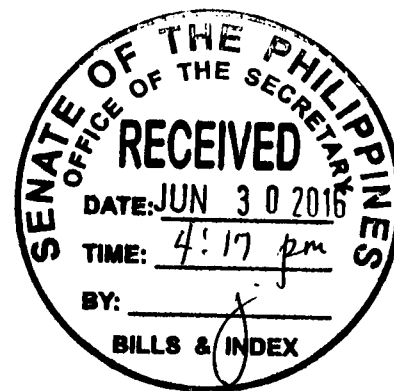


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE
S. B. No. 115

Introduced by Senator Aquilino “Koko” Pimentel III


AN ACT
AMENDING SECTION 2 OF REPUBLIC ACT NO. 1405, AS
AMENDED, OTHERWISE KNOWN AS THE
“LAW ON SECRECY OF BANK DEPOSITS”

EXPLANATORY NOTE

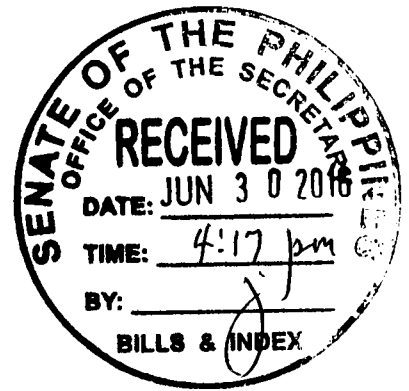
Republic Act No. 1405, or the Law on Secrecy of Bank Deposits, was enacted in 1955 to encourage the people to deposit their money in banking institutions and to discourage private hoarding so that monies may be properly utilized by banks in authorized loans to assist in the economic development of the country. Under this law, all deposits of whatever nature are absolutely confidential and may generally not be inquired or looked into.

The Senate Blue Ribbon investigation in the 16th Congress on the so-called \$100M Bangladesh Bank fund heist showed how the Philippine bank secrecy law, considered as among the strictest in the world in terms of confidentiality and non-disclosure, can be used to protect even spurious and fictitious accounts, thereby frustrating efforts at uncovering crimes and wrongdoings. It is therefore necessary to amend this law to ensure that only *bona fide* depositors are protected by the said law, to update the same by providing for additional exceptions recognized under jurisprudence and existing laws, and to be globally competitive and attuned to the present policies and practices of international trade and commerce.

Considering all the foregoing, approval of this bill is earnestly sought.


AQUILINO "KOKO" PIMENTEL III

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“LAW ON SECRECY OF BANK DEPOSITS”

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. 1405, as amended, is
2 hereby further amended to read as follows:

3 “Section 2. All deposits **BY BONA FIDE**
4 **DEPOSITORS** of whatever nature with banks [or
5 banking institutions] in the Philippines including
6 investments in bonds issued by the Government of the
7 Philippines, its political subdivisions and its
8 instrumentalities, are hereby considered [as of an
9 absolutely] confidential [nature] and may not be
10 examined, inquired or looked into by any person,
11 government official, bureau or office, except **UNDER**
12 **THE FOLLOWING GROUNDS:** (A) upon written
13 permission of the depositor[.]; [or] (B) in cases of
14 impeachment[.]; [or] (C) upon order of a competent
15 court in cases of bribery or dereliction of duty of public
16 officials **AND CASES SIMILAR TO BRIBERY OR**
17 **DERELICTION OF DUTY OF PUBLIC**
18 **OFFICIALS[.];** [or] (D) in cases where the money
19 deposited or invested is the subject matter of the
20 litigation[.]; [or] (E) **IN ESTATE SETTLEMENT**

1 **CASES, UPON INQUIRY BY THE**
2 **COMMISSIONER OF INTERNAL REVENUE IN**
3 **THE DETERMINATION OF THE NET ESTATE**
4 **OF A DECEASED DEPOSITOR; (F) IN CASES**
5 **OF OFFER FOR ABATEMENT OR**
6 **COMPROMISE SETTLEMENT OF A**
7 **TAXPAYER'S TAX LIABILITIES ON THE**
8 **GROUND OF FINANCIAL INCAPACITY; (G)**
9 **TO ENFORCE DOMESTIC LAWS ENACTED**
10 **PURSUANT TO THE COUNTRY'S BILATERAL**
11 **AND MULTILATERAL AGREEMENTS FOR**
12 **EXCHANGE OF INFORMATION; OR (H) IN**
13 **CASES OF CONGRESSIONAL INQUIRIES IN**
14 **AID OF LEGISLATION.**

15 **THE FOREGOING EXEMPTIONS ARE IN**
16 **ADDITION TO THOSE PROVIDED UNDER**
17 **EXISTING LAWS. ”**

18 **SECTION 2. *Repealing Clause.*** – All laws, executive orders,
19 decrees, rules and regulations, or parts thereof inconsistent with this Act
20 are hereby repealed or modified accordingly.

21 **SECTION 3. *Effectivity.*** – This Act shall take effect fifteen (15)
22 days after its complete publication in at least two (2) national
23 newspapers.

Approved,