



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

'17 JAN 17 P6:11

RECEIVED BY: _____

SENATE
S.B. No. 1297

Prepared by the Committees on Bank, Financial Institutions and Currencies;
and Ways and Means with Senators Drilon, Recto, Escudero, Ejercito and
Angara as authors thereof

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

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

7 "The capital of the *Bangko Sentral* shall be **TWO HUNDRED**
8 [Fifty] billion pesos (P[50,]200,000,000,000), to be fully subscribed by
9 the Government of the Republic, hereafter referred to as the
10 Government. [Ten billion pesos (P10,000,000,000) of which] **THE**
11 **UNPAID SUBSCRIPTION** shall be fully paid for by the Government **IN**
12 **CASH AND/OR GOVERNMENT SECURITIES UPON EFFECTIVITY**
13 **OF THIS ACT. THEREAFTER THE ADEQUACY OF THE**

1 CAPITALIZATION SHALL BE SUBJECT TO REVIEW EVERY FIVE
2 (5) YEARS AND ADJUSTED UPON JOINT RECOMMENDATION BY
3 THE SECRETARY OF FINANCE, THE SECRETARY OF BUDGET
4 AND MANAGEMENT AND THE MONETARY BOARD. THE
5 PAYMENT OF ANY UNPAID SUBSCRIPTION AND/OR INCREASE
6 IN CAPITALIZATION SHALL BE AUTOMATICALLY
7 APPROPRIATED IN THE ANNUAL GENERAL APPROPRIATIONS
8 ACT. [upon the effectivity of this Act and the balance to be paid for
9 within a period of two (2) years from the effectivity of this Act in such
10 manner and form as the Government, through the Secretary of
11 Finance and the Secretary of Budget and Management, may thereafter
12 determine.]”

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

14 “SEC. 3. *Responsibility and Primary Objective.* - The *Bangko*
15 *Sentral* shall provide policy directions in the areas of money, banking,
16 and credit. It shall have supervision over the operations of banks and
17 exercise such regulatory **AND EXAMINATION** powers as provided in
18 this Act and other pertinent laws over the **QUASI-BANKING**
19 operations of [finance companies and] non-bank financial institutions.
20 [performing quasi-banking functions, hereafter referred to as quasi-
21 banks, and institutions performing similar functions] **AS MAY BE**
22 **DETERMINED BY THE MONETARY BOARD, IT SHALL LIKEWISE**
23 **EXERCISE REGULATORY AND EXAMINATION POWERS OVER**
24 **MONEY SERVICE BUSINESSES, CREDIT GRANTING**
25 **BUSINESSES, AND PAYMENT SYSTEM OPERATORS. THE**

1 MONETARY BOARD IS HEREBY EMPOWERED TO AUTHORIZE
2 ENTITIES OR PERSONS TO ENGAGE IN MONEY SERVICE
3 BUSINESSES.

4 "The primary objective of the *Bangko Sentral* is to maintain price
5 stability conducive to a balanced and sustainable growth of the
6 economy. It shall also promote and maintain monetary stability and
7 the convertibility of the peso.

8 "THE *BANGKO SENTRAL* SHALL PROMOTE FINANCIAL
9 STABILITY AND CLOSELY WORK WITH THE NATIONAL
10 GOVERNMENT, INCLUDING, BUT NOT LIMITED TO, THE
11 DEPARTMENT OF FINANCE, SECURITIES AND EXCHANGE
12 COMMISSION, THE INSURANCE COMMISSION, AND THE
13 PHILIPPINE DEPOSIT INSURANCE CORPORATION.

14 "THE *BANGKO SENTRAL* SHALL OVERSEE THE PAYMENT
15 AND SETTLEMENT SYSTEMS IN THE PHILIPPINES, INCLUDING
16 CRITICAL FINANCIAL MARKET INFRASTRUCTURES, IN ORDER
17 TO PROMOTE SOUND AND PRUDENT PRACTICES CONSISTENT
18 WITH THE MAINTENANCE OF FINANCIAL STABILITY.

19 "IN THE ATTAINMENT OF ITS OBJECTIVES, THE *BANGKO*
20 *SENTRAL* SHALL PROMOTE BROAD AND CONVENIENT ACCESS
21 TO HIGH QUALITY FINANCIAL SERVICES AND CONSIDER THE
22 INTEREST OF THE GENERAL PUBLIC."

23 SEC. 3. Section 11 of the same Act is hereby amended to read as follows:

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

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

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

10 “The *Bangko Sentral* shall maintain and preserve a complete
11 record of the proceedings and deliberations of the Monetary Board,
12 including the tapes and transcripts of the stenographic notes, either in
13 their original form or in microfilm.

14 **“THE MEETINGS OF THE MONETARY BOARD MAY BE**
15 **CONDUCTED THROUGH MODERN TECHNOLOGIES SUCH AS,**
16 **BUT NOT LIMITED TO, TELECONFERENCING AND**
17 **VIDEOCONFERENCING.”**

18 **SEC. 4.** Section 15(e) of the same Act is hereby amended to read as follows:

19 “SEC. 15. *Exercise of Authority.* - In the exercise of its authority, the Monetary
20 Board shall:

21 xxx

22 “(e) indemnify its members and other officials of the *Bangko*
23 *Sentral*, including personnel of the departments performing supervision
24 and examination functions against all costs and expenses reasonably
25 incurred by such persons in connection with any civil or criminal action,

1 suit or proceedings to which he may be, or is, made a party by reason of
2 the performance of his functions or duties, unless he is finally adjudged in
3 such action or proceeding to be liable for [negligence or misconduct]
4 **WILLFUL VIOLATION OF THIS ACT, PERFORMED IN EVIDENT BAD**
5 **FAITH OR WITH GROSS NEGLIGENCE.**

6 "In the event of a settlement or compromise, indemnification shall
7 be provided only in connection with such matters covered by the
8 settlement as to which the *Bangko Sentral* is advised by external counsel
9 that the person to be indemnified did not commit [any negligence or
10 misconduct] **WILLFUL VIOLATION OF THIS ACT, PERFORMED IN**
11 **EVIDENT BAD FAITH OR WITH GROSS NEGLIGENCE.**

12 "The costs and expenses incurred in defending the aforementioned
13 action, suit or proceeding may be paid by the *Bangko Sentral* in advance
14 of the final disposition of such action, suit or proceeding upon receipt of an
15 undertaking by or on behalf of the member, officer, or employee to repay
16 the amount advanced should it ultimately be determined by the Monetary
17 Board that he is not entitled to be indemnified as provided in this
18 subsection."

19 **SEC. 5.** Section 16 of the same Act is hereby amended to read as follows:

20 "SEC. 16. *Responsibility.* - **THE GENERAL RULE AND THE**
21 **EXCEPTION THEREFROM ON THE LIABILITY OF PUBLIC OFFICERS**
22 **AS PROVIDED IN SECTIONS 38 AND 39 OF CHAPTER 9, BOOK 1 OF**
23 **THE REVISED ADMINISTRATIVE CODE OF 1987 SHALL APPLY TO**
24 **THE** members of the Monetary Board [, officials, examiners, and
25 employees] **AND OTHER ORGANIC PERSONNEL** of the *Bangko Sentral*

1 [who willfully violate this Act or who are guilty of negligence, abuses or
2 acts of malfeasance or misfeasance or fail to exercise extraordinary
3 diligence in the performance of his duties shall be held liable for any loss
4 or injury suffered by the *Bangko Sentral* or other banking institutions as a
5 result of such violation, negligence, abuse, malfeasance, misfeasance or
6 failure to exercise extraordinary diligence].

7 "Similar responsibility shall apply to members **OF THE MONETARY**
8 **BOARD,** [officers, and employees] **AND OTHER ORGANIC**
9 **PERSONNEL** of the *Bangko Sentral* for: (1) the disclosure of any
10 information of a confidential nature, or any information on the discussions
11 or resolutions of the Monetary Board, or about the confidential operations
12 of the *Bangko Sentral*, unless the disclosure is in connection with the
13 performance of official functions with the *Bangko Sentral*, or is with prior
14 authorization of the Monetary Board or the Governor; or (2) the use of
15 such information for personal gain or to the detriment of the Government,
16 the *Bangko Sentral* or third parties: *Provided, however,* That any data or
17 information required to be submitted to the President and/or the Congress,
18 or to be published under the provisions of this Act shall not be considered
19 confidential.

20 "THE ABOVE NOTWITHSTANDING, MEMBERS OF THE
21 MONETARY BOARD AND OTHER ORGANIC PERSONNEL OF THE
22 BANGKO SENTRAL SHALL NOT BE SUBJECT TO ANY ACTION,
23 CLAIM OR DEMAND IN CONNECTION WITH ANY ACT DONE OR
24 OMITTED BY THEM IN THE PERFORMANCE OF THEIR DUTIES
25 AND EXERCISE OF THEIR POWERS EXCEPT FOR THOSE

1 ACTIONS AND OMISSIONS DONE IN EVIDENT BAD FAITH OR
2 WITH GROSS NEGLIGENCE. UNLESS THE ACTIONS OR
3 OMISSIONS OF THE BANGKO SENTRAL, MEMBERS OF THE
4 MONETARY BOARD AND ITS OTHER ORGANIC PERSONNEL
5 ARE FINALLY ADJUDGED TO BE IN WILLFUL VIOLATION OF
6 THIS ACT, PERFORMED IN EVIDENT BAD FAITH OR WITH
7 GROSS NEGLIGENCE, THEY ARE HELD FREE AND HARMLESS
8 TO THE FULLEST EXTENT PERMITTED BY LAW FROM ANY
9 LIABILITY, AND THEY SHALL BE INDEMNIFIED FOR ANY AND
10 ALL LIABILITIES, LOSSES, CLAIMS, DEMANDS, DAMAGES,
11 DEFICIENCIES, COSTS AND EXPENSES OF WHATSOEVER KIND
12 AND NATURE THAT MAY ARISE IN CONNECTION WITH THE
13 EXERCISE OF THEIR POWERS AND PERFORMANCE OF THEIR
14 DUTIES AND FUNCTIONS.”

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

16 “SEC. 21. *Deputy Governors.* — The Governor of the *Bangko*
17 *Sentral*, with the approval of the Monetary Board, shall appoint not
18 more than [three (3)] **FIVE (5)** Deputy Governors who shall perform
19 duties as may be assigned to them by the Governor and the Board.

20 “In the absence of the Governor, a Deputy Governor designated
21 by the Governor shall act as chief executive of the *Bangko Sentral* and
22 shall exercise the powers and perform the duties of the Governor.
23 Whenever the [Government] **GOVERNOR** is unable to attend meetings
24 of government boards or councils in which he is an ex officio member
25 pursuant to provisions of special laws, a Deputy Governor as may be

1 designated by the Governor shall be vested with authority to participate
2 and exercise the right to vote in such meetings."

3 **SEC. 7.** Section 23 of the same Act is hereby amended to read as follows:

4 "SEC. 23. *Authority to Obtain Data and Information.* — The
5 *Bangko Sentral* shall have the authority to **REQUIRE** [request] from
6 **ANY PERSON OR ENTITY, INCLUDING** government offices and
7 instrumentalities, or government-owned or -controlled corporations,
8 any data [which it may], **FOR STATISTICAL AND POLICY**
9 **DEVELOPMENT PURPOSES** [require for] **IN RELATION TO** the
10 proper discharge of its functions and responsibilities, **PROVIDED,**
11 **THAT DISAGGREGATED DATA GATHERED ARE SUBJECT TO**
12 **PREVAILING CONFIDENTIALITY LAWS.** The *Bangko Sentral*
13 through the Governor or in his absence, a duly authorized
14 representative shall have the power to issue a subpoena for the
15 production of the books and records for the aforesaid purpose. Those
16 who refuse the subpoena without justifiable cause, or who refuse to
17 supply the [bank] **BANGKO SENTRAL** with data [requested or]
18 required, shall be subject to punishment for contempt in accordance
19 with the provisions of the Rules of Court.

20 Data on individuals **AND** firms, other than banks, gathered by
21 the [Department of Economic Research and other departments or units
22 of the] *Bangko Sentral* shall not be made available to any person or
23 entity outside of the *Bangko Sentral* whether public or private except
24 under order of the court or under such conditions as may be prescribed
25 by the Monetary Board: *Provided, however,* That the collective data on

1 firms may be released to interested persons or entities: *Provided,*
2 *finally,* That in the case of data on banks, the provisions of Section 27
3 of this Act shall apply."

4 **SEC. 8.** Section 25 of the same Act is hereby amended to read as follows:

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

9 "For purposes of this section, a subsidiary means a corporation
10 more than fifty percent (50%) of the voting stock of which is **DIRECTLY**
11 **OR INDIRECTLY** owned, **CONTROLLED OR HELD WITH POWER**
12 **TO VOTE** by a bank or quasi-bank and an affiliate means a
13 corporation the voting stock of which, to the extent of fifty percent
14 (50%) or less, is owned by a bank or quasi-bank or which is related or
15 linked **DIRECTLY OR INDIRECTLY** to such institution or intermediary
16 through common stockholders or such other factors as may be
17 determined by the Monetary Board.

18 "THE *BANGKO SENTRAL* SHALL HAVE REGULATORY
19 AUTHORITY OVER, AND CONDUCT REGULAR OR SPECIAL
20 EXAMINATIONS OF, ENTITIES WHICH UNDER THIS ACT OR BY
21 SPECIAL LAWS ARE SUBJECT TO ITS JURISDICTION.

22 "THE *BANGKO SENTRAL* SHALL ALSO HAVE THE POWER
23 TO OBTAIN INFORMATION FROM THE PARENT OR OTHER
24 AFFILIATE COMPANIES OF SUPERVISED INSTITUTIONS AND
25 EXAMINE SPECIFIC TRANSACTIONS BETWEEN A SUPERVISED

1 INSTITUTION AND SAID ENTITIES THAT MAY HAVE AN IMPACT
2 ON THE SAFETY AND SOUNDNESS OF THE BANK, FOR
3 SUPERVISORY PURPOSES.

4 "A PARENT COMPANY MEANS A CORPORATION WHICH
5 OWNS OR HOLDS WITH POWER TO VOTE DIRECTLY OR
6 INDIRECTLY THE VOTING STOCK OF A SUPERVISED
7 INSTITUTION OF THE *BANGKO SENTRAL* SUFFICIENT TO
8 CONTROL ITS MANAGEMENT AND OPERATIONS, SUBJECT TO
9 THE GUIDELINES ISSUED BY THE MONETARY BOARD.

10 "AS USED IN THIS SECTION AND SECTION 25-A, AND
11 SUBJECT TO THE GUIDELINES ISSUED BY THE MONETARY
12 BOARD, CONTROL EXISTS WHEN THE PARENT COMPANY
13 OWNS DIRECTLY OR INDIRECTLY MORE THAN ONE HALF OF
14 THE VOTING STOCK OF A SUPERVISED INSTITUTION. CONTROL
15 ALSO EXISTS EVEN WHEN THE PARENT COMPANY OWNS ONE
16 HALF OR LESS OF THE VOTING STOCK OF THE SUPERVISED
17 INSTITUTION WHEN: (1) THERE IS POWER OVER MORE THAN
18 ONE HALF OF THE VOTING RIGHTS BY PROXY OR BY VIRTUE
19 OF AN AGREEMENT WITH OTHER INVESTORS WHICH THEREBY
20 ENABLES THE PARENT COMPANY TO CAST THE MAJORITY OF
21 VOTES AT MEETINGS OF THE STOCKHOLDERS OF THE
22 SUPERVISED INSTITUTION OR TO ELECT THE MAJORITY OF
23 MEMBERS OF THE BOARD OF DIRECTORS OF THE
24 SUPERVISED INSTITUTION, OR (2) THERE IS POWER TO
25 DETERMINE THE FINANCIAL AND OPERATING POLICIES OF THE

1 SUPERVISED INSTITUTION, OR OTHER SIMILAR
2 ARRANGEMENTS.

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

24 "No restraining order or injunction shall be issued by the court
25 enjoining the *Bangko Sentral* from examining any institution subject to

1 supervision or examination by the *Bangko Sentral*, unless there is
2 convincing proof that the action of the *Bangko Sentral* is plainly
3 arbitrary and made in bad faith and the petitioner or plaintiff files with
4 the clerk or judge of the court in which the action is pending a bond
5 executed in favor of the *Bangko Sentral*, in an amount to be fixed by
6 the court. The provisions of Rule 58 of the New Rules of Court insofar
7 as they are applicable and not inconsistent with the provisions of this
8 section shall govern the issuance and dissolution of the restraining
9 order or injunction contemplated in this section."

10 **SEC. 9.** A new section entitled Section 25-A is hereby included in the same
11 Act to read as follows:

12 "SEC. 25-A. *AUTHORITY TO APPROVE TRANSFER OF*
13 *SHARES - TRANSFERS OR ACQUISITIONS, OR A SERIES*
14 *THEREOF, OF AT LEAST TEN PERCENT (10%) OF THE VOTING*
15 *SHARES IN BANKS OR QUASI-BANKS SHALL REQUIRE THE*
16 *PRIOR APPROVAL OF THE BANGKO SENTRAL. THE SELLING*
17 *OR CONVEYING STOCKHOLDER SHALL SUBMIT SUCH*
18 *TRANSFER OR ACQUISITION FOR APPROVAL BY THE BANGKO*
19 *SENTRAL WITHIN SUCH PERIOD AS MAY BE PRESCRIBED BY*
20 *THE MONETARY BOARD. IN APPROVING SUCH TRANSFERS OR*
21 *ACQUISITIONS, REGARD SHALL BE GIVEN BY THE BANGKO*
22 *SENTRAL TO THE FITNESS OF THE INCOMING STOCKHOLDERS*
23 *AS MAY BE INDICATED IN THEIR INTEGRITY, REPUTATION AND*
24 *FINANCIAL CAPACITY. WITHOUT BANGKO SENTRAL*
25 *APPROVAL, NO SUCH TRANSFER OR ACQUISITION SHALL*

1 HAVE LEGAL EFFECT NOR SHALL THE SAME BE RECOGNIZED
2 IN THE BOOKS OF THE INSTITUTION OR BY ANY GOVERNMENT
3 AGENCY, AND THE TRANSFEROR-STOCKHOLDERS SHALL
4 REMAIN ACCOUNTABLE AND RESPONSIBLE THEREFOR.
5 TRANSFER OF ACTUAL CONTROL OR MANAGEMENT OF THE
6 INSTITUTION TO THE NEW STOCKHOLDERS OR THEIR
7 REPRESENTATIVES PRIOR TO *BANGKO SENTRAL* APPROVAL
8 SHALL MAKE THE TRANSFEROR, THE TRANSFEREE AND ANY
9 PERSON RESPONSIBLE THEREFOR LIABLE UNDER SECTIONS
10 36 AND 37 OF THIS ACT. NOTWITHSTANDING ANY PROVISION
11 OF LAW TO THE CONTRARY, THE *BANGKO SENTRAL* MAY
12 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 **SEC. 10.** Section 27 (d) of the same Act is hereby amended to read as
18 follows:

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

22 xxx

23 “(d) borrowing from any institution subject to supervision or
24 examination by the *Bangko Sentral* [shall be prohibited] unless said
25 borrowing[s are] **IS TRANSACTED ON AN ARM’S LENGTH BASIS**

1 [adequately secured], fully disclosed to the Monetary Board, and shall
2 be subject to such rules and regulations as the Monetary Board may
3 prescribe[: Provided, however, That personnel of the supervising and
4 examining departments are prohibited from borrowing from a bank
5 under their supervision and examination]. xxx"

6 **SEC. 11.** Section 28 of the same Act is hereby amended to read as follows:

7 "SEC. 28. *Examination and Fees.* — The supervising and
8 examining department head, personally or by deputy, shall examine
9 the [books] **OPERATIONS** of every bank[ing] **AND QUASI-BANK,**
10 **INCLUDING THEIR SUBSIDIARIES AND AFFILIATES ENGAGED IN**
11 **ALLIED ACTIVITIES, AND OTHER ENTITIES WHICH UNDER THIS**
12 **ACT OR SPECIAL LAWS ARE SUBJECT TO BANGKO SENTRAL**
13 **SUPERVISION, IN ACCORDANCE WITH THE GUIDELINES SET BY**
14 **THE MONETARY BOARD TAKING INTO CONSIDERATION SOUND**
15 **AND PRUDENT PRACTICES.** [once in every twelve (12) months, and
16 at such other times as the Monetary Board by an affirmative vote of
17 five (5) members, may deem expedient and to make a report on the
18 same to the Monetary Board:] *Provided,* That there shall be an interval
19 of at least twelve (12) months between [annual] **REGULAR**
20 **examinations; PROVIDED, FURTHER, THAT THE MONETARY**
21 **BOARD, BY AN AFFIRMATIVE VOTE OF AT LEAST FIVE (5)**
22 **MEMBERS, MAY AUTHORIZE A SPECIAL EXAMINATION IF THE**
23 **CIRCUMSTANCES WARRANT.**

24 "The **INSTITUTION** [bank] concerned shall afford to the head of
25 the appropriate supervising and examining departments and to his

1 authorized deputies full opportunity to examine its books **AND**
2 **RECORDS**, cash and [available] assets and general condition **AND**
3 **REVIEW ITS SYSTEMS AND PROCEDURES** at any time during
4 **BUSINESS** [banking] hours when requested to do so by the *Bangko*
5 *Sentral: Provided, however,* That none of the reports and other papers
6 relative to such examinations shall be open to inspection by the public
7 except insofar as such publicity is incidental to the proceedings
8 hereinafter authorized or is necessary for the prosecution of violations
9 in connection with the business of such institutions.

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

21 **SEC. 12.** A new section entitled Section 28-A is hereby included in the same
22 Act to read as follows:

23 "SEC. 28-A. *BANGKO SENTRAL COORDINATION.* – THE
24 **SUSPENSION OR REVOCATION OF ANY GOVERNMENT LICENSE**
25 **NECESSARY FOR THE OPERATION OF A BANGKO SENTRAL-**

1 SUPERVISED ENTITY MUST BE DONE ONLY WITH PRIOR
2 COORDINATION WITH THE *BANGKO SENTRAL*."

3 SEC. 13. Section 30 of the same Act is hereby amended to read as follows:

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

7 "(a) HAS NOTIFIED THE BANGKO SENTRAL OR PUBLICLY
8 ANNOUNCED A UNILATERAL CLOSURE, OR HAS BEEN
9 DORMANT FOR AT LEAST SIXTY (60) DAYS OR IN ANY MANNER
10 HAS SUSPENDED THE PAYMENT OF ITS DEPOSIT/DEPOSIT
11 SUBSTITUTE LIABILITIES, OR is unable to pay its liabilities as they
12 become due in the ordinary course of business: *Provided*, That this
13 shall not include inability to pay caused by extraordinary demands
14 induced by financial panic in the banking community;

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

17 "(c) cannot continue in business without involving probable
18 losses to its depositors or creditors; or

19 "(d) has willfully violated a cease and desist order under Section
20 37 that has become final, involving acts or transactions which amount
21 to fraud or a dissipation of the assets of the institution;

22 in which cases, the Monetary Board may summarily and without need
23 for prior hearing forbid the institution from doing business in the
24 Philippines and designate the Philippine Deposit Insurance
25 Corporation (PDIC) as receiver **IN THE CASE OF BANKS** [of the

1 banking institution] AND DIRECT THE PDIC TO PROCEED WITH
2 THE LIQUIDATION OF THE CLOSED BANK PURSUANT TO THIS
3 SECTION AND THE RELEVANT PROVISIONS OF REPUBLIC ACT
4 NO. 3591, AS AMENDED. THE MONETARY BOARD SHALL
5 NOTIFY IN WRITING, THROUGH THE RECEIVER, THE BOARD OF
6 DIRECTORS OF THE CLOSED BANK OF ITS DECISION.

7 "[For a quasi-bank, any person of recognized competence in
8 banking or finance may be designated as receiver.]

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

23 "[If the receiver determines that the institution cannot be
24 rehabilitated or permitted to resume business in accordance with the
25 next preceding paragraph, the Monetary Board shall notify in writing

1 the board of directors of its findings and direct the receiver to proceed
2 with the liquidation of the institution. The receiver shall:]

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

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

1 receivership or liquidation, be exempt from any order of garnishment,
2 levy, attachment, or execution.]

3 "The actions of the Monetary Board taken under this section or
4 under Section 29 of this Act shall be final and executory, and may not
5 be restrained or set aside by the court except on petition for *certiorari*
6 on the ground that the action taken was in excess of jurisdiction or with
7 such grave abuse of discretion as to amount to lack or excess of
8 jurisdiction. The petition for *certiorari* may only be filed by the
9 stockholders of record representing the majority of the capital stock
10 within ten (10) days from receipt by the board of directors of the
11 institution of the order directing receivership, liquidation or
12 conservatorship. The designation of a conservator under Section 29 of
13 this Act or the appointment of a receiver under this section shall be
14 vested exclusively with the Monetary Board. Furthermore, the
15 designation of a conservator is not a precondition to the designation of
16 a receiver.

17 "THE AUTHORITY OF THE MONETARY BOARD TO
18 SUMMARILY AND WITHOUT NEED FOR PRIOR HEARING FORBID
19 THE BANK OR QUASI-BANK FROM DOING BUSINESS IN THE
20 PHILIPPINES AS PROVIDED ABOVE MAY ALSO BE EXERCISED
21 OVER NON-STOCK SAVINGS AND LOAN ASSOCIATIONS, BASED
22 ON THE SAME APPLICABLE GROUNDS. FOR QUASI-BANKS AND
23 NON-STOCK SAVINGS AND LOAN ASSOCIATIONS, ANY PERSON
24 OF RECOGNIZED COMPETENCE IN BANKING, CREDIT OR

1 FINANCE MAY BE DESIGNATED BY THE *BANGKO SENTRAL* AS
2 A RECEIVER.”

3 **SEC. 14.** Section 31 of the same Act is hereby deleted.

4 “[SEC. 31. *Distribution of Assets.* — In case of liquidation of a
5 bank or quasi-bank, after payment of the cost of proceedings, including
6 reasonable expenses and fees of the receiver to be allowed by the
7 court, the receiver shall pay the debts of such institution, under order of
8 the court, in accordance with the rules on concurrence and preference
9 of credit as provided in the Civil Code.]”

10 **SEC. 15.** Section 32 of the same Act is hereby deleted.

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

21 **SEC. 16.** Section 34 of the same Act is hereby amended to read as follows:

22 “SEC. 34. *Refusal to Make Reports or Permit Examination.* —
23 Any officer, owner, agent, manager, director or officer-in-charge of any
24 institution [subject to the supervision or examination by the *Bangko*
25 *Sentral* within the purview of this act] who, being required in writing by

1 the Monetary Board or by the head of the supervising and examining
2 department **WITHIN THE PURVIEW OF THIS ACT AND RELEVANT**
3 **LAWS** willfully refuses to file the required report or permit any lawful
4 examination into the affairs of such institution shall be punished by a
5 fine of not less than fifty thousand pesos (P50,000) nor more than [one
6 hundred thousand pesos (P100,000)] **TWO MILLION PESOS**
7 **(P2,000,000)** or by imprisonment of not less than one (1) year nor
8 more than five (5) years, or both, [in] **AT** the discretion of the court.

9 "THIS SHALL ALSO APPLY TO THE OFFICER, OWNER,
10 AGENT, MANAGER, DIRECTOR OR OFFICER-IN-CHARGE OF THE
11 AFFILIATE COMPANY/IES AND PARENT COMPANY OF A BANK
12 OR QUASI-BANK, AS WELL AS THE AFFILIATES OF SUCH
13 PARENT COMPANY, WHOSE TRANSACTIONS ARE SUBJECT TO
14 EXAMINATION UNDER THIS LAW."

15 **SEC. 17.** Section 35 of the same Act is hereby amended to read as follows"

16 "SEC. 35. *False Statement.* — The willful making of a false or
17 misleading statement on a material fact to the Monetary Board or to
18 the examiners of the *Bangko Sentral* shall be punished by a fine of not
19 less than One hundred thousand pesos (P100,000) nor more than
20 [Two hundred thousand pesos (P200,000)] **TWO MILLION PESOS**
21 **(P2,000,000)**, or by imprisonment of not more than (5) years, or both,
22 at the discretion of the court."

23 **SEC. 18.** Section 36 of the same Act is hereby amended to read as follows:

24 "SEC. 36. *Proceedings Upon Violation of This Act and Other*
25 *Banking Laws, Rules, Regulations, Orders or Instructions.* —

1 Whenever a bank, [or] quasi-bank, **INCLUDING THEIR**
2 **SUBSIDIARIES AND AFFILIATES ENGAGED IN ALLIED**
3 **ACTIVITIES OR OTHER ENTITY WHICH UNDER THIS ACT OR**
4 **SPECIAL LAWS IS SUBJECT TO BANGKO SENTRAL**
5 **SUPERVISION** or whenever any person or entity willfully violates this
6 Act or other pertinent banking laws being enforced or implemented by
7 the *Bangko Sentral* or any order, instruction, rule or regulation issued
8 by the Monetary Board, the person or persons responsible for such
9 violation shall unless otherwise provided in this Act be punished by a
10 fine of not less than Fifty thousand pesos (P50,000) nor more than
11 [Two hundred thousand pesos (P200,000)] **TWO MILLION PESOS**
12 **(P2,000,000.00)** or by imprisonment of not less than two (2) years nor
13 more than ten (10) years, or both, at the discretion of the court.

14 "Whenever **AN ENTITY UNDER BANGKO SENTRAL**
15 **SUPERVISION** [a bank or quasi-bank] persists in carrying on its
16 business in an unlawful or unsafe manner, the Board may, without
17 prejudice to the penalties provided in the preceding paragraph of this
18 Section and the administrative sanctions provided in Section 37 of this
19 Act, take action under Section 30 of this Act.

20 "THE **BANGKO SENTRAL** MAY GRANT INFORMER'S
21 **REWARD TO ANY PERSON, EXCEPT AN OFFICER OR**
22 **EMPLOYEE OF THE BANGKO SENTRAL OR OF ANY**
23 **INTELLIGENCE OR LAW ENFORCEMENT AGENCY, INCLUDING**
24 **THE RELATIVES OF SUCH OFFICER OR EMPLOYEE WITHIN THE**
25 **FOURTH DEGREE OF CONSANGUINITY OR AFFINITY, WHO**

1 VOLUNTARILY GIVE DEFINITE INFORMATION NOT YET IN THE
2 POSSESSION OF THE *BANGKO SENTRAL* LEADING TO THE: (A)
3 ARREST OF BANK DIRECTORS OR OFFICERS AND/OR BSP
4 PERSONNEL FOR VIOLATION OF THIS ACT OR ANY BANKING
5 AND OTHER LAWS IMPLEMENTED OR ENFORCED BY THE
6 *BANGKO SENTRAL*, OR FOR VIOLATION OF OTHER PENAL
7 LAWS COMMITTED IN CONNECTION WITH THEIR EMPLOYMENT
8 OR FUNCTIONS; OR (B) FILING OF CRIMINAL CHARGES
9 AGAINST ANY PERSON FOR VIOLATION OF SECTION 50 OF
10 THIS ACT.

11 "THE MONETARY BOARD IS HEREBY AUTHORIZED TO
12 PROMULGATE THE IMPLEMENTING GUIDELINES FOR THE
13 GRANT OF INFORMER'S REWARD, WHICH IN NO CASE SHALL
14 EXCEED ONE MILLION PESOS (P1,000,000.00). SAID GUIDELINES
15 MAY PROVIDE FOR ADDITIONAL QUALIFICATIONS AND
16 DISQUALIFICATIONS OF INFORMANTS AS WELL AS THE FORM
17 AND MINIMUM CONTENT OF THE INFORMATION GIVEN.

18 "THE CASH REWARD OF INFORMERS SHALL BE
19 SUBJECT TO APPLICABLE WITHHOLDING TAXES."

20 SEC. 19. Section 37 of the same Act is hereby amended to read as follows:

21 "SEC. 37. *Administrative Sanctions on [Banks and Quasi-*
22 *Banks]* **SUPERVISED ENTITIES**. — Without prejudice to the criminal
23 sanctions against the culpable persons provided in Sections 34, 35,
24 and 36 of this Act, the Monetary Board may, at its discretion, impose
25 upon any bank, [or] quasi-bank, **INCLUDING THEIR SUBSIDIARIES**

1 AND AFFILIATES ENGAGED IN ALLIED ACTIVITIES, OR OTHER
2 ENTITY WHICH UNDER THIS ACT OR SPECIAL LAWS ARE
3 SUBJECT TO THE *BANGKO SENTRAL* SUPERVISION, AND/OR
4 their directors, officers [and/]or **EMPLOYEES**, for any willful violation of
5 its charter or by-laws, willful delay in the submission of reports or
6 publications thereof as required by law, rules and regulations; any
7 refusal to permit examination into the affairs of the institution; any
8 willful making of a false or misleading statement to the Board or the
9 appropriate supervising and examining department or its examiners;
10 any willful failure or refusal to comply with, or violation of, any banking
11 law or any order, instruction or regulation issued by the Monetary
12 Board, or any order, instruction or ruling by the Governor; or any
13 commission of irregularities, and/or conducting business in an unsafe
14 or unsound manner as may be determined by the Monetary Board, the
15 following administrative sanctions, whenever applicable:

16 “(a) fines in amounts as may be determined by the Monetary
17 Board to be appropriate, but in no case to exceed [Thirty thousand
18 pesos (P30,000)] **ONE MILLION PESOS (P1,000,000.00) FOR EACH**
19 **TRANSACTIONAL VIOLATION OR ONE HUNDRED THOUSAND**
20 **PESOS (P100,000.00) PER CALENDAR** [a]day for [each] violationS
21 **OF A CONTINUING NATURE**, taking into consideration the attendant
22 circumstances, such as the nature and gravity of the violation or
23 irregularity and the size of the **INSTITUTION**, [bank or quasi-bank]
24 **PROVIDED: THAT IN CASE PROFIT IS GAINED OR LOSS IS**
25 **AVOIDED AS A RESULT OF THE VIOLATION, A FINE NO MORE**

1 THAN THREE (3) TIMES THE PROFIT GAINED OR LOSS AVOIDED
2 MAY ALSO BE IMPOSED;

3 "(b) suspension of rediscounting privileges or access to *Bangko*
4 *Sentral* credit facilities;

5 "(c) suspension of lending or foreign exchange operations or
6 authority to accept new deposits or make new investments;

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

8 "(e) **SUSPENSION OR** revocation of quasi-banking **OR OTHER**
9 **SPECIAL** licenses.

10 "Resignation or termination from office shall not exempt such
11 director, officer **OR EMPLOYEE** from administrative or criminal
12 sanctions.

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

23 "The above administrative sanctions need not be applied in the
24 order of their severity. **THE MONETARY BOARD MAY FORBEAR**
25 **FROM IMPOSING ADMINISTRATIVE SANCTIONS, IF IN ITS**

1 DETERMINATION, ENFORCEMENT IS NOT AN EFFECTIVE
2 MEANS TO ADDRESS THE BREACH COMMITTED SUBJECT TO
3 SUCH TERMS AND CONDITIONS AS THE MONETARY BOARD
4 MAY IMPOSE.

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

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

23 "The Governor is hereby authorized, at his discretion, to impose
24 upon [banking institutions], **BANKS AND QUASI-BANKS,**
25 **INCLUDING THEIR SUBSIDIARIES AND AFFILIATES ENGAGED IN**

1 ALLIED ACTIVITIES, AND OTHER ENTITIES WHICH UNDER THIS
2 ACT OR SPECIAL LAWS ARE SUBJECT TO *BANGKO SENTRAL*
3 **SUPERVISION** for any failure to comply with the requirements of law,
4 Monetary Board regulations and policies, and/or instructions issued by
5 the Monetary Board or by the Governor, fines not in excess of [Ten
6 thousand pesos (P10,000)] **ONE HUNDRED THOUSAND PESOS**
7 **(P100,000.00) FOR EACH TRANSACTIONAL VIOLATION OR**
8 **THIRTY THOUSAND PESOS (P30,000.00) PER CALENDAR [a] day**
9 for [each] violation**S OF A CONTINUING NATURE**, the imposition of
10 which shall be final and executory until reversed, modified or lifted by
11 the Monetary Board on appeal."

12 **SEC. 20.** A new section entitled Section 38-A is hereby included in the same
13 Act to read as follows:

14 "SEC. 38-A. *ISSUANCE OF INJUNCTIVE RELIEF AGAINST*
15 *BANGKO SENTRAL ACTIONS.* – NO COURT, OTHER THAN THE
16 COURT OF APPEALS AND THE SUPREME COURT, SHALL ISSUE
17 ANY TEMPORARY RESTRAINING ORDER, PRELIMINARY
18 INJUNCTION OR PRELIMINARY MANDATORY INJUNCTION
19 AGAINST THE *BANGKO SENTRAL* FOR ANY ACTION UNDER
20 THIS ACT.

21 "ANY RESTRAINING ORDER OR INJUNCTION ISSUED IN
22 VIOLATION OF THIS SECTION IS VOID AND OF NO FORCE AND
23 EFFECT.

24 "THE PROVISIONS OF THE RULES OF COURT ON
25 INJUNCTIONS INsofar AS THESE ARE APPLICABLE AND NOT

1 INCONSISTENT WITH THE PROVISIONS OF THIS ACT SHALL
2 GOVERN THE ISSUANCE AND DISSOLUTION OF RESTRAINING
3 ORDERS OR INJUNCTIONS AGAINST THE *BANGKO SENTRAL*.”

4 **SEC. 21.** Section 39 of the same Act is hereby amended as follows:

5 “SEC. 39. *Reports and Publications.* - The *Bangko Sentral*
6 shall publish a general balance sheet showing the volume and
7 composition of its assets and liabilities as of the last working day of the
8 month within [sixty (60)] **NINETY (90)** days after the end of each
9 month, **WHICH MAY BE REASONABLY EXTENDED BY THE**
10 **BANGKO SENTRAL AS WARRANTED.** [except for the month of
11 December, which shall be submitted within ninety (90) days after the
12 end thereof.]

13 “The Monetary Board shall publish and submit the following
14 reports to the President and to the Congress:

15 “(a) not later than ninety (90) days after the end of each
16 quarter, an analysis of economic and financial developments, including
17 the condition of net international reserves and monetary aggregates;

18 “(b) within ninety (90) days after the end of the year, **WHICH**
19 **MAY BE REASONABLY EXTENDED BY THE BANGKO SENTRAL**
20 **AS WARRANTED,** the preceding year's budget and profit and loss
21 statement of the *Bangko Sentral* showing in reasonable detail the
22 result of its operations;

23 “(c) one hundred twenty (120) days after the end of each
24 semester, a review of the state of the financial system; and

1 “(d) as soon as practicable, abnormal movements in
2 monetary aggregates and the general price level, and, not later than
3 seventy-two (72) hours after they are taken, remedial measures in
4 response to such abnormal movements.”

5
6 **SEC. 22.** Section 40 of the same Act is hereby amended as follows:

7 “SEC. 40. *Annual Report.* - Before the end of [March] **JUNE**
8 of each year, the *Bangko Sentral* shall publish and submit to the
9 President and the Congress an annual report on the condition of the
10 *Bangko Sentral* including a review of the policies and measures
11 adopted by the Monetary Board during the past year and an analysis of
12 the economic and financial circumstances which gave rise to said
13 policies and measures.

14 “The annual report shall also include a statement of the financial
15 condition of the *Bangko Sentral* and a statistical appendix which shall
16 present, as a minimum, the following data:

17 “(a) the monthly movement of monetary aggregates and their
18 components;

19 “(b) the monthly movement of purchases and sales of foreign
20 exchange and of the international reserves of the *Bangko Sentral*;

21 “(c) the balance of payments of the Philippines;

22 “(d) monthly indices of consumer prices and of import and
23 export prices;

24 “(e) the monthly movement, in summary form, of exports and
25 imports, by volume and value;

1 “(f) the monthly movement of the accounts of the *Bangko*
2 *Sentral* and of other banks;

3 “(g) the principal data on government receipts and
4 expenditures and on the status of the public debt, both domestic and
5 foreign; and

6 “(h) the texts of the major legal and administrative measures
7 adopted by the Government and the Monetary Board during the year
8 which relate to the functions or operations of the *Bangko Sentral* or of
9 the financial system.

10 “The *Bangko Sentral* shall publish another version of the annual
11 report in terms understandable to the layman.

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

16 **SEC. 23.** Section 43 of the same Act is hereby amended as follows:

17 “SEC. 43. *Computation of Profits and Losses.* — Within the first
18 [thirty (30)] **SIXTY (60)** days following the end of each year, the
19 *Bangko Sentral* shall determine its net profits or losses. [In the
20 calculation of net profits, the *Bangko Sentral* shall make adequate
21 allowance or establish adequate reserves for bad and doubtful
22 accounts] **NOTWITHSTANDING ANY PROVISION OF LAW TO THE**
23 **CONTRARY, THE NET PROFIT OF THE BANGKO SENTRAL**
24 **SHALL BE DETERMINED AFTER ALLOWING FOR EXPENSES OF**
25 **OPERATION, ADEQUATE ALLOWANCES AND PROVISIONS FOR**

1 BAD AND DOUBTFUL DEBTS, DEPRECIATION IN ASSETS, AND
2 SUCH ALLOWANCES AND PROVISIONS FOR CONTINGENCIES
3 OR OTHER PURPOSES AS THE MONETARY BOARD MAY
4 DETERMINE IN ACCORDANCE WITH PRUDENT FINANCIAL
5 MANAGEMENT AND EFFECTIVE CENTRAL BANKING
6 OPERATIONS.”

7 SEC. 24. A new section entitled Section 43-A is hereby included in the same
8 Act to read as follows:

9 “SEC. 43-A. *BANGKO SENTRAL RESERVE FUND.* - THE
10 *BANGKO SENTRAL* SHALL ESTABLISH A RESERVE FUND,
11 WHENEVER IT HAS INCOME OR POSITIVE SURPLUS, TO
12 MITIGATE FUTURE RISKS SUCH AS, BUT NOT LIMITED TO, THE
13 IMPACTS OF FOREIGN EXCHANGE AND PRICE FLUCTUATIONS,
14 AND TO ADDRESS OTHER CONTINGENCIES INHERENT IN
15 CARRYING OUT THE *BANGKO SENTRAL*-MANDATED
16 FUNCTIONS AS CENTRAL MONETARY AUTHORITY. THE
17 RESERVE FUND SHALL CONSIST OF FLUCTUATION RESERVE,
18 CONTINGENCY RESERVE AND SUCH OTHER RESERVES AS THE
19 MONETARY BOARD DEEMS PRUDENT OR NECESSARY.

20 SEC. 25. Section 45 of the same Act is hereby amended to read as follows:

21 “SEC. 45. *Revaluation Profits and Losses.* — UNREALIZED
22 profits or losses arising from any revaluation of the *Bangko Sentral's*
23 [net] assets [or], liabilities OR DERIVATIVE INSTRUMENTS
24 DENOMINATED in [gold or] foreign currencies with respect to the
25 MOVEMENTS OF PRICES AND EXCHANGE RATES FROM THIRD

1 **CURRENCIES TO** Philippine peso shall not be included in the
2 computation of the annual profits and losses of the *Bangko Sentral*.
3 Any profits or losses arising in this manner shall be offset by any
4 amounts which, as a consequence of such revaluations, are owed by
5 the Philippines to any international or regional intergovernmental
6 financial institution of which the Philippines is a member or are owed
7 by these institutions to the Philippines. Any remaining **UNREALIZED**
8 profit or loss shall be carried in a **₱** [special frozen] account which shall
9 be named "Revaluation of International Reserve (RIR)", and the net
10 balance of which shall appear either among the liabilities or among the
11 assets of the *Bangko Sentral*, depending on whether the revaluations
12 have produced net profits or net losses.

13 "The [Revaluation of International Reserve] **RIR** account shall
14 be [neither] credited [nor] **OR** debited **FOR THE PERIODIC**
15 **REVALUATION AS AUTHORIZED IN THIS SECTION AND TO**
16 **REFLECT THE CORRESPONDING ADJUSTMENT RESULTING TO**
17 **REDUCTION IN THE BANGKO SENTRAL'S NET FOREIGN**
18 **ASSETS, LIABILITIES AND FOREIGN CURRENCY-DENOMINATED**
19 **DERIVATIVE INSTRUMENTS. THE RIR SHALL BE ADJUSTED AND**
20 **RECOGNIZED IN THE INCOME STATEMENT UPON SALE OF**
21 **GOLD AND FOREIGN SECURITIES, OR WHEN THE FOREIGN**
22 **CURRENCY IS REPATRIATED TO LOCAL CURRENCY OR IS**
23 **USED TO PAY FOREIGN OBLIGATIONS, OR UPON MATURITY OF**
24 **A FOREIGN CURRENCY-DENOMINATED FORWARD OR OPTION**

1 **CONTRACT INVOLVING THE PHILIPPINE PESO.** [for any purposes
2 other than those specifically authorized in this section.]”

3 **SEC. 26.** Section 61 of the same Act is hereby amended to read as follows:

4
5 “SEC. 61. *Guiding Principle.* — **THE MONETARY BOARD**
6 **SHALL REGULARLY ASSESS PRICE DEVELOPMENTS AND**
7 **OUTLOOK AND, BASED ON ITS ANALYSIS AND EVALUATION OF**
8 **INFLATIONARY PRESSURES, USE ITS POLICY INSTRUMENTS**
9 **TO ATTAIN AND MAINTAIN PRICE STABILITY.** [The Monetary
10 Board shall endeavor to control any expansion or contraction in
11 monetary aggregates which is prejudicial to the attainment or
12 maintenance of price stability.]”

13 **SEC. 27.** Section 63 of the same Act is hereby amended to read as follows:

14 “SEC. 63. *Action when Abnormal Movements Occur in the*
15 *[Monetary Aggregates, Credit, Or] Price Level.* — Whenever abnormal
16 movements in the [monetary aggregates, in credit, or in] prices
17 endanger the stability of the Philippine economy or important sectors
18 thereof, the Monetary Board shall:

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

22 “(b) submit to the President of the Philippines and the Congress,
23 and make public, a detailed report which shall include, as a minimum,
24 a description and analysis of:

1 “(1) the causes of the rise or fall of [the monetary
2 aggregates, of credit or of] prices;

3 “(2) the extent to which the changes in [the monetary
4 aggregates, in credit, or in] prices have been reflected in
5 changes in the level of domestic output, employment, wages
6 and economic activity in general, and the nature and
7 significance of any such changes; and

8 “(3) the measures which the Monetary Board has taken
9 and the other monetary, fiscal or administrative measures which
10 it recommends to be adopted.

11 “Whenever the [monetary aggregates, or the level of credit,
12 increases or decreases by more than fifteen percent (15%), or the]
13 cost of living index increases by more than ten percent (10%), in
14 relation to the level existing at the end of the corresponding month of
15 the preceding year, or even though [any of these] **THIS** quantitative
16 guideline[s have] **HAS** not been reached when in its judgment the
17 circumstances so warrant, the Monetary Board shall submit the reports
18 mentioned in this Section, and shall state therein whether, in the
19 opinion of the Board, said changes in the [monetary aggregates, credit
20 or] cost of living represent a threat to the stability of the Philippine
21 economy or of important sectors thereof.

22 “The Monetary Board shall continue to submit periodic reports to
23 the President of the Philippines and to Congress until it considers that
24 the [monetary, credit or] price disturbances have disappeared or have
25 been adequately controlled.”

1 **SEC. 28.** Section 66 of the same Act is hereby amended to read as follows:

2 "SECTION 66. *Composition of the International Reserves.* —

3 The international reserves of the Bangko Sentral may include but shall
4 not be limited to the following assets:

5 “(a) gold; and

6 “(b) assets in foreign currencies in the form of: documents
7 and instruments customarily employed for the international transfer of
8 funds; demand and time deposits in central banks, treasuries and
9 commercial banks abroad; foreign government securities; and foreign
10 notes and coins.

11 “The Monetary Board shall endeavor to hold the foreign
12 exchange resources of the Bangko Sentral in freely convertible
13 currencies[; moreover, the Board shall give particular consideration to
14 the prospects of continued strength and convertibility of the currencies
15 in which the reserve is maintained, as well as to the anticipated
16 demands for such currencies]. The Monetary Board shall issue
17 regulations determining the other qualifications which foreign exchange
18 assets must meet in order to be included in the international reserves
19 of the Bangko Sentral.

20 “The Bangko Sentral shall be free to convert any of the assets in
21 its international reserves into other assets as described in subsections
22 (a) and (b) of this section.”

23 **SEC. 29.** Section 81 of the same Act is hereby amended to read as follows:

24 “SEC. 81. *Guiding Principles.* — The rediscounts, discounts,
25 loans and advances which the *Bangko Sentral* is authorized to extend

1 to banking institutions, under the provisions of the present article of this
2 Act shall be used to influence the volume of credit consistent with the
3 objective of price stability **AND MAINTENANCE OF FINANCIAL**
4 **STABILITY."**

5 **SEC. 30.** Section 84 of the same Act is hereby amended to read as follows:

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

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

1 "The amount of any emergency loan or advance shall not
2 exceed the sum of fifty percent (50%) of total deposits and deposit
3 substitutes of the banking institution, and shall be disbursed in two (2)
4 or more tranches. The amount of the first tranche shall be limited to
5 twenty-five percent (25%) of the total deposit and deposit substitutes of
6 the institution and shall be secured by (A) government securities, (B)
7 **ACCEPTABLE GUARANTEES BACKED UP BY THE NATIONAL**
8 **GOVERNMENT OR ITS SECURITIES;** (C) [to the extent of their
9 applicable loan values and] other unencumbered first class collaterals
10 and (D) **OTHER KINDS OF COLLATERALS AS MAY BE**
11 **AUTHORIZED BY THE MONETARY BOARD IN ACCORDANCE**
12 **WITH SOUND RISK MANAGEMENT PRINCIPLES** [which the
13 Monetary Board may approve]: *Provided*, That if as determined by the
14 Monetary Board, the circumstances surrounding the emergency
15 warrant a loan or advance greater than the amount provided
16 hereinabove, the amount of the first tranche may exceed twenty-five
17 percent (25%) of the bank's total deposit and deposit substitutes if the
18 same is adequately secured by [applicable loan values of government
19 securities and unencumbered first class collaterals] **ANY OF THE**
20 **COLLATERALS SET FORTH ABOVE AS** approved by the Monetary
21 Board, and the principal stockholders of the institution furnish an
22 acceptable undertaking to indemnify and hold harmless from suit a
23 conservator whose appointment the Monetary Board may find
24 necessary at any time.

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

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

10 “(a) furnish an acceptable undertaking to indemnify and hold
11 harmless from suit a conservator whose appointment the Monetary
12 Board may find necessary at any time; and

13 “(b) provide acceptable security which, in the judgment of the
14 Monetary Board, would be adequate to supplement, where necessary,
15 the assets tendered by the banking institution to collateralize the
16 subsequent tranche.

17 “In connection with the exercise of these powers, the
18 prohibitions in Section 128 of this Act shall not apply insofar as it refers
19 to acceptance as collateral of shares and their acquisition as a result of
20 foreclosure proceedings, including the exercise of voting rights
21 pertaining to said shares: *Provided, however,* That should the *Bangko*
22 *Sentral* acquire any of the shares it has accepted as collateral as a
23 result of foreclosure proceedings, the *Bangko Sentral* shall dispose of
24 said shares by public bidding within one (1) year from the date of
25 consolidation of title by the *Bangko Sentral*.

1 "Whenever a financial institution incurs an overdraft in its
2 account with the *Bangko Sentral*, the same shall be eliminated within
3 the period prescribed in Section 102 of this Act."

4 **SEC. 31.** A new section entitled Section 88-A is hereby included in the same
5 Act to read as follows:

6 "SEC. 88-A. *EXEMPTION OF COLLATERALS FROM*
7 *ATTACHMENTS, EXECUTIONS AND OTHER RESTRICTIONS. –*
8 *COLLATERALS ON LOANS AND ADVANCES GRANTED BY THE*
9 *BANGKO SENTRAL, WHETHER OR NOT THE INTEREST OF THE*
10 *BANGKO SENTRAL IS REGISTERED, SHALL NOT BE SUBJECT*
11 *TO ATTACHMENT, EXECUTION OR ANY OTHER COURT*
12 *PROCESS OR ADMINISTRATIVE RESTRICTIONS ON LAND USE,*
13 *NOR SHALL THEY BE INCLUDED IN THE PROPERTY OF*
14 *INSOLVENT PERSONS OR INSTITUTIONS."*

15 **SEC. 32.** A new section entitled Section 88-B is hereby included in the same
16 Act to read as follows:

17 "SEC. 88-B. *DEPUTIZATION OF LEGAL STAFF IN CASE OF*
18 *FORECLOSURES. – IN CASE OF AN EXTRAJUDICIAL*
19 *FORECLOSURE OF MORTGAGE IN CONNECTION WITH LOANS*
20 *AND ADVANCES UNDER THIS ARTICLE, THE BANGKO SENTRAL*
21 *MAY DEPUTIZE ANY OF ITS LAWYERS TO CONDUCT THE*
22 *PUBLIC AUCTION PURSUANT TO ACT NO. 3135, AS AMENDED.*

23 "LIKEWISE, IN CASE OF A JUDICIAL FORECLOSURE IN
24 CONNECTION WITH LOANS AND ADVANCES UNDER THIS
25 ARTICLE, THE *BANGKO SENTRAL* MAY, WITH THE APPROVAL

1 OF THE COURT, DEPUTIZE ANY OF ITS LAWYERS TO ACT AS
2 SPECIAL SHERIFF IN THE SALE OF A DEBTOR'S PROPERTIES
3 AND IN THE ENFORCEMENT OF COURT WRITS AND
4 PROCESSES RELATED THERETO. THE SPECIAL SHERIFF OF
5 THE *BANGKO SENTRAL* SHALL MAKE A REPORT TO THE
6 PROPER COURT AFTER ANY ACTION HAS BEEN TAKEN BY HIM,
7 WHICH COURT SHALL TREAT SUCH ACTION AS IF IT WERE AN
8 ACT OF ITS OWN SHERIFF IN ALL RESPECTS.

9 "NO RESTRAINING ORDER OR INJUNCTION SHALL BE
10 ISSUED BY THE COURT ENJOINING THE *BANGKO SENTRAL*
11 FROM PROCEEDING WITH THE FORECLOSURE OF THE
12 MORTGAGE UNLESS A BOND IS POSTED IN FAVOR OF THE
13 *BANGKO SENTRAL* IN AN AMOUNT EQUIVALENT TO THE TOTAL
14 CLAIM OF THE *BANGKO SENTRAL*. THE RESTRAINING ORDER
15 OR INJUNCTION SHALL BE REFUSED OR, IF GRANTED, SHALL
16 BE DISSOLVED UPON FILING BY THE *BANGKO SENTRAL* OF A
17 BOND, WHICH MAY BE IN THE FORM OF A *BANGKO SENTRAL*
18 CHECK, IN AN AMOUNT TWICE THE AMOUNT OF THE ORIGINAL
19 BOND POSTED CONDITIONED THAT THE *BANGKO SENTRAL*
20 WILL PAY THE DAMAGES WHICH THE PARTY MAY SUFFER BY
21 THE REFUSAL OR DISSOLUTION OF THE INJUNCTION. THE
22 PROVISIONS OF THE RULES OF COURT ON INJUNCTIONS
23 INSOFAR AS THEY ARE APPLICABLE AND NOT INCONSISTENT
24 WITH THE PROVISIONS OF THIS SECTION SHALL GOVERN THE

1 ISSUANCE AND DISSOLUTION OF THE RESTRAINING ORDER
2 OR INJUNCTION CONTEMPLATED IN THIS SECTION.”

3 SEC. 33. A new section entitled Section 88-C is hereby included in the same
4 Act to read as follows:

5 “SEC. 88-C. *RIGHT OF REDEMPTION OF FORECLOSED*
6 *REAL PROPERTY; RIGHT OF POSSESSION DURING*
7 *REDEMPTION PERIOD.* – IN THE EVENT OF FORECLOSURE,
8 WHETHER JUDICIALLY OR EXTRAJUDICIALLY, THE
9 MORTGAGOR, WHO IS A NATURAL PERSON, SHALL HAVE THE
10 RIGHT TO REDEEM THE PROPERTY WITHIN ONE (1) YEAR FROM
11 THE DATE OF FORECLOSURE SALE. IN CASE THE MORTGAGOR
12 IS A JURIDICAL PERSON, THE MORTGAGOR SHALL HAVE THE
13 RIGHT TO REDEEM THE PROPERTY SOLD IN A JUDICIAL
14 FORECLOSURE SALE WITHIN ONE (1) YEAR FROM THE DATE
15 OF FORECLOSURE SALE; PROVIDED, THAT IN CASE OF AN
16 EXTRAJUDICIAL FORECLOSURE, NOTWITHSTANDING ACT NO.
17 3135, THE MORTGAGOR SHALL HAVE THE RIGHT TO REDEEM
18 THE PROPERTY SOLD WITHIN NINETY (90) DAYS FROM THE
19 FORECLOSURE SALE BUT NOT LATER THAN THE
20 REGISTRATION OF THE CERTIFICATE OF FORECLOSURE SALE.
21 REDEMPTION SHALL BE EFFECTED BY PAYING THE
22 PRINCIPAL, INTERESTS, CHARGES, COMMISSIONS AND ALL
23 CLAIMS OF WHATEVER NATURE OF THE *BANGKO SENTRAL*
24 OUTSTANDING AND DUE AS OF THE DATE OF FORECLOSURE
25 SALE, INCLUDING ALL COSTS AND OTHER EXPENSES

1 INCURRED BY REASON OF THE FORECLOSURE SALE AND
2 CUSTODY OF THE PROPERTY.

3 "THE *BANGKO SENTRAL*, AS PURCHASER IN THE
4 FORECLOSURE SALE AND WITHOUT NEED OF POSTING A
5 BOND, MAY TAKE POSSESSION OF THE FORECLOSED
6 PROPERTY DURING THE REDEMPTION PERIOD. THE *BANGKO*
7 *SENTRAL* SHALL BE ENTITLED TO THE FRUITS OF THE
8 PROPERTY, THE SAME TO BE APPLIED AGAINST THE
9 REDEMPTION PRICE."

10 SEC. 34. A new section entitled Section 88-D is hereby included in the same

11 Act to read as follows:

12 "SEC. 88-D. *UNSECURED BANGKO SENTRAL CLAIMS.* -
13 ALL UNSECURED CLAIMS OF THE *BANGKO SENTRAL* SHALL
14 BE CONSIDERED PREFERRED CREDITS SIMILAR TO TAXES
15 DUE TO THE NATIONAL GOVERNMENT IN THE ORDER OF
16 PREFERENCE UNDER ARTICLE 2244 OF THE NEW CIVIL CODE."

17 SEC. 35. A new section entitled Section 89-A is hereby included in the same

18 Act to read as follows:

19 "SEC. 89-A. *FINANCIAL FACILITIES FOR ISLAMIC BANKS.* -
20 THE *BANGKO SENTRAL* MAY, TAKING INTO CONSIDERATION
21 THE PECULIAR CHARACTERISTICS OF ISLAMIC BANKING,
22 FORMULATE RULES AND REGULATIONS FOR THE EXTENSION
23 OF FINANCIAL FACILITIES TO ISLAMIC BANKS PROVIDED SUCH
24 EXPOSURES SHALL BE PROPERLY SECURED."

1 SEC. 36. A new section entitled Section 89-B is hereby included in the same
2 Act to read as follows:

3 "SEC. 89-B. *LOANS TO THE PHILIPPINE DEPOSIT*
4 *INSURANCE CORPORATION. – THE BANGKO SENTRAL,*
5 *PURSUANT TO ITS MANDATE OF MAINTAINING FINANCIAL*
6 *STABILITY, MAY LEND FUNDS TO THE PHILIPPINE DEPOSIT*
7 *INSURANCE CORPORATION FOR INSURANCE PURPOSES AND*
8 *IN CASES OF FINANCIAL ASSISTANCE THAT THE LATTER IS*
9 *AUTHORIZED TO EXTEND UNDER SECTION 22(E) OF REPUBLIC*
10 *ACT NO. 3591, AS AMENDED. NOTWITHSTANDING SECTION 23*
11 *OF REPUBLIC ACT NO. 3591, AS AMENDED, THE MONETARY*
12 *BOARD SHALL PRESCRIBE INTEREST RATES AND SUCH*
13 *OTHER TERMS AND CONDITIONS OF THE LOAN."*

14 SEC. 37. Section 92 of the same Act is hereby amended to read as follows:

15 "SEC. 92. *Issue and Negotiation of Bangko Sentral Obligations.*
16 — In order to provide the *Bangko Sentral* with effective instruments for
17 open market operations, the *Bangko Sentral* may, subject to such rules
18 and regulations as the Monetary Board may prescribe and in
19 accordance with the principles stated in Section 90 of this Act, issue,
20 place, buy and sell freely negotiable evidences of indebtedness of the
21 *Bangko Sentral*. [*Provided, That issuance of such certificates of*
22 *indebtedness shall be made only in cases of extraordinary movement*
23 *in price levels.*] Said evidences of indebtedness may be issued directly
24 against the international reserve of the *Bangko Sentral* or against the
25 securities which it has acquired under the provisions of Section 91 of

1 this Act, or may be issued without relation to specific types of assets of
2 the *Bangko Sentral*.

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

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

15 **SEC. 38.** Section 95 of the same Act is hereby amended to read as follows:

16 "SEC. 95. *Definition of Deposit Substitutes.* — The term "deposit
17 substitutes" is defined as an alternative form of obtaining funds from
18 the public, other than deposits, through the issuance, endorsement, or
19 acceptance of debt instruments for the borrower's own account, for the
20 purpose of relending or purchasing of receivables and other
21 obligations. These instruments may include, but need not be limited to,
22 bankers acceptances, promissory notes, participations, certificates of
23 assignment and similar instruments with recourse, and repurchase
24 agreements. **THE PHRASE 'OBTAINING FUNDS FROM THE**
25 **PUBLIC' SHALL MEAN BORROWING FROM TWENTY (20) OR**

1 MORE LENDERS AT ANY ONE TIME, AND, FOR THIS PURPOSE,
2 "LENDERS" SHALL REFER TO INDIVIDUALS AND CORPORATE
3 ENTITIES THAT ARE NOT ACTING AS FINANCIAL
4 INTERMEDIARIES, SUBJECT TO THE SAFEGUARDS AND
5 REGULATIONS ISSUED BY THE MONETARY BOARD. The
6 Monetary Board shall determine what specific instruments shall be
7 considered as deposit substitutes for the purposes of Section 94 of this
8 Act: *Provided, however,* That deposit substitutes of commercial,
9 industrial and other non-financial companies for the limited purpose of
10 financing their own needs or the needs of their agents or dealers shall
11 not be covered by the provisions of Section 94 of this Act."

12 **SEC. 39.** Section 101 of the same Act is hereby amended to read as follows:

13 "SEC. 101. *Reserve Deficiencies.* - Whenever the reserve
14 position of any bank or quasi-bank, computed in the manner specified
15 in the preceding section of this Act, is below the required minimum, the
16 bank or quasi-bank shall pay the *Bangko Sentral* [one-tenth of one
17 percent (1/10 of 1%) per day on the amount of the deficiency or the
18 prevailing ninety-one-day treasury bill rate plus three percentage
19 points, whichever is higher] **MONETARY PENALTY AS MAY BE**
20 **PRESCRIBED BY THE MONETARY BOARD:** *Provided, however,*
21 That banks and quasi-banks shall ordinarily be permitted to offset any
22 reserve deficiency occurring on one or more days of the week with any
23 excess reserves which they may hold on other days of the same week
24 and shall be required to pay the penalty [only on the average daily
25 deficiency during the week] **IN ACCORDANCE WITH THE**

1 **MECHANISM APPROVED BY THE MONETARY BOARD.** In cases of
2 abuse, the Monetary Board may deny any bank or quasi-bank the
3 privilege of offsetting reserve deficiencies in the aforesaid manner.

4 "If a bank or quasi-bank chronically has a reserve deficiency,
5 the Monetary Board may limit or prohibit the making of new loans or
6 investments by the institution and may require that part or all of the net
7 profits of the institution be assigned to surplus.

8 "The Monetary Board may modify or set aside the reserve
9 deficiency penalties provided in this section, for part or the entire
10 period of a strike or lockout affecting a bank or a quasi-bank as defined
11 in the Labor Code, or of a national emergency affecting operations of
12 banks or quasi-banks, **OR IN SUCH OTHER INSTANCES WHERE**
13 **THE GRANT OF WAIVER OF PENALTIES IS DETERMINED BY THE**
14 **MONETARY BOARD TO BE JUSTIFIABLE.** The Monetary Board
15 may also modify or set aside reserve deficiency penalties for
16 rehabilitation program of a bank."

17 **SEC. 40.** Section 104 of the same Act is hereby amended to read as follows:

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

1 **SEC. 41.** Section 108 of the same Act is hereby amended to read as follows:

2 “SEC. 108. *Minimum Capital Ratios.* — The Monetary Board
3 may prescribe minimum **RISK-BASED CAPITAL ADEQUACY** ratios
4 **BASED ON INTERNATIONALLY ACCEPTED STANDARDS** [which
5 the capital and surplus of the banks must bear to the volume of their
6 assets, or to specific categories thereof,] and may alter said ratios
7 whenever it deems necessary. **IN THE EXERCISE OF ITS**
8 **AUTHORITY UNDER THIS SECTION, THE MONETARY BOARD**
9 **MAY REQUIRE BANKS TO HOLD CAPITAL BEYOND THE**
10 **MINIMUM REQUIREMENTS COMMENSURATE TO THEIR RISK**
11 **PROFILE.”**

12 **SEC. 42.** Section 113 of the same Act is hereby amended to read as follows:

13 “SEC. 113. *Official Deposits.* — The *Bangko Sentral* shall be the
14 official depository of the Government, its political subdivisions and
15 instrumentalities as well as of government-owned or -controlled
16 corporations. [and, a] As a general policy, their cash balances should
17 be deposited with the *Bangko Sentral*, with only minimum working
18 balances to be held by government-owned banks and such other
19 banks **LICENSED TO OPERATE** [incorporated] in the Philippines as
20 the Monetary Board may **AUTHORIZE**. [designate, subject to such
21 rules and regulations as the Board may prescribe: *Provided*, That
22 such banks may hold deposits of the political subdivisions and
23 instrumentalities of the Government beyond their minimum working
24 balances whenever such subdivisions and instrumentalities have
25 outstanding loans with said banks.]

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

6 **SEC. 43.** Section 123 of the same Act is hereby amended to read as follows:

7 "SEC. 123. *Financial Advice on Official Credit Operations.* —

8 Before undertaking any credit operation abroad, the Government,
9 through the Secretary of Finance, shall request the opinion, in writing,
10 of the Monetary Board on the monetary implications of the
11 contemplated action. Such opinions must similarly be requested by all
12 political subdivisions and instrumentalities of the Government before
13 any credit operation abroad is undertaken by them.

14 "The opinion of the Monetary Board shall be based on the gold
15 and foreign exchange resources and obligations of the nation and on
16 the effects of the proposed operation on the balance of payments and
17 on monetary aggregates.

18 "Whenever the Government, or any of its political subdivisions
19 or instrumentalities, contemplates borrowing within the Philippines, the
20 prior opinion of the Monetary Board shall likewise be requested in
21 order that the Board may render an opinion on the probable effects of
22 the proposed operation on monetary aggregates, the price level, and
23 the balance of payments.

24 "A CREDIT OPERATION OR BORROWING AS PROVIDED
25 **HEREIN MAY TAKE THE FORM OF DIFFERENT CREDIT**

1 FACILITIES SUCH AS BUT NOT LIMITED TO A SINGLE LOAN,
2 SERIES OF LOANS UNDER A BORROWING PROGRAM, OR
3 CREDIT LINES. NO PRIOR MONETARY BOARD OPINION SHALL
4 BE REQUIRED FOR INDIVIDUAL DRAWDOWNS OR
5 BORROWINGS WITHIN APPROVED CREDIT LINES OR
6 BORROWING PROGRAMS."

7 **SEC. 44.** Section 125 of the same Act is hereby amended to read as follows:

8 "SEC. 125. *Tax Exemptions.* — The *Bangko Sentral* shall be
9 exempt [for a period of five (5) years from the approval of this Act] from
10 all national, provincial, municipal and city taxes, fees, charges and
11 assessments.

12 "The exemption authorized in the preceding paragraph of this
13 section shall apply to all property of the *Bangko Sentral*, to the
14 resources, receipts, expenditures, profits and income of the *Bangko*
15 *Sentral*, as well as to all contracts, deeds, documents and transactions
16 related to the conduct of the business of the *Bangko Sentral: Provided,*
17 *however,* That said exemptions shall apply only to such taxes, fees,
18 charges and assessments for which the *Bangko Sentral* itself would
19 otherwise be liable, and shall not apply to taxes, fees, charges, or
20 assessments payable by persons or other entities doing business with
21 the *Bangko Sentral: Provided, further,* That foreign loans and other
22 obligations of the *Bangko Sentral* shall be exempt, both as to principal
23 and interest, from any and all taxes if the payment of such taxes has
24 been assumed by the *Bangko Sentral.*"

25 **SEC. 45.** Section 128 of the same Act is hereby amended to read as follows:

1 “SEC. 128. *Prohibitions.* — The *Bangko Sentral* shall not
2 acquire shares of any kind or accept them as collateral, and shall not
3 participate in the ownership or management of any enterprise, either
4 directly or indirectly: [.] **PROVIDED, THAT THIS PROHIBITION**
5 **SHALL NOT APPLY WHENEVER THE MONETARY BOARD, BY A**
6 **VOTE OF AT LEAST FIVE (5) OF ITS MEMBERS, (1) DEEMS AN**
7 **ACQUISITION OR INVESTMENT TO BE NECESSARY TO QUALIFY**
8 **OR AS REQUIRED FOR MEMBERSHIP IN INTERNATIONAL AND**
9 **REGIONAL ORGANIZATIONS OR (2) DETERMINES THAT**
10 **INVESTING IN AND/OR OPERATING AN ENTERPRISE WILL BE**
11 **CONSISTENT WITH THE EFFECTIVE FULFILLMENT OF ITS**
12 **MANDATE AND WILL NOT CONSTITUTE ANY CONFLICT OF**
13 **INTEREST.**

14 “The *Bangko Sentral* shall not engage in development banking
15 or financing: *Provided, however,* That outstanding loans obtained or
16 extended for development financing shall not be affected by the
17 prohibition of this section.”

18 **SEC. 46.** Section 132 of the same Act is hereby amended to read as follows:

19 “SEC. 132. *Transfer of Assets and Liabilities.* - xxx

20 (b) the *Bangko Sentral* shall remit seventy five percent (75%) of
21 its net profits **AS COMPUTED IN THIS ACT** to a special deposit
22 account (sinking fund) **OR TO THE NATIONAL TREASURY AS**
23 **DIVIDENDS**, until such time as the net liabilities of the Central Bank
24 shall have been liquidated through generally accepted finance
25 mechanisms such as, but not limited to, write-offs, setoffs,

1 condonation, collections, reappraisal, revaluation and bond issuance
2 by the National Government[, or to the National Government as
3 dividends]. **THEREAFTER, IT SHALL REMIT FIFTY PERCENT (50%)**
4 **OF ITS SAID NET PROFITS TO THE NATIONAL TREASURY;**

5 **SEC. 47. *Repealing Clause.*** All provisions of existing laws, orders, rules and
6 regulations, or parts thereof which are in conflict or inconsistent with the provisions of
7 this Act are hereby repealed, amended or modified accordingly.

8 **SEC. 48. *Separability Clause.*** If any provision or section of this Act is held to
9 be unconstitutional or invalid, the other provisions or sections hereof, which are not
10 affected thereby shall continue to be in full force and effect.

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

 Approved,