQUIREMENTS**
35 **COMMENSURATE TO THEIR RISK PROFILE.**"
36
37

38 **SEC. 37.** Section 113 of the same Act is hereby amended to read as
39 follows:

40
41 "SEC. 113. *Official Deposits.* — The *Bangko Sentral* shall
42 be the official depository of the Government, its political
43 subdivisions and instrumentalities as well as of government-
44 owned or -controlled corporations. ~~and, a~~ **As** a general
45 policy, their cash balances should be deposited with the
46 *Bangko Sentral*, with only minimum working balances to be
47 held by government-owned banks and such other banks
48 **LICENSED TO OPERATE** ~~incorporated~~ in the Philippines as the
49 Monetary Board may **AUTHORIZE**. ~~designate, subject to such~~
50 ~~rules and regulations as the Board may prescribe: Provided,~~
51 ~~That such banks may hold deposits of the political~~
52 ~~subdivisions and instrumentalities of the Government beyond~~

1 ~~their minimum working balances whenever such subdivisions~~
2 ~~and instrumentalities have outstanding loans with said banks.~~

3
4 "The *Bangko Sentral* may **ACCEPT DEPOSITS AND** pay
5 interest on **SUCH** deposits **AND OTHER SIMILAR PLACEMENTS** of
6 the Government or of its political subdivisions and
7 instrumentalities, banks **AND OTHER BANGKO SENTRAL-**
8 **SUPERVISED INSTITUTIONS.**"

9
10
11 **SEC. 38.** Section 123 of the same Act is hereby amended to read as
12 follows:

13
14 "SEC. 123. *Financial Advice on Official Credit*
15 *Operations.* — Before undertaking any credit operation
16 abroad, the Government, through the Secretary of Finance,
17 shall request the opinion, in writing, of the Monetary Board on
18 the monetary implications of the contemplated action. Such
19 opinions must similarly be requested by all political
20 subdivisions and instrumentalities of the Government before
21 any credit operation abroad is undertaken by them.

22
23 "The opinion of the Monetary Board shall be based on
24 the gold and foreign exchange resources and obligations of
25 the nation and on the effects of the proposed operation on
26 the balance of payments and on monetary aggregates.

27
28 "Whenever the Government, or any of its political
29 subdivisions or instrumentalities, contemplates borrowing
30 within the Philippines, the prior opinion of the Monetary
31 Board shall likewise be requested in order that the Board
32 may render an opinion on the probable effects of the
33 proposed operation on monetary aggregates, the price
34 level, and the balance of payments.

35
36 "A CREDIT OPERATION OR BORROWING AS PROVIDED
37 HEREIN MAY TAKE THE FORM OF DIFFERENT CREDIT FACILITIES
38 SUCH AS BUT NOT LIMITED TO A SINGLE LOAN, SERIES OF
39 LOANS UNDER A BORROWING PROGRAM, OR CREDIT LINES.
40 NO PRIOR MONETARY BOARD OPINION SHALL BE REQUIRED
41 FOR INDIVIDUAL DRAWDOWNS OR BORROWINGS WITHIN
42 APPROVED CREDIT LINES OR BORROWING PROGRAMS."

43
44
45 **SEC. 39.** Section 125 of the same Act is hereby amended to read as
46 follows:

47
48 "SEC. 125. *Tax Exemptions.* — The *Bangko Sentral* shall
49 be exempt for a period of five (5) years from the approval of
50 ~~this Act~~ from all national, provincial, municipal and city taxes,
51 fees, charges and assessments.

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

16
17
18 **SEC. 40.** Section 128 of the same Act is hereby amended to read as
19 follows:

20
21 "SEC. 128. *Prohibitions.* — The *Bangko Sentral* shall not
22 acquire shares of any kind or accept them as collateral, and
23 shall not participate in the ownership or management of any
24 enterprise, either directly or indirectly; [-] **EXCEPT WHEN THE**
25 **MONETARY BOARD, BY A VOTE OF AT LEAST FIVE (5) OF ITS**
26 **MEMBERS, DETERMINES THAT SUCH ACQUISITION OR**
27 **INVESTMENT IS ACTUALLY NECESSARY OR REQUIRED IN ORDER**
28 **TO QUALIFY FOR MEMBERSHIP IN INTERNATIONAL AND**
29 **REGIONAL ORGANIZATIONS.**

30
31 "The *Bangko Sentral* shall not engage in development
32 banking or financing: *Provided, however*, That outstanding
33 loans obtained or extended for development financing shall
34 not be affected by the prohibition of this section."
35

36
37 **SEC. 41. *Repealing Clause.*** All provisions of existing laws, orders,
38 rules and regulations, or parts thereof which are in conflict or inconsistent
39 with the provisions of this Act are hereby repealed, amended or modified
40 accordingly.
41

42 **SEC. 42. *Separability Clause.*** If any provision or section of this Act is
43 held to be unconstitutional or invalid, the other provisions or sections
44 hereof, which are not affected thereby shall continue to be in full force
45 and effect.
46

47 **SEC. 43. *Effectivity.*** This Act shall take effect fifteen (15) days
48 following its publication in the *Official Gazette* or in a newspaper of
49 general circulation in the Philippines.