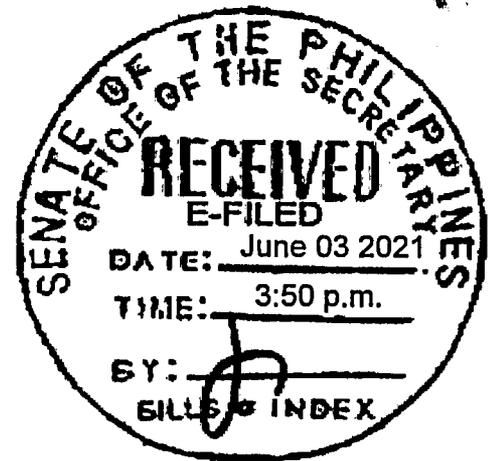


**EIGHTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES**
Second Regular Session

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SENATE

S.B. No. 2287

Introduced by SEN. WIN GATCHALIAN

**AN ACT
AFFORDING MORE PROTECTION TO
CONSUMERS OF FINANCIAL PRODUCTS AND SERVICES**

EXPLANATORY NOTE

The use of financial services has become more prevalent during this time when its continued provision to consumers is seen to help offset the detrimental effects of the disruption brought about by the COVID-19 pandemic. Innovations in financial products and services has enabled commerce in the country to continue and has provided the needed support to individuals and entities struggling with lost income. While a lot of industries have become vulnerable during this time, financial products and services proved to be robust and even contributory in helping institutions in getting back to their feet.

With this critical role comes an opportunity for financial products and service providers to deal with more consumers by offering to them a wider array of financial products and services. Inevitably, this opportunity also caused the emergence of unscrupulous individuals, groups or entities who prey upon financial consumers in need, making them vulnerable to the risk of being taken advantage of. Amid the implementation of prolonged lockdown measures to curb the pandemic and the increase in digital payments, it is becoming apparent that fraudsters have become

more creative and sophisticated – lurking in the digital space and even attempting to hijack personal information found in both physical devices and online accounts which make financial consumers even more vulnerable.

The Consumer Empowerment Group of the Bangko Sentral ng Pilipinas (BSP) reported that it processed 15,105 new complaints from the 1st to 3rd quarter of 2020. This 9-month data for 2020 is 63.3% higher than 2019 annual data of only 9,250 complaints. Despite this increasing number of complaints, this does not still take into account all fraudulent activities as some individuals and businesses do not report the fraud because banks immediately void bogus charges while some report it but do not pursue it due to insufficient action on the part of the bank, regulatory agency or law enforcement, which discourages them to make further claims and just make themselves shoulder the burden.

The impact of the COVID-19 pandemic to the global economy and increasing availment of financial services only proves the need for more effective financial consumer protection mechanisms as consumers are confronted with more complicated financial services available in the market. The availability of information has developed drastically due to unprecedented financial product developments, innovations and technological advances which may leave Filipino consumers who are not digitally adept overwhelmed and susceptible to become victims of fraudulent activities by exploitative individuals and entities.

While the BSP Manual on Consumer Protection is already in place to provide the guidelines on financial consumer protection, the same is limited to BSP regulating BSP-supervised financial institutions and does not cover other financial regulators and pertinent covered institutions which also provides financial services. With the view of ensuring access to these financial services that is safe and secure for the Filipino financial consumers, there is a need to provide for a framework that will safeguard all financial consumers and prevent them from being unduly prejudiced and taken advantaged of by unethical conduct of business of some financial service providers or their agents and by fraudulent schemes concocted by unscrupulous individuals or entities.

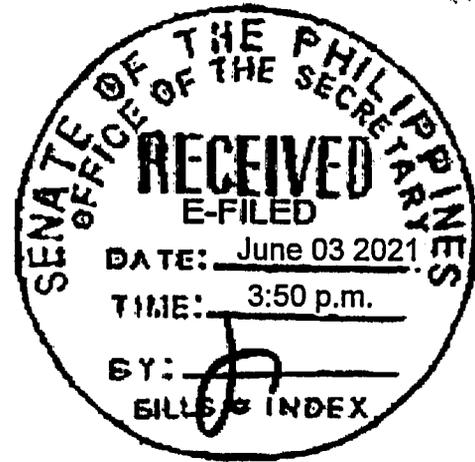
This bill aims to institutionalize proper mechanisms to protect the interest of consumers while balancing the same with the furtherance of conduct of business of financial service providers. It covers financial regulators such as the BSP, the Securities and Exchange Commission, the Insurance Commission, and the Cooperative Development Authority. It empowers them to perform acts necessary for the protection of financial consumers, such as market conduct surveillance and examination, market monitoring, enforcement, provision of complaints handling mechanism, adjudication and rule-making, among others. The bill also mandates the duties and responsibilities of financial service providers to ensure transparency, disclosure and responsible pricing requirements, privacy and protection of client data, and financial consumer protection assistance mechanism, among others, to amply protect financial consumers.

Harmful practices of taking advantage of financial consumers can give rise to risks, affecting not only the businesses of financial service providers, but more importantly the stability of the entire financial sector, that may eventually cause reduced public trust and confidence on the financial system, thus, we cannot overemphasize the urgent need for this bill.

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


WIN GATCHALIAN

EIGHTEENTH CONGRESS OF THE]
REPUBLIC OF THE PHILIPPINES]
Second Regular Session]



SENATE

S.B. No. 2287

Introduced by SEN. WIN GATCHALIAN

**AN ACT
AFFORDING MORE PROTECTION TO
CONSUMERS OF FINANCIAL PRODUCTS AND SERVICES**

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

- 1 SECTION 1. *Short Title* — This Act shall be known as the “Financial Products
2 and Services Consumer Protection Act”:
3
- 4 SEC. 2. *Declaration of Policy* – It is the policy of the State to ensure that
5 appropriate mechanisms are in place to protect the interest of consumers of financial
6 products and services under conditions of transparency, fair and sound market
7 conduct, and fair, reasonable, and effective handling of financial consumer disputes.
8 When aligned with international best practices, these mechanisms reinforce
9 confidence in the financial market and foster the stability of the Philippine financial
10 system. Towards this end, the State shall implement measures to protect the following
11 rights of financial consumers:
- 12 a) Right to equitable and fair treatment;
13 b) Right to disclosure and transparency of Financial Products and Services;

- 1 c) Right to protection of consumer assets against fraud and misuse;
- 2 d) Right to data privacy and protection; and
- 3 e) Right to timely handling and redress of complaints.

4
5 **SEC. 3. *Definition of Terms* - As used in this Act:**

- 6 a) *Financial consumer* refers to a person or entity, or their duly-appointed
7 representative, who is a purchaser, lessee, recipient, or prospective purchaser,
8 lessor or recipient of Financial Products or Services. It shall also refer to any
9 person, natural or juridical, who had or has current or prospective financial
10 transaction with a Financial Service Provider pertaining to Financial Products or
11 Services;
- 12 b) *Financial consumer complaint* refers to an expression of dissatisfaction
13 submitted by a financial consumer against a financial service provider relative
14 to a financial product or service on which a response or resolution is expected;
- 15 c) *Financial product or service* refers to financial products or services which are
16 developed or marketed by a financial service provider which may include
17 savings, credit, insurance, pre-need and health maintenance organization
18 (HMO) products, investments, payments, remittances and other similar
19 products and services. This also includes digital financial products and services
20 which pertain to the broad range of financial services accessed and delivered
21 through digital channels;
- 22 d) *Financial regulators* refer to the Bangko Sentral ng Pilipinas (BSP), Securities
23 and Exchange Commission (SEC), Insurance Commission (IC), and the
24 Cooperative Development Authority (CDA);
- 25 e) *Financial service provider* refers to a person, natural or juridical, which provides
26 financial products or services that are under the jurisdiction of financial
27 regulators as defined in this Act. This term shall include investment advisers as
28 defined under Section 7 of this Act;
- 29 f) *Investment fraud* refers to any form of deceptive solicitation of investments
30 from the public. This includes Ponzi schemes and such other schemes involving

1 the promise or offer of profits or returns which are sourced from the
2 investments or contributions made by the investors themselves, boiling room
3 operations, and the offering or selling of investment schemes to the public
4 without a license or permit from the SEC, unless such offering or selling involves
5 exempt securities or exempt transactions as provided for under existing laws;

6 g) *Market conduct* refers to the manner by which a financial service provider
7 designs and delivers its financial products and services and manages its
8 relationships with its clients and the public;

9 h) *Marketing* refers to the act of communicating, offering, promoting, advertising,
10 or delivering of financial products and services by financial service providers;

11 i) *Responsible pricing* refers to the pricing, terms, and conditions of financial
12 products and/or services that are set in a way that is both affordable to clients
13 and sustainable for financial institutions by taking into account, among others,
14 client needs and the pricing schemes of competitors.

15
16 SEC. 4. *Scope and Coverage* – This Act applies to all financial products and
17 services offered or marketed by any financial service provider.

18
19 SEC. 5. *Financial Regulators* – The BSP, SEC, and IC shall enforce the
20 provisions of this Act on all financial service providers under their jurisdiction by virtue
21 of their respective charters, special laws and amendments thereto. The CDA shall be
22 considered an implementing government agency of this Act only with respect to
23 cooperatives offering financial products and services, such as savings and credit,
24 except insurance cooperatives which shall be under the jurisdiction of the IC for
25 purposes of this Act.

26
27 SEC. 6. *Powers of the Financial Regulators.* – Financial regulators under this
28 Act shall have the following powers:

29 a) Rule-making – Financial regulators shall have the authority to formulate their
30 own standard and rules for the application of the provisions of this Act to the

1 specific financial products or services within their jurisdiction guided by
2 internationally accepted standards and practices. Financial regulators may also
3 determine reasonableness of interest, charges or fees which a financial service
4 provider may demand, collect, or receive for any service or product offered to
5 consumer. Likewise, they may issue their respective rules of procedure
6 concerning administrative actions arising from the implementation of this Act.

7 b) Market Conduct Surveillance and Examination – Financial regulators may
8 conduct surveillance and examination, on-site or off-site, on their respective
9 supervised financial service providers, consistent with their respective risk-
10 based supervision policies, to ascertain that the provisions of this Act are
11 complied with. The examination for financial consumer protection compliance
12 may be conducted separately from examination of prudential regulations
13 compliance. The provisions on the conduct of examination and surveillance
14 provided in the respective charters of financial regulators, and pertinent special
15 laws shall be made applicable in examination and surveillance activities
16 authorized under this Act.

17 The department heads and the examiners of the financial regulators
18 shall be authorized to administer oaths to any director, officer, or employee of
19 the supervised financial service providers subject to the examination of their
20 market conduct and compliance with this Act, and to compel the presentation
21 of all books, documents, papers, or records in any form necessary in their
22 judgment to ascertain compliance of financial service providers to this Act.

23 The supervised financial service provider shall afford to its financial
24 regulator full opportunity to examine its records, and review its systems and
25 procedures at any time during business hours when requested to do so by the
26 financial regulator.

27 c) Market Monitoring – Financial regulators shall have the authority to require their
28 respective supervised financial service providers and their third-party agents or
29 service providers to submit reports or documents, as needed.

1 For purposes of market monitoring, the financial regulators may obtain
2 relevant data about financial products, services and markets from other
3 government agencies, which shall be duty-bound to furnish the same.

4 d) Enforcement – Financial regulators shall have the authority to impose
5 enforcement actions on their respective supervised financial service providers
6 for non-compliance with this Act and other existing laws pertinent to the
7 jurisdiction and authority of the respective financial regulators. Such
8 enforcement actions may include the following:

- 9 1. Restriction on the ability of the supervised financial service provider to
10 continue to collect excessive or unreasonable interests, fees or charges
11 including all other interests, fees and charges covered under Republic
12 Act No. 10870, otherwise known as the "Philippine Credit Card Industry
13 Regulation Law";
- 14 2. Disqualification and/or suspension of directors, trustees, officers, or
15 employees of the supervised financial service provider responsible for
16 violations of the provisions of this Act, its implementing regulations, or
17 orders of the financial regulators;
- 18 3. Imposition of fines, suspension, or penalties for any non-compliance with
19 or breach of this Act, its implementing rules and regulations (IRR), or
20 the orders of the financial regulators;
- 21 4. Issuance of a cease and desist order to the financial service provider
22 without the necessity of a prior hearing if in the financial service
23 regulator's judgment, the act or practice, unless restrained, amounts to
24 fraud or a violation of the provisions of this Act, or may unjustly cause
25 grave or irreparable injury or prejudice to financial consumers. The
26 financial service provider shall be afforded an opportunity to defend its
27 act or practice in a summary hearing before the financial regulator or its
28 designated body, upon request made by the financial service provider
29 within five (5) calendar days from its receipt of the order. If no such
30 hearing is requested within the said period, the order shall be final. If a

1 hearing is requested by the financial service provider, the proceedings
2 shall be conducted summarily without adhering to the technical rules of
3 evidence, and all issues shall be determined primarily on the basis of
4 records, after which the financial regulator may either reconsider or
5 finalize and execute its order;

6 5. Suspension of the operation of any supervised financial service provider
7 in relation to a particular financial product or service when in the financial
8 regulator's judgment based on findings, the financial service provider is
9 operating in violation of the provisions of this Act and its implementing
10 rules and regulations.

11 6. In any proceeding in which the financial regulators may impose a penalty
12 for non-compliance with or breach of this Act and other existing laws
13 under their jurisdiction, the financial regulators, in addition to the
14 imposed fine, may enter an order requiring accounting and
15 disgorgement of profits obtained, or losses avoided, as a result of a
16 violation of this Act and other existing laws, including reasonable
17 interest. The financial regulators are authorized to adopt rules,
18 regulations, and orders concerning the creation and operation of a
19 disgorgement fund, payments to financial consumers, rate of interest,
20 period of accrual, and such other matters as deemed appropriate to
21 implement this provision.

22 e) Consumer Redress or Complaints Handling Mechanism – Financial regulators
23 shall provide an efficient and effective consumer redress or complaints handling
24 mechanism to address conflict/dissatisfaction from financial consumers arising
25 from financial products or services. The financial consumer may avail of the
26 mechanism prior to adjudication.

27 f) Adjudication - Financial regulators shall have the authority to adjudicate all
28 actions as provided under existing laws.

29 The BSP and SEC shall have the authority to adjudicate actions arising from
30 or in connection with financial transactions that are purely civil in nature, and

1 the claim or relief prayed for by the financial consumer is solely for payment or
2 reimbursement of a sum of money not exceeding the amount that may be
3 prescribed by the concerned financial regulators. The decision of the financial
4 regulators in the adjudication shall be final and executory, and may not be
5 restrained or set aside by the court except on petition for certiorari on the
6 ground of grave abuse of discretion, or lack or excess of jurisdiction of the
7 financial regulators. The petition for certiorari may only be filed within ten (10)
8 days from receipt by the aggrieved party of the decision: *Provided*, That in the
9 case of BSP and SEC, the aggrieved party may file the petition with the Court
10 of Appeals. The adjudicatory power shall be exercised by the Head of the
11 concerned financial regulator or a duly authorized officer or body: *Provided*,
12 That in the case of BSP and SEC, the decision of the authorized officer or body
13 is not appealable to the Monetary Board or the Commission *en banc*,
14 respectively.

15 The BSP and SEC may order the payment or reimbursement of money which
16 is subject of the action filed before them. In the exercise of their adjudicatory
17 powers, they shall have the power to issue *subpoena duces tecum* and summon
18 witnesses to appear in their proceedings and when appropriate, order the
19 examination, search and seizure of all documents, and books of accounts of
20 any entity or person under investigation as may be necessary for the proper
21 disposition of the cases before them. Further, the BSP and SEC shall have the
22 authority to punish for contempt, both directly and indirectly, in accordance
23 with the pertinent provisions of and penalties prescribed by the Rules of Court.

24 g) Other Powers - Financial regulators may exercise such other powers as may be
25 provided by their enabling laws or charters as well as those which may be
26 implied from, or which are necessary or incidental to the carrying out of the
27 express powers granted to the financial regulators to achieve the objectives
28 and purposes of these laws.

29

1 SEC. 7. *Investment Adviser.* – Investment advisers shall be subject to the rules and
2 regulations to be issued by the SEC.

3 The term “investment adviser” shall mean any person who, for compensation,
4 engages in the business of advising others, either directly or through publications or
5 writings, as to the value of investment products or as to the advisability of investing
6 in, purchasing, or selling investment products, or who, for compensation and as part
7 of a regular business, issues or promulgates analyses or reports concerning investment
8 products; but does not include the following:

- 9 a) Trust Department/Unit of Banks;
- 10 b) Stand-alone Trust Entities;
- 11 c) A lawyer, accountant, engineer, or teacher whose performance of such services
12 is solely incidental to the practice of the profession;
- 13 d) An insurance agent whose performance of such services is solely incidental to
14 the practice of profession;
- 15 e) Any investment banker or broker dealer whose performance of such services is
16 solely incidental to the conduct of the business as such investment banker or
17 broker dealer, and who receives no special compensation therefor;
- 18 f) The publisher of any bona fide newspaper, news magazine, or business or
19 financial publication of general and regular circulation;
- 20 g) Such other persons as the SEC may designate by rules and regulations, or
21 appropriate order.

22
23 SEC. 8. *Duties and Responsibilities of Financial Service Providers* –

- 24 a) Board and Senior Management Oversight – The Board of Directors and the
25 members of senior management of financial service providers shall ensure
26 conformity with this Act and shall provide the means by which they shall
27 identify, measure, monitor, control, and manage consumer protection risks
28 inherent in their operations, in accordance with their respective rules and
29 regulations of their financial regulators.

1 b) Appropriate product design and delivery – Financial service providers shall
2 continuously evaluate their financial products and services to ensure that they
3 are appropriately targeted to the needs, understanding and capacity of both
4 their markets and their clients. This shall include, among others, the following:

5 1. Affordability and suitability assessment – Financial service providers
6 should have written procedures for determining whether a particular
7 financial product or service is suitable and affordable for their clients.
8 This shall include the determination of whether or not the amount and
9 terms of the offered financial product or service allow various clients to
10 meet their respective obligations with a low probability of serious
11 hardship, and that there is a reasonable prospect that the financial
12 product or service will provide value to its client. For the purpose of
13 extending credit, this assessment will include measures to prevent over-
14 indebtedness.

15 2. Cooling-off period –Financial service providers are expected to adopt a
16 clear cooling-off policy as may be prescribed by law or by rules and
17 regulations issued by the relevant financial regulator upon its
18 determination that a cooling-off period is necessary for a product that is
19 subject to its regulation. Such policy should, among others, provide a
20 cooling-off period that will allow a client to consider the costs and risks
21 of a financial product or service, free from the pressure of the sales team
22 of the financial service provider. The length of the cooling-off period
23 should be individually determined by financial service providers based
24 on reasonable expectation of the time required for a client to fully
25 evaluate all the terms and risks of the financial products or service and
26 contact concerned parties who may be affected by its terms and
27 conditions, unless a minimum or fixed period is prescribed by the
28 financial regulator for the compliance of a financial service provider or
29 when stipulated in the terms of the offer for such a financial product or

1 service. Financial regulators may opt not to provide for a cooling-off
2 period for short term transactions or contracts.

3 During the cooling-off period, the financial consumer may cancel
4 or return the contract without penalty; however, nothing herein shall
5 prevent financial service providers from recovering the processing costs
6 incurred, as may be approved by the financial regulators. Financial
7 service providers are prohibited from engaging in practices that
8 unreasonably burden the financial consumer in the exercise of the right
9 of cancellation during the cooling-off period. If the financial product is
10 a contract of insurance, a pre-need or a health maintenance organization
11 (HMO) product, the right of return cannot be exercised after the financial
12 consumer has made a claim.

13 3. Pre-payment of loans and other credit accommodations – A borrower
14 may, at any time prior to the agreed maturity date, prepay a loan or
15 other credit transactions in whole or in part: *Provided*, That costs or fees
16 charged to the borrower for such pre-payment, if any, shall be disclosed
17 to ensure transparency, disclosure, and responsible pricing as required
18 under this Section.

19 c) Transparency, disclosure, and responsible pricing - Financial service providers
20 must ensure that they adopt disclosure principles in their communications and
21 their contracts with financial consumers, including the use of clear and concise
22 language, to ensure that all information concerning the financial service is
23 understood by target clients. This shall also include updated and accurate
24 disclosure of information, such as on pricing or any cost associated with the
25 product or service, and should be made in a consistent manner to facilitate a
26 comparison between similar financial products and services across the industry.

27 Sufficient product disclosure must be provided before the contracting of
28 the product or service to give the client enough basis and time for review. Any
29 change in the terms or conditions of a product or service shall be provided to
30 the client.

1 In their advertising materials, financial service providers shall disclose
2 the contact information of their consumer assistance unit providing consumer
3 assistance and handling financial consumer complaints. Financial service
4 providers shall also disclose that they are regulated and the advertising
5 materials must identify the relevant financial regulator.

6 Financial service providers are legally responsible for all statements
7 made in the marketing and sales materials that they produce relative to their
8 products or services. Disclosure of information on financial products or services
9 shall be made available to the public by the financial service provider through
10 printed materials, mass media, websites or digital platforms.

11 Financial service providers must have internal policies and procedures
12 on setting prices for their products and services that take into consideration,
13 among others, the principle of responsible pricing.

- 14 d) Fair and respectful treatment of clients – Financial service providers shall have
15 the right to select their clients: *Provided*, That they shall not discriminate
16 against clients on the basis of race, age, financial capacity, ethnicity, origin,
17 gender, disability, health condition, sexual orientation, religious affiliation, or
18 political affiliation: *Provided*, further, That financial service providers may
19 provide distinction, as necessary, when making a risk assessment on a specific
20 financial product or service.

21 Financial service providers are prohibited from employing abusive
22 collection or debt recovery practices against their financial consumers.

- 23 e) Privacy and protection of client data – Each financial service provider must
24 respect the privacy and protect the data of their clients. Consistent with the
25 provisions of Republic Act No. 10173, otherwise known as the Data Privacy Act,
26 the financial regulators shall issue regulations in coordination with the National
27 Privacy Commission, governing the disclosure of client data to a third party.

28 Clients shall have the right to review their data to ensure that inaccurate
29 or deficient data is corrected or amended.

1 f) Financial consumer protection assistance mechanism – Each financial service
2 provider must establish a single consumer assistance mechanism for free
3 assistance to financial consumers on financial transactions concerns. This shall
4 include handling of complaints, inquiries and requests.

5 Financial consumers who are unsatisfied with the financial service
6 provider's handling of their complaints, inquiries and requests, may elevate
7 their concerns to the financial regulator which has jurisdiction over the financial
8 service provider concerned.

9
10 SEC. 9. *Bundling of Products* – When a financial consumer is obliged by the
11 financial service provider to purchase any product, including an insurance policy, as a
12 pre-condition for availing a financial product or service, the financial consumer shall
13 have the option to choose the provider of such product subject to reasonable
14 standards set by the financial service provider, and this information shall be made
15 available to the financial consumer.

16
17 SEC. 10. *Training* – Staff members of financial service providers who deal
18 directly with financial consumers, including those who are involved in financial
19 consumer protection assistance mechanism, must receive adequate training suitable
20 to the complexity of the financial products or services they offer. Financial service
21 providers must be qualified as appropriate for the complexity of the financial product
22 or service they offer.

23
24 SEC. 11. *Investment Fraud*. – It shall be unlawful for any person or persons to
25 commit investment fraud as defined in this Act.

26
27 SEC. 12. *No waiver of rights*. – No provision of a contract for a financial product
28 or service shall be lawful or enforceable if such provision waives or otherwise deprives
29 a client of a legal right to sue the financial service provider, receive information, have

1 their complaints addressed and resolved, have their non-public client data protected,
2 or cancel the use of the financial product or service without an unreasonable penalty.

3
4 **SEC. 13. *Liability of a Financial Service Provider For Acts or Omissions of Its***
5 ***Authorized Representatives.*** – The financial service provider shall be responsible for
6 the acts or omissions of its directors, trustees, officers, employees, or agents, in
7 marketing and transacting with financial consumers for its financial products and
8 services.

9
10 **SEC. 14. *Prescription.*** – All actions or claims accruing under the provisions of
11 this Act, and the rules and regulations issued pursuant thereto, shall prescribe after
12 five (5) years from the time the financial consumer transaction was consummated, or
13 after five (5) years from the discovery of deceit or non-disclosure of material facts:
14 Provided, That such actions shall, in any event, prescribe after ten (10) years from the
15 commission of the violation: Provided, further, That for insurance contracts, the
16 prescriptive period for the commencement of action provided under the Insurance
17 Code shall apply.

18
19 **SEC. 15. *Penalties.*** - Any person who willfully violates any provision of this Act
20 or any related rules, regulations, orders, or instructions issued by financial regulators,
21 shall be punished by imprisonment of not less than one (1) year, but not more than
22 five (5) years, or by a fine of not less than Fifty thousand pesos (P50,000.00) but not
23 more than Two million pesos (P2,000,000.00), or both at the discretion of the court:
24 Provided, That if the violation is committed by a corporation or a juridical entity, the
25 directors, officers, employees, or other officers who are directly responsible for such
26 violation shall be held liable thereto.

27
28 **SEC. 16. *Administrative Sanctions.*** – The administrative sanctions of the
29 respective charters of the financial regulators shall be made applicable to financial
30 service provider, its directors, trustees, officers, employees or agents without

1 prejudice to the enforcement actions prescribed under Section 6(D) of this Act for
2 willful violation of this Act or any related rules, regulations, orders or instructions of
3 financial regulators: Provided, That in case profit is gained or loss is avoided as a result
4 of the violation, a fine not more than three (3) times the profit gained or loss avoided
5 may also be imposed by the Financial Regulator: Provided, further, That in addition
6 to the administrative sanctions that may be imposed, the authority of the Financial
7 Service Provider to operate in relation to a particular Financial Product or Service may
8 be suspended or cancelled by the Financial Regulator.

9
10 **SEC. 17. *Independent Civil Action.*** – A financial regulator, consistent with public
11 interest and the protection of financial consumers, is authorized to institute an
12 independent civil action on behalf of aggrieved financial consumers for violations of
13 this Act and its implementing rules and regulations.

14 If in any of these proceedings, the financial regulators obtain a civil penalty
15 against any person or entity, or such person or entity agrees to settle such civil
16 penalty, the amount of the penalty shall, upon the motion of the financial regulators,
17 be added to and become part of a disgorgement fund or another fund established for
18 the benefit of the aggrieved financial consumer.

19
20 **SEC. 18. *Transitory provision.*** – The financial regulators shall prepare the
21 necessary rules and regulations to implement the provisions of this Act within one (1)
22 year from its effectivity.

23
24 **SEC. 19. *Separability Clause.*** – If any provision of this Act is held
25 unconstitutional or invalid, all other provisions not affected thereby shall remain valid.

26
27 **Sec. 20. Repealing Clause** – All laws, executive orders, rules and regulations or
28 parts thereof which are inconsistent with this Act are hereby repealed or amended
29 accordingly. Articles 131 to 147 of Title IV of Republic Act No. 7394 are hereby
30 repealed.

1

2

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

4

5

Approved.