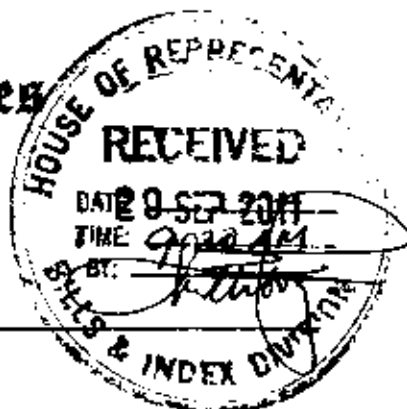




House of Representatives

Quezon City, Metro Manila

FIFTEENTH CONGRESS
Second Regular Session



COMMITTEE REPORT NO. 1423

Submitted by the Committee on Banks and Financial Intermediaries on 29 SEP 2011

Re: House Bill No. 5360

Recommending its approval, in substitution of House Bills No. 4519, 4805 and 4854

Sponsors: Representative Sergio A. F. Apostol and Rufus B. Rodriguez

Mr. Speaker :

The Committee on Banks and Financial Intermediaries to which ~~were~~ referred:

House Bill No. 4519, introduced by Rufus B. Rodriguez and Maximo B. Rodriguez, Jr., entitled: "AN ACT AMENDING REPUBLIC ACT 7353, OTHERWISE KNOWN AS THE RURAL BANKS ACT OF 1992, BY ALLOWING LIMITED FOREIGN EQUITY OWNERSHIP OF RURAL BANKS IN THE PHILIPPINES";

House Bill No. 4805, introduced by Representative Sergio A. F. Apostol, entitled: "AN ACT AMENDING FOREIGN EQUITY IN THE CAPITAL OF FOREIGN BANKS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7353, OTHERWISE KNOWN AS THE RURAL BANKS ACT OF 1992, AS AMENDED AND FOR OTHER PURPOSES"; and

House Bill No. 4854, introduced by Pedro Romualdo, entitled: "AN ACT TO ALLOW FOREIGN EQUITY IN THE AUTHORIZED CAPITAL STOCKS OF RURAL BANKS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7353 OTHERWISE KNOWN AS 'THE RURAL BANKS ACT OF 1992', AS AMENDED AND FOR OTHER PURPOSES"

has considered the same and recommends the approval of the attached bill, entitled:

"AN ACT ALLOWING FOREIGN EQUITY IN RURAL BANKS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7353 OTHERWISE KNOWN AS 'THE RURAL BANKS ACT OF 1992'",

with Representatives Sergio A. F. Apostol, Rufus B. Rodriguez, Maximo B. Rodriguez, Jr., Pedro Romualdo, Roilo S. Golez, Julieta R. Cortuna, Isidro Q. Lico, Cresente C. Paez and Philip A. Pichay as authors thereof.

Respectfully submitted,


SERGIO A. F. APOSTOL
Chairman

The HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City

House of Representatives

Quezon City, Metro Manila

Fifteenth Congress

Second Regular Session

HOUSE BILL NO. **5360**

(In substitution of House Bills No. 4519, 4805 and 4854)

Representatives Sergio A. F. Apostol, Rufus B. Rodriguez, Maximo B. Rodriguez, Jr., Pedro Romualdo, Roilo S. Golez, Julieta R. Cortuna, Isidro Q. Uco, Cresente C. Paez and Philip A. Pichay

AN ACT

ALLOWING FOREIGN EQUITY IN RURAL BANKS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7353 OTHERWISE KNOWN AS 'THE RURAL BANKS ACT OF 1992'

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

SECTION 1. Section 4 of Republic Act No. 7353, is hereby amended to read as follows:

"Sec. 4. No rural bank shall be operated without a Certificate of Authority from the Monetary Board of the [Central Bank] BANGKO SENTRAL NG PILIPINAS. Rural banks shall be organized in the form of stock corporations. ~~[Upon consultation with the rural banks in the area, duly established cooperatives and corporations primarily organize to hold equities in rural banks may organize a rural bank and/or subscribe to the shares of stock of any rural bank. Provided, That a cooperative or corporation owning or controlling the whole or majority of the voting stock of the rural bank shall be subject to special examination and to such rules and regulations as the Monetary Board may prescribe. With exception of shareholdings of corporations organized primarily to hold equities in rural banks as provided for under Section 12 C of Republic Act 337, as amended, and of Filipino-controlled domestic banks, the capital stock of any rural bank shall be fully owned and held directly or indirectly by citizens of the Philippines or corporations, associations or cooperatives qualified under Philippine laws to own and hold such capital stock. Provided, That any provisions of existing laws to own and hold such capital stock. Provided, That any provision of existing laws to the contrary notwithstanding, stockholdings in a rural bank shall be exempt from any ownership ceiling for a period of ten (10) years from the approval of this Act. Provided, further, That any such exemption shall require the approval of the Monetary Board.]~~ NON-FILIPINO CITIZENS MAY OWN, ACQUIRE, OR PURCHASE UP TO FORTY PERCENT (40%) OF THE VOTING STOCK OF A RURAL BANK, WHERE A NEW BANK IS ESTABLISHED AS A RESULT OF A MERGER OR

1 country.

2 The implementing rules and regulations shall be published within ninety (90) days from the publication
3 of this law in two (2) newspapers of general circulation.

4 SEC. 5. This Act shall take effect fifteen (15) days following the completion of its publication either in
5 the Official Gazette or in any newspaper of general circulation in the Philippines.

Approved.

2011 09 27

FACT SHEET

006-5360
House Bill No. **5360**

(Substitute bill to House Bills No. 4519, 4805, and 4854)

ALLOWING FOREIGN EQUITY IN RURAL BANKS

**Introduced by: REPRESENTATIVES PEDRO ROMUALDO, SERGIO A. F. APOSTOL, RUFUS RODRIGUEZ AND
MAXIMO B. RODRIGUEZ JR.**

Chairperson: REPRESENTATIVE SERGIO A. F. APOSTOL

OBJECTIVES

1. To open a new source of equity infusion for rural banks so they sustain, even expand the provision of more sophisticated forms of financial services or comply with increased minimum capital requirements.
2. To provide for uniform foreign equity requirements in all types of banks.

KEY PROVISIONS

1. Allows foreign equity of up to 40% of voting stock in rural banks, amending for the purpose RA No. 7353 "Rural Banks Act of 1992". The 40% ceiling is consistent with the provisions of R.A. No. 8791 "General Banking Law of 2000"
2. Adopts the provisions of the General Banking Law in determining the nationality of the corporate stockholder.