

FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )

OFFICIAL SECRETARY

8 DEC 10 P3:37

SENATE

RECEIVED IN

COMMITTEE REPORT NO. 233

Prepared and submitted jointly by the Committees on Banks, Financial Institutions and Currencies and Government Corporations and Public Enterprises on DEC 10 2008.

Re : Senate Bill No. 2964, prepared by the Committees on Banks, Financial Institutions and Currencies and Government Corporations and Public Enterprises

Recommending its approval in substitution of Senate Bills No. 2678; 2687 and 2688.

Sponsor : Senator Edgardo J. Angara

**MR. PRESIDENT:**

The Committee on Banks, Financial Institutions and Currencies and the Committee on Government Corporations and Public Enterprises, to which were referred

Senate Bill No. 2678, introduced by Sen. Escudero, entitled:

**“AN ACT AMENDING REPUBLIC ACT NUMBERED THREE THOUSAND FIVE HUNDRED NINETY-ONE, AS AMENDED, OTHERWISE KNOWN AS THE ‘CHARTER OF THE PHILIPPINE DEPOSIT INSURANCE CORPORATION’”**

Senate Bill No. 2687 introduced by Senator Angara, entitled:

**“AN ACT AMENDING FURTHER REPUBLIC ACT NUMBERED THREE THOUSAND FIVE HUNDRED NINETY-ONE, AS AMENDED, OTHERWISE KNOWN AS THE ‘CHARTER OF THE PHILIPPINE DEPOSIT INSURANCE CORPORATION’ AND FOR OTHER PURPOSES”**

Senate Bill No. 2688, introduced by Sen. Roxas, entitled:


**“AN ACT GRANTING BROADER PROTECTION TO BANK DEPOSITORS AND REFORM POWERS TO THE PHILIPPINE DEPOSIT INSURANCE CORPORATION BY AMENDING REPUBLIC ACT NO. 3591, AS AMENDED, OTHERWISE KNOWN AS ‘THE CHARTER OF THE PHILIPPINE DEPOSIT INSURANCE CORPORATION’ AND FOR OTHER PURPOSES”**

have considered these bills and have the honor to report them back to the Senate with the recommendation that the attached bill, Senate Bill No. 2964, prepared by the Committees, entitled:

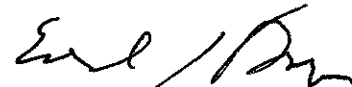
**“AN ACT INCREASING THE MAXIMUM DEPOSIT INSURANCE COVERAGE, AND STRENGTHENING THE REGULATORY AND ADMINISTRATIVE AUTHORITY, AND FINANCIAL CAPABILITY OF THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC), AMENDING FOR THIS PURPOSE REPUBLIC ACT NUMBERED THREE THOUSAND FIVE HUNDRED NINETY-ONE, AS AMENDED, OTHERWISE KNOWN AS THE PDIC CHARTER, AND FOR OTHER PURPOSES”**

be approved in substitution of Senate Bill Nos. 2678, 2687 and 2688, with Senators Escudero, Angara and Roxas and the members of the Committees on Banks, Financial Institutions and Currencies and Government Corporations and Public Enterprises, as authors thereof.

Respectfully submitted:



**RICHARD J. GORDON**  
Chairman  
Committee on Government Corporations and  
Public Enterprises

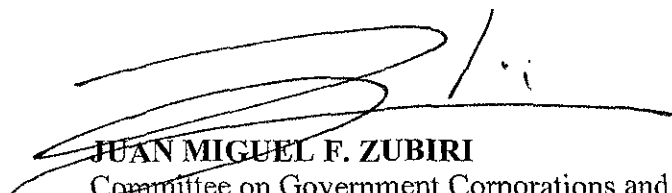


**EDGARDO J. ANGARA**  
Chairman  
Committee on Banks, Financial  
Institutions and Currencies

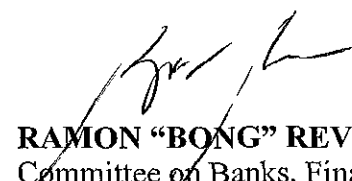
**MEMBERS:**

**JOKER P. ARROYO**  
Committee on Government Corporations and  
Public Enterprises


**ALAN PETER S. CAYETANO**  
Committee on Banks, Financial  
Institutions and Currencies




**JUAN MIGUEL F. ZUBIRI**  
Committee on Government Corporations and  
Public Enterprises



**RAMON “BONG” REVILLA, JR.**  
Committee on Banks, Financial  
Institutions and Currencies and  
Government Corporations and  
Public Enterprises



**RODOLFO G. BIAZON**  
Committee on Government Corporations and  
Public Enterprises



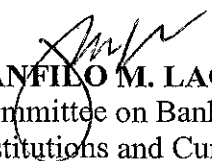
**MAR ROXAS**  
Committee on Banks, Financial  
Institutions and Currencies and  
Government Corporations and  
Public Enterprises

*My purpose  
is to  
will integrate*

**BENIGNO S. AQUINO III**  
Committee on Government Corporations and  
Public Enterprises

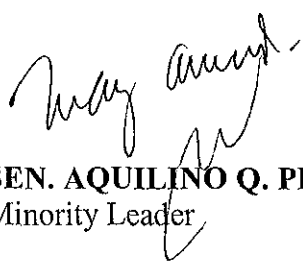
**RICHARD J. GORDON**  
Committee on Banks, Financial  
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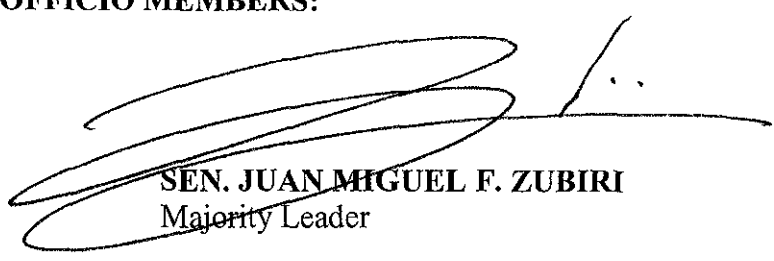
**MIRIAM DEFENSOR SANTIAGO**  
Committee on Banks, Financial  
Institutions and Currencies

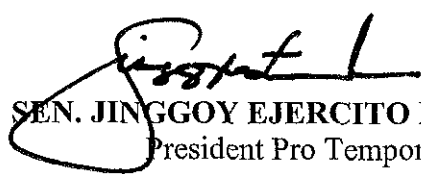
  
**PANFILO M. LACSON**  
Committee on Banks, Financial  
Institutions and Currencies

**LOREN B. LEGARDA**  
Committee on Banks, Financial  
Institutions and Currencies

**EX-OFFICIO MEMBERS:**

  
**SEN. AQUILINO Q. PIMENTEL**  
Minority Leader

  
**SEN. JUAN MIGUEL F. ZUBIRI**  
Majority Leader

  
**SEN. JINGGOY EJERCITO ESTRADA**  
President Pro Tempore

8 DEC 10 P3:36

SENATE BILL NO. 2964

RECEIVED BY: 

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Prepared by the Committees on Banks, Financial Institutions and Currencies and  
Government Corporations and Public Enterprises

---

**AN ACT**  
**INCREASING THE MAXIMUM DEPOSIT INSURANCE COVERAGE, AND**  
**STRENGTHENING THE REGULATORY AND ADMINISTRATIVE**  
**AUTHORITY, AND FINANCIAL CAPABILITY OF THE PHILIPPINE**  
**DEPOSIT INSURANCE CORPORATION (PDIC), AMENDING FOR THIS**  
**PURPOSE REPUBLIC ACT NUMBERED THREE THOUSAND FIVE**  
**HUNDRED NINETY-ONE, AS AMENDED, OTHERWISE KNOWN AS THE**  
**PDIC CHARTER, AND FOR OTHER PURPOSES**

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

1  
2       SECTION 1. *Statement of State Policy and Objectives.* - It is hereby  
3 declared to be the policy of the State to strengthen the mandatory deposit  
4 insurance coverage system to generate, preserve and maintain more faith and  
5 confidence in the country's banking system.

6  
7       Towards this end, the government must extend all means and  
8 mechanisms necessary for the Philippine Deposit Insurance Corporation to  
9 effectively fulfill its vital task of promoting and safeguarding the interests of the  
10 depositing public by way of providing permanent and continuing insurance  
11 coverage on all insured deposits, and in helping develop a sound and stable  
12 banking system at all times.

13  
14       SEC. 2. Section 4 (f) of Republic Act No. 3591, as amended, is hereby  
15 amended by adding an additional paragraph, to read as follows:

16  
17       “(f) The term “deposit” means the unpaid balance of  
18 money or its equivalent received by a bank in the usual  
19 course of business and for which it has given or is obliged  
20 to give credit to a commercial, checking, savings, time or

1           thrift account, or issued in accordance with *Bangko Sentral*  
2 rules and regulations and other applicable laws, together  
3 with such other obligations of a bank, which, consistent  
4 with banking usage and practices, the Board of Directors  
5 shall determine and prescribe by regulations to be deposit  
6 liabilities of the bank. x x x.

7  
8           **THE CORPORATION SHALL NOT PAY DEPOSIT**  
9 **INSURANCE FOR THE FOLLOWING ACCOUNTS OR**  
10 **TRANSACTIONS, WHETHER DENOMINATED,**  
11 **DOCUMENTED, RECORDED OR BOOKED AS**  
12 **DEPOSIT BY THE BANK:**

- 13
- 14           **1) INVESTMENT PRODUCTS SUCH AS BONDS**  
15           **AND SECURITIES, TRUST ACCOUNTS, AND**  
16           **OTHER SIMILAR INSTRUMENTS;**
  - 17
  - 18           **2) DEPOSIT ACCOUNTS OR TRANSACTIONS**  
19           **WHICH ARE UNFUNDED, OR THAT ARE**  
20           **FICTITIOUS OR FRAUDULENT;**
  - 21
  - 22           **3) DEPOSITS THAT ARE MARKETED, SOLICITED,**  
23           **ACCEPTED, RECEIVED, EVIDENCED BY,**  
24           **AND/OR RECORDED, IN VIOLATION OF LAW,**  
25           **OR THE RULES AND REGULATIONS ISSUED**  
26           **BY THE BANGKO SENTRAL NG PILIPINAS**  
27           **(BSP);**
  - 28
  - 29           **4) DEPOSIT ACCOUNTS OR TRANSACTIONS**  
30           **CONSTITUTING, AND/OR EMANATING FROM,**  
31           **UNSAFE AND UNSOUND BANKING**  
32           **PRACTICE/S, AS DETERMINED BY THE**  
33           **CORPORATION, IN CONSULTATION WITH**  
34           **THE BSP; AND**
  - 35

1           5) DEPOSITS THAT ARE DETERMINED TO BE  
2           THE PROCEEDS OF AN UNLAWFUL ACTIVITY  
3           AS DEFINED UNDER REPUBLIC ACT 9160, AS  
4           AMENDED.

5  
6           PARAGRAPHS 3 AND 4 ABOVE SHALL  
7           IMMEDIATELY AND EXCLUSIVELY APPLY TO  
8           DEPOSITS MADE AFTER THE PUBLICATION OF A  
9           CEASE AND DESIST ORDER OR A WARNING  
10          ISSUED BY THE CORPORATION AGAINST SUCH  
11          DEPOSIT TRANSACTIONS.

12  
13          THE ACTIONS OF THE CORPORATION TAKEN  
14          UNDER THIS SECTION SHALL BE FINAL AND  
15          EXECUTORY, AND MAY NOT BE RESTRAINED OR  
16          SET ASIDE BY THE COURT, EXCEPT ON  
17          APPROPRIATE PETITION FOR CERTIORARI ON  
18          THE GROUND THAT THE ACTION WAS TAKEN IN  
19          EXCESS OF JURISDICTION OR WITH SUCH GRAVE  
20          ABUSE OF DISCRETION AS TO AMOUNT TO A  
21          LACK OR EXCESS OF JURISDICTION. THE  
22          PETITION FOR CERTIORARI MAY ONLY BE FILED  
23          WITHIN THIRTY (30) DAYS FROM NOTICE OF  
24          DENIAL OF CLAIM FOR DEPOSIT INSURANCE.”

25  
26          SEC. 3. Section 4(g) of the same Act is hereby amended to read as follows:

27  
28          “(g) The term “insured deposit” means the amount due to  
29          any depositor for deposits in an insured bank net of any  
30          obligation of the depositor to the insured bank as of date  
31          of closure, but not to exceed **FIVE HUNDRED**  
32          **THOUSAND PESOS** [Two Hundred Fifty Thousand  
33          Pesos (P250,000.00)] (P500,000.00). Such net amount shall  
34          be determined according to such regulations as the Board  
35          of Directors may prescribe, x x x *Provided, further,* That the  
36          aggregate of the interest of each co-owner over several

1 joint accounts, whether owned by the same or different  
2 combinations of individuals, juridical persons or entities,  
3 shall likewise be subject to the maximum insured deposit  
4 of **FIVE HUNDRED THOUSAND PESOS** [two hundred  
5 fifty thousand pesos (P250,000.00)] (P500,000.00). x x x.  
6 **PROVIDED, FINALLY, THAT, IN CASE OF A**  
7 **CONDITION THAT THREATENS MONETARY AND**  
8 **FINANCIAL STABILITY THAT MAY HAVE**  
9 **SYSTEMIC CONSEQUENCES, AS DEFINED IN**  
10 **SECTION 18<sup>1</sup> HEREOF, AS DETERMINED BY THE**  
11 **MONETARY BOARD, THE MAXIMUM DEPOSIT**  
12 **INSURANCE COVER MAY BE ADJUSTED IN SUCH**  
13 **AMOUNT, FOR SUCH A PERIOD, AND/OR FOR**  
14 **SUCH DEPOSIT PRODUCTS, AS MAY BE**  
15 **DETERMINED BY A UNANIMOUS VOTE OF THE**  
16 **BOARD OF DIRECTORS IN A MEETING CALLED**  
17 **FOR THE PURPOSE AND CHAIRED BY THE**  
18 **SECRETARY OF FINANCE, SUBJECT TO THE**  
19 **APPROVAL OF THE PRESIDENT OF THE**  
20 **PHILIPPINES."**

21  
22 SEC. 4. In the maximum deposit insurance coverage of Five Hundred  
23 Thousand Pesos (P500,000.00) provided in Section 4(g) of Republic Act 3591, as  
24 amended herein, the first Two Hundred Fifty Thousand Pesos (P250,000.00)  
25 thereof shall be for the account of the Corporation. The remaining Two Hundred  
26 Fifty Thousand Pesos (P250,000.00) shall be the obligation of, and deemed  
27 automatically appropriated and paid by the National Government in such  
28 manner and form as the Secretary of Finance and the Secretary of Budget and  
29 Management may thereafter determine; *Provided, that,* after six (6) years from the  
30 effectivity of this Act, the entire maximum deposit insurance coverage shall be  
31 for the account of the Corporation.

32  
33 SEC. 5. Section 8, paragraph Eighth of the same Act is hereby amended to  
34 read as follows:

35  

---

<sup>1</sup> Formerly Section 17 of the PDIC Charter

1                   “Eighth - To conduct examination of banks with  
2 prior approval of the Monetary Board: *Provided*, That no  
3 examination can be conducted within twelve (12) months  
4 from the last examination date: *Provided, further*, That,  
5 **THE CORPORATION MAY, WITH PRIOR**  
6 **MONETARY BOARD APPROVAL, CONDUCT**  
7 **SPECIAL EXAMINATION AT SUCH OTHER TIMES**  
8 **AS THE BOARD OF DIRECTORS, BY AN**  
9 **AFFIRMATIVE VOTE OF A MAJORITY OF ALL OF**  
10 **ITS MEMBERS, MAY DEEM EXPEDIENT;**  
11 **PROVIDED, THAT,** To avoid overlapping of efforts, the  
12 examination shall maximize the efficient use of the  
13 relevant reports, information, and findings of the Bangko  
14 Sentral which it shall make available to the Corporation.  
15 [*Provided, finally*, That The Board of Directors shall, in  
16 close coordination with the Monetary Board, prescribe  
17 such guidelines as may be necessary to ensure that there  
18 are no duplications of functions.]”  
19

20           SEC. 6. Section 8 of the same Act is amended to include an additional  
21 paragraph as follows:

22  
23                   **“THIRTEENTH - TO ESTABLISH,**  
24 **ORGANIZE, AND OPERATE BRIDGE BANKS AS**  
25 **PROVIDED IN THIS ACT.”**  
26

27           SEC. 7. A new Section 9 (h) of the same Act is hereby added to read as  
28 follows:

29  
30                   “Section 9.

31  
32                   (h) **UNLESS THE ACTIONS OF THE**  
33 **CORPORATION OR ANY OF ITS OFFICERS AND**  
34 **EMPLOYEES ARE FOUND TO BE IN WILLFUL**  
35 **VIOLATION OF THIS ACT, PERFORMED IN BAD**  
36 **FAITH, WITH MALICE AND/OR GROSS**



1           NEGLIGENCE, THE CORPORATION, ITS  
2           DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS  
3           ARE HELD FREE AND HARMLESS TO THE FULLEST  
4           EXTENT PERMITTED BY LAW FROM ANY  
5           LIABILITY, AND THEY SHALL BE INDEMNIFIED  
6           FOR ANY AND ALL LIABILITIES, LOSSES, CLAIMS,  
7           DEMANDS, DAMAGES, DEFICIENCIES, COSTS  
8           AND EXPENSES OF WHATSOEVER KIND AND  
9           NATURE THAT MAY ARISE IN CONNECTION WITH  
10          THE PERFORMANCE OF THEIR FUNCTIONS,  
11          WITHOUT PREJUDICE TO ANY CRIMINAL  
12          LIABILITY UNDER EXISTING LAWS.”

13  
14           SEC. 8. Section 9 (h) of the same Act is accordingly renumbered as Section  
15   9 (i).

16  
17           SEC. 9. A new provision numbered Section 13 shall be inserted in the  
18   same Act to read as follows:

19  
20                   “Section 13. THE CORPORATION MAY FORM,  
21           ESTABLISH, ORGANIZE, AND OPERATE AND/OR  
22           CONTRACT TO OPERATE SUBSIDIARIES OR  
23           CORPORATIONS WHOSE PRIMARY PURPOSE IS  
24           TO OPERATE AS A BRIDGE BANK AND/OR  
25           MANAGE ACQUIRED ASSETS OF THE  
26           CORPORATION.

27  
28                   (1) A BRIDGE BANK REFERS TO A  
29           TEMPORARY BANK LICENSED BY THE BANGKO  
30           SENTRAL NG PILIPINAS (BSP), ESTABLISHED AND  
31           OPERATED TO ACQUIRE ASSETS AND ASSUME  
32           LIABILITIES OF A FAILED BANK TO FACILITATE  
33           ITS RESOLUTION. THE BRIDGE BANK SHALL:

34  
35                   (A) HAVE AUTHORITY TO PURCHASE  
36           ASSETS, ASSUME DEPOSITS AND

1 OTHER LIABILITIES WHICH THE  
2 CORPORATION MAY DETERMINE TO  
3 BE APPROPRIATE; AND

4  
5 (B) PERFORM SUCH BANKING  
6 FUNCTIONS AS THE MONETARY  
7 BOARD MAY AUTHORIZE,  
8 CONSISTENT WITH THE OBJECTIVES  
9 OF THIS SECTION.

10  
11 (2) A BRIDGE BANK RESOLUTION  
12 MEASURE MAY BE ADOPTED ONLY IF THE BOARD  
13 OF DIRECTORS DETERMINES THAT –

14  
15 (A) IT IS A COST-EFFECTIVE AND VIABLE  
16 RESOLUTION MEASURE AND THE  
17 AMOUNT NECESSARY TO  
18 IMPLEMENT SUCH MEASURE IS LESS  
19 THAN THE ESTIMATED INSURED  
20 DEPOSITS OF THE FAILED BANK;  
21 AND

22  
23 (B) THE PRESERVATION OF CRITICAL  
24 BANKING FUNCTIONS IS IN THE  
25 BEST INTEREST OF THE DEPOSITORS  
26 AND THE PUBLIC.

27  
28 (3) FOR THE EFFECTIVE IMPLEMENTATION  
29 OF A BRIDGE BANK RESOLUTION MEASURE, THE  
30 CORPORATION MAY:

31  
32 (A) SELL, ASSIGN, TRANSFER, OR CONVEY  
33 ITS SHAREHOLDINGS IN ITS  
34 SUBSIDIARY TO THE FAILED BANK;

35

1 (B) TRANSFER SUCH ASSETS AND  
2 DEPOSIT LIABILITIES OF A FAILED  
3 BANK TO THE BRIDGE BANK, AS THE  
4 CORPORATION MAY DEEM  
5 APPROPRIATE. ALL TRANSFERS  
6 UNDER THIS SUBSECTION SHALL:

7  
8 (1) NOT BE SUBJECT TO ANY TAXES,  
9 SUCH AS CAPITAL GAINS TAX, AS  
10 WELL AS INCOME TAX, VALUE  
11 ADDED TAX AND DOCUMENTARY  
12 STAMP TAX, AND OTHER TAXES,  
13 AS MAY BE APPLICABLE;

14  
15 (2) BE CONSIDERED IN *CUSTODIA*  
16 *LEGIS* IN THE HANDS OF THE  
17 BRIDGE BANK. FROM THE TIME  
18 THE ASSETS ARE TRANSFERRED  
19 TO A BRIDGE BANK, ITS ASSETS  
20 SHALL NOT BE SUBJECT TO  
21 ATTACHMENT, EXECUTION,  
22 GARNISHMENT, LEVY,  
23 FORECLOSURE OR ANY OTHER  
24 COURT PROCESSES. THEREFORE,  
25 A JUDGE, OFFICER OF THE COURT  
26 OR ANY PERSON WHO SHALL  
27 ISSUE, ORDER, PROCESS OR  
28 CAUSE THE ISSUANCE OR  
29 IMPLEMENTATION OF THE WRIT  
30 OF GARNISHMENT, LEVY,  
31 ATTACHMENT OR EXECUTION  
32 SHALL BE LIABLE UNDER  
33 SECTION 22<sup>2</sup> HEREOF.  
34

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<sup>2</sup> Formerly Section 21 of the PDIC Charter.

1 (3) BE EFFECTIVE WITHOUT ANY  
2 CONSENT FROM THE  
3 STOCKHOLDERS, CREDITORS,  
4 DEPOSITORS AND ALL OTHER  
5 STAKEHOLDERS OF THE FAILED  
6 BANK, NOTWITHSTANDING ANY  
7 PROVISION OF LAW TO THE  
8 CONTRARY.

9  
10 (C) MAKE ADVANCES TO THE BRIDGE  
11 BANK OR CLOSED BANK, UPON SUCH  
12 TERMS AND CONDITIONS AND IN  
13 *SUCH FORM AND AMOUNTS AS THE*  
14 BOARD OF DIRECTORS MAY  
15 PRESCRIBE, SUFFICIENT FUNDS FOR  
16 THE BRIDGE BANK TO OPERATE.  
17 THESE ADVANCES SHALL PARTAKE  
18 OF THE NATURE OF PUBLIC FUNDS,  
19 AND AS SUCH, MUST BE CONSIDERED  
20 A PREFERRED CREDIT SIMILAR TO  
21 TAXES DUE TO THE NATIONAL  
22 GOVERNMENT IN THE ORDER OF  
23 PREFERENCE UNDER ARTICLE 2224 OF  
24 THE NEW CIVIL CODE;

25  
26 (D) CONDUCT DUE DILIGENCE ON AN  
27 INSURED BANK, AND EXAMINE AND  
28 AUDIT THE DEPOSIT ACCOUNTS  
29 AND/OR RECORDS, OF AN INSURED  
30 BANK, SO AS TO ESTABLISH A  
31 DEPOSIT PROFILE OF THE BANK AS  
32 TO THE NUMBER OF DEPOSIT  
33 ACCOUNTS AND TOTAL INSURED  
34 DEPOSITS; PROVIDED, THAT THE  
35 INFORMATION ON INDIVIDUAL  
36 ACCOUNTS OBTAINED THROUGH

1                   SUCH EXAMINATION OR AUDIT  
2                   SHALL NOT BE DISCLOSED OR  
3                   RELEASED TO ANY OTHER PARTY  
4                   EXCEPT TO THE CORPORATION'S  
5                   BOARD OF DIRECTORS OR UPON  
6                   ORDER OF THE COURT; AND

7  
8                   (E) APPOINT, INSTALL, DESIGNATE,  
9                   AND/OR REMOVE THE DIRECTORS  
10                  AND OFFICERS OF A BRIDGE BANK  
11                  AND FIX THEIR COMPENSATION.

12  
13                  (4) THE 90-DAY PERIOD PROVIDED UNDER  
14                  SECTION 30 OF REPUBLIC ACT 7653, AS AMENDED,  
15                  WITHIN WHICH THE RECEIVER SHALL  
16                  DETERMINE WHETHER THE INSTITUTION MAY BE  
17                  REHABILITATED SHALL NOT BE APPLICABLE.

18  
19                  (5) THE BRIDGE BANK SHALL TERMINATE  
20                  AT THE END OF TWO (2) YEARS FOLLOWING THE  
21                  DATE IT WAS GRANTED A BANKING LICENSE,  
22                  SUBJECT TO THE PROVISIONS IN PARAGRAPHS  
23                  (6) AND (7); PROVIDED, FURTHER, THAT THE  
24                  BOARD OF DIRECTORS MAY EXTEND THE STATUS  
25                  OF THE BRIDGE BANK IF DEEMED NECESSARY TO  
26                  CONCLUDE PENDING NEGOTIATIONS FOR THE  
27                  SALE, MERGER OR ACQUISITION OF THE BRIDGE  
28                  BANK BY A BUYER OR ACQUIRER. PROVIDED,  
29                  FINALLY, THAT THE MAXIMUM EXTENSION  
30                  SHALL BE ONE (1) YEAR.

31  
32                  (6) TERMINATION OF BRIDGE BANK.—THE  
33                  STATUS OF ANY BRIDGE BANK AS SUCH SHALL  
34                  TERMINATE UPON THE EARLIEST OF—  
35

1 (A) THE MERGER OR CONSOLIDATION  
2 OF THE BRIDGE BANK WITH  
3 ANOTHER BANK THAT IS NOT A  
4 BRIDGE BANK; OR

5  
6 (B) THE SALE OF THE BRIDGE BANK TO A  
7 QUALIFIED BUYER, AS MAY BE  
8 DETERMINED BY THE BOARD OF  
9 DIRECTORS; OR

10  
11 (C) THE ASSUMPTION OF ALL OR  
12 SUBSTANTIALLY ALL OF THE (1)  
13 DEPOSITS AND OTHER LIABILITIES  
14 AND/OR (2) ASSETS OF THE BRIDGE  
15 BANK BY AN INSURED BANK THAT  
16 IS NOT A BRIDGE BANK, OR OTHER  
17 ENTITY AS PERMITTED UNDER  
18 APPLICABLE LAW. FOLLOWING THE  
19 ASSUMPTION OF ALL OR  
20 SUBSTANTIALLY ALL OF THE  
21 LIABILITIES OF THE BRIDGE BANK  
22 AND THE SALE OF ALL OR  
23 SUBSTANTIALLY ALL OF THE ASSETS  
24 OF THE BRIDGE BANK, THE BRIDGE  
25 BANK SHALL BE LIQUIDATED IN  
26 ACCORDANCE WITH THE  
27 PROVISIONS OF LAW RELATING TO  
28 THE LIQUIDATION OF CLOSED  
29 BANKS; AND

30  
31 (D) THE EXPIRATION OF THE PERIOD  
32 PROVIDED IN PARAGRAPH (5), OR  
33 THE EARLIER DISSOLUTION OF THE  
34 BRIDGE BANK AS PROVIDED IN  
35 PARAGRAPH (7).

1 (7) DISSOLUTION OF BRIDGE BANK. —

2  
3 (A) NOTWITHSTANDING ANY OTHER  
4 PROVISION OF LAW TO THE  
5 CONTRARY, IF THE BRIDGE BANK'S  
6 STATUS AS SUCH HAS NOT  
7 PREVIOUSLY BEEN TERMINATED BY  
8 THE OCCURRENCE OF AN EVENT  
9 SPECIFIED IN SUBPARAGRAPH (A),  
10 (B) OR (C), OF PARAGRAPH (6), THE  
11 CORPORATION'S BOARD OF  
12 DIRECTORS, MAY DISSOLVE A  
13 BRIDGE BANK AT ANY TIME IT  
14 DEEMS NECESSARY.

15  
16 (B) THE CORPORATION, AS SUCH  
17 RECEIVER, SHALL WIND UP THE  
18 AFFAIRS OF THE BRIDGE BANK IN  
19 CONFORMITY WITH THE  
20 PROVISIONS OF LAW RELATING TO  
21 THE LIQUIDATION OF CLOSED  
22 BANKS. WITH RESPECT TO ANY  
23 SUCH BRIDGE BANK, THE  
24 CORPORATION, AS SUCH RECEIVER,  
25 SHALL HAVE ALL THE RIGHTS,  
26 POWERS, AND PRIVILEGES, AND  
27 SHALL PERFORM THE DUTIES  
28 RELATED TO THE EXERCISE OF SUCH  
29 RIGHTS, POWERS, OR PRIVILEGES  
30 GRANTED BY LAW TO A RECEIVER  
31 OF ANY INSURED BANK.

32  
33 (8) MATTERS RELATING TO THE  
34 EXERCISE BY THE CORPORATION OF THE  
35 FUNCTIONS UNDER THIS SECTION SHALL BE  
36 SUBJECT TO VISITORIAL AUDIT ONLY.

1  
2           (9) THE ACTIONS OF THE CORPORATION  
3 UNDER THIS SECTION SHALL BE FINAL AND  
4 EXECUTORY, AND MAY NOT BE RESTRAINED OR  
5 SET ASIDE BY THE COURT, EXCEPT ON PETITION  
6 FOR CERTIORARI WITH THE COURT OF APPEALS  
7 ON THE GROUND THAT THE ACTION WAS TAKEN  
8 IN EXCESS OF JURISDICTION OR WITH SUCH  
9 GRAVE ABUSE OF DISCRETION AS TO AMOUNT  
10 TO A LACK OR EXCESS OF JURISDICTION. THE  
11 PETITION FOR CERTIORARI MAY ONLY BE FILED  
12 WITHIN TEN (10) DAYS FROM PUBLICATION OF  
13 THE NOTICE ON THE ESTABLISHMENT OF A  
14 BRIDGE BANK.

15  
16           (10) THE BOARD OF DIRECTORS SHALL  
17 PROMULGATE THE IMPLEMENTING RULES AND  
18 REGULATIONS TO IMPLEMENT THE PROVISIONS  
19 OF THIS SECTION.”

20  
21           SEC. 10. Sections 13 to 28 of the same Act shall be accordingly  
22 renumbered as Sections 14 to 29.

23  
24  
25           SEC. 11. An additional paragraph in Section 18 of the same Act (as  
26 renumbered herein) is hereby added to read as follows:

27  
28                           “CORPORATE FUNDS

29  
30                           SECTION 18. X X X. C) IT IS HEREBY  
31 DECLARED TO BE THE POLICY OF THE STATE  
32 THAT THE DEPOSIT INSURANCE FUND OF THE  
33 CORPORATION SHALL BE PRESERVED AND  
34 MAINTAINED AT ALL TIMES. ACCORDINGLY, ALL  
35 TAX OBLIGATIONS OF THE CORPORATION FOR A  
36 PERIOD OF FIVE (5) YEARS RECKONED FROM THE



1 DATE OF EFFECTIVITY OF THIS ACT SHALL BE  
2 CHARGEABLE TO THE TAX EXPENDITURE FUND  
3 (TEF) IN THE ANNUAL GENERAL  
4 APPROPRIATIONS ACT PURSUANT TO THE  
5 PROVISIONS OF EXECUTIVE ORDER NO. 93;  
6 PROVIDED, THAT, ON THE 6<sup>TH</sup> YEAR AND  
7 THEREAFTER, THE CORPORATION SHALL BE  
8 EXEMPT FROM INCOME TAX AND VALUE-ADDED  
9 TAX ON ASSESSMENTS COLLECTED FROM  
10 MEMBER BANKS. IN THE CASE OF ITS OTHER TAX  
11 LIABILITIES, THE CORPORATION SHALL BE  
12 EXEMPT IF THE NATIONAL GOVERNMENT HAS  
13 ATTAINED A BALANCED BUDGET. OTHERWISE,  
14 THESE TAX OBLIGATIONS SHALL CONTINUE TO  
15 BE CHARGEABLE TO THE TEF.

16  
17 MOREOVER, THE EXEMPTION GRANTED  
18 HEREIN SHALL NOT BE AFFECTED BY  
19 SUBSEQUENT LAWS TO THE CONTRARY UNLESS  
20 THIS SECTION IS EXPRESSLY, SPECIFICALLY AND  
21 CATEGORICALLY REVOKED OR REPEALED BY  
22 LAW AND A PROVISION IS ENACTED TO  
23 SUBSTITUTE OR REPLACE THE EXEMPTION  
24 REFERRED TO HEREIN AS AN ESSENTIAL FACTOR  
25 TO MAINTAIN OR PROTECT THE SUFFICIENCY  
26 AND SUSTAINABILITY OF THE DEPOSIT  
27 INSURANCE FUND.”

28  
29 SEC. 12. Section 17 (c) of the same Act shall be accordingly renumbered as  
30 Section 18 (d).

31  
32 SEC. 13. Section 20 (as renumbered herein) is hereby amended to read as  
33 follows:

34  
35 “Section 20. With the approval of the President of  
36 the Philippines, the Corporation is authorized to issue

1 bonds, debentures, and other obligations, **BOTH LOCAL**  
2 **OR FOREIGN**, as may be necessary for purposes of  
3 **PROVIDING LIQUIDITY FOR** settlement of insured  
4 deposits in closed banks as well as for financial assistance  
5 as provided herein: Provided, That the Board of Directors  
6 shall determine the interest rates, maturity and other  
7 requirements of said obligations: Provided, further, That  
8 the Corporation shall provide for appropriate reserves for  
9 the redemption or retirement of said obligation.

10  
11 All notes, debentures, bonds, or such obligations  
12 issued by the Corporation shall be exempt from taxation  
13 **BOTH AS TO PRINCIPAL AND INTEREST, AND**  
14 **SHALL BE FULLY GUARANTEED BY THE**  
15 **GOVERNMENT OF THE REPUBLIC OF THE**  
16 **PHILIPPINES. SUCH GUARANTEE, WHICH IN NO**  
17 **CASE SHALL EXCEED TWO TIMES THE DEPOSIT**  
18 **INSURANCE FUND AS OF DATE OF THE DEBT**  
19 **ISSUANCE, SHALL BE EXPRESSED ON THE FACE**  
20 **THEREOF.**

21  
22 **THE BOARD OF DIRECTORS SHALL HAVE**  
23 **THE POWER TO PRESCRIBE RULES AND**  
24 **REGULATIONS FOR THE ISSUANCE, REISSUANCE,**  
25 **SERVICING, PLACEMENT AND REDEMPTION OF**  
26 **THE BONDS HEREIN AUTHORIZED TO BE ISSUED**  
27 **AS WELL AS THE REGISTRATION OF SUCH BONDS**  
28 **AT THE REQUEST OF THE HOLDERS THEREOF."**

29  
30 SEC. 14. An additional paragraph shall be inserted under Section 2, to  
31 read as follows:

32  
33 "SECTION 2. xxx The Board of Directors shall  
34 have the authority:

1                               **7. TO REVIEW THE ORGANIZATIONAL SET-**  
2                               **UP OF THE CORPORATION AND ADOPT A NEW OR**  
3                               **REVISED ORGANIZATIONAL STRUCTURE AS IT**  
4                               **MAY DEEM NECESSARY FOR THE CORPORATION**  
5                               **TO UNDERTAKE ITS MANDATE AND**  
6                               **FUNCTIONS.”**

7  
8  
9           **SEC. 15. Separability Clause.** If any provision or section of this Act or the  
10 *application thereof to any person or circumstances is held invalid, the other*  
11 *provisions or sections of this Act, in the application of such provision or section*  
12 *to other persons or circumstances, shall not be affected thereby.*

13  
14           **SEC. 16. Repealing Clause.** All acts or parts of acts and executive orders,  
15 *administrative orders, or parts thereof, which are inconsistent with the*  
16 *provisions of this Act, are hereby repealed.*

17  
18           **SEC. 17. Effectivity Clause.** This Act shall take effect fifteen (15) days  
19 *following the completion of its publication in the Official Gazette or in two (2)*  
20 *newspapers of general circulation.*

21  
22           **Approved.**