

Republic of the Philippines
House of Representatives
Quezon City

FIFTEENTH CONGRESS
Second Regular Session



COMMITTEE REPORT NO. 1480

Submitted by the Committee on Banks and Financial Intermediaries on 10 OCT 2011

Re: House Bill No. 5394

Recommending its approval, in substitution of House Bills No. 61, 458 and 2161

Sponsor: Representatives Sergio A. F. Apostol and Luis R. Villafuerte

Mr. Speaker :

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

House Bill No. 61, introduced by Representative Luis R. Villafuerte, entitled: "AN ACT PROVIDING FOR A COMPREHENSIVE REVISION OF THE CHARTER OF THE BANGKO SENTRAL NG PILIPINAS (BSP) BY AMENDING REPUBLIC ACT NUMBERED SEVENTY-SIX HUNDRED AND FIFTY-THREE ENTITLED "THE NEW CENTRAL BANK ACT";

House Bill No. 458, introduced by Juan Edgardo M. Angara, entitled: "AN ACT AMENDING REPUBLIC ACT NUMBERED SEVENTY-SIX HUNDRED AND FIFTY-THREE ENTITLED "THE NEW CENTRAL BANK ACT" AND FOR OTHER PURPOSES"; and

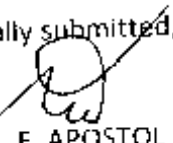
House Bill No. 2161, introduced by Representative Karlo A. B. Nograles, entitled: "AN ACT STRENGTHENING FURTHER THE REGULATORY POWERS OF THE BANGKO SENTRAL NG PILIPINAS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7653, ENTITLED "THE NEW CENTRAL BANK ACT," AND FOR OTHER PURPOSES"

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

"AN ACT PROVIDING FOR A COMPREHENSIVE REVISION OF THE CHARTER OF THE BANGKO SENTRAL NG PILIPINAS BY AMENDING REPUBLIC ACT NUMBERED SEVENTY-SIX HUNDRED AND FIFTY-THREE ENTITLED "THE NEW CENTRAL BANK ACT"

with Representatives Luis R. Villafuerte, Juan Edgardo M. Angara, Karlo A. B. Nograles and Sergio A. F. Apostol as authors thereof.

Respectfully submitted,


SERGIO A. F. APOSTOL
Chairman

The HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

SECOND REGULAR SESSION

HOUSE BILL NO. **5394**

Introduced by Representatives Luis R. Villafuerte, Juan Edgardo M. Angara, Karlo A. B. Nograles and Sergio A. F. Apostol

AN ACT
PROVIDING FOR A COMPREHENSIVE REVISION OF THE CHARTER OF THE BANGKO SENTRAL NG PILIPINAS BY AMENDING REPUBLIC ACT NUMBERED SEVENTY-SIX HUNDRED AND FIFTY-THREE ENTITLED "THE NEW CENTRAL BANK ACT"

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

SECTION 1. Section 2 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 2. *Creation of the Bangko Sentral.* — There is hereby established an independent central monetary authority, which shall be a body corporate known as the Bangko Sentral ng Pilipinas, hereafter referred to as the Bangko Sentral. The capital of the Bangko Sentral shall be Fifty billion pesos (P50,000,000,000), to be fully subscribed by the Government of the Republic, hereafter referred to as the Government, Ten billion pesos (P10,000,000,000) of which shall be fully paid for by the Government upon the effectivity of this Act ~~(and the balance to be paid for within two (2) years from the effectivity of this Act in such manner and form as the Government, through the Secretary of Finance and the Secretary of Budget and Management, may thereafter determine).~~ THE BALANCE SHALL BE PAID FOR IN CASH AVAILABLE TO THE GOVERNMENT OR THROUGH THE ISSUANCE OF READILY MARKETABLE GOVERNMENT SECURITIES OF EQUIVALENT MARKET VALUE TO THE BALANCE OF THE UNPAID SUBSCRIPTION OF THE GOVERNMENT TO THE BANGKO SENTRAL: PROVIDED, THAT THE CASH OR GOVERNMENT SECURITIES ISSUED PURSUANT HERETO ARE HEREBY AUTHORIZED AND SHALL BE DEEMED AUTOMATICALLY APPROPRIATED FOR THE PURPOSE OF ENABLING THE GOVERNMENT TO COMPLY WITH ITS OBLIGATION TO PAY FOR ITS UNPAID SUBSCRIPTION TO THE BANGKO SENTRAL."

SEC. 2. Section 3 of Republic Act No. 7653 is hereby amended to read as follows:

"SEC. 3. *Responsibility and Primary Objective.* — The Bangko Sentral shall provide policy directions in the areas of money, banking, and credit. It shall have supervision over the operations of

banks and exercise such regulatory powers as provided in this Act and other pertinent laws over the operations of finance companies and non-bank financial institutions performing quasi-banking functions, hereafter referred to as quasi-banks, CREDIT CARD COMPANIES, E-MONEY ISSUERS, REMITTANCE AGENTS and institutions performing similar functions REGULATED BY THE BANGKO SENTRAL UNDER THIS ACT OR UNDER SPECIAL LAWS.

The primary objective of the Bangko Sentral is to maintain price stability conducive to a balanced and sustainable growth of the economy. It shall also promote and maintain ~~[monetary]~~ FINANCIAL stability and the convertibility of the peso”.

SEC. 3. Section 6 of Republic Act No. 7653 is hereby amended to read as follows:

“SEC. 6. Composition of the Monetary Board. — The powers and functions of the Bangko Sentral shall be exercised by the Bangko Sentral Monetary Board, hereafter referred to as the Monetary Board, composed of seven (7) members appointed by the President of the Philippines for a term of six (6) years.

The seven (7) members are:

(a) the Governor of the Bangko Sentral who shall be the Chairman of the Monetary Board. ~~[The Governor of the Bangko Sentral shall be head of a department and his appointment shall be subject to confirmation by the Commission on Appointments.]~~ Whenever the Governor is unable to attend a meeting of the Board, he shall designate a Deputy Governor to act as his alternate AND THE ATTENDANCE OF THE LATTER AS AN ALTERNATE TO THE GOVERNOR SHALL BE COUNTED FOR DETERMINING THE QUORUM BUT SAID ALTERNATE WHILE ENTITLED TO BE HEARD SHALL HAVE NO RIGHT TO VOTE: *Provided, HOWEVER, That in [such event,]* THE ABSENCE OF THE GOVERNOR AT THE MEETING OF THE BOARD, the Monetary Board shall designate one of its members as acting Chairman;

(b) a member of the Cabinet to be designated by the President of the Philippines. Whenever the designated Cabinet Member is unable to attend a meeting of the Board, he shall designate an Undersecretary in his Department to attend as his alternate WHOSE ATTENDANCE AT THE MEETING OF THE BOARD SHALL BE COUNTED FOR DETERMINING A QUORUM BUT WHILE HE HAS THE RIGHT TO BE HEARD, HE HAS NO RIGHT TO VOTE; and

(c) five (5) members who shall come from the private sector, all of whom shall serve full-time: *Provided, however, That* of the members first appointed under the provisions of this subsection, three (3) shall have a term of six (6) years, and the other two (2), three (3) years.

No member of the Monetary Board may be reappointed more than once.”

SEC. 4. Section 9 of Republic Act No. 7653 is hereby amended to read as follows:

1 "SEC. 9. *Disqualifications.* — In addition to the disqualifications imposed by Republic Act No.
2 6713, a member of the Monetary Board is disqualified from being a director, officer, employee,
3 consultant, lawyer, agent or stockholder of any bank, quasi-bank or any other institution which is
4 subject to supervision or examination by the Bangko Sentral, in which case such member shall resign
5 from, and divest himself of any and all interests in such institution before assumption of office as
6 member of the Monetary Board.

7 The members of the Monetary Board coming from the private sector shall not hold any
8 other public office or public employment during their tenure.

9 No person shall be a member of the Monetary Board if he has been connected directly with
10 any multilateral banking or financial institution or has a substantial interest in any private bank in the
11 Philippines, within one (1) year prior to his appointment ~~}; likewise, no member of the Monetary~~
12 ~~Board shall be employed in any such institution within two (2) years after the expiration of his term~~
13 ~~except when he serves as an official representative of the Philippine Government to such~~
14 ~~institution]. NO MEMBER OF THE MONETARY BOARD, INCLUDING THE GOVERNOR AND ANY DEPUTY~~
15 ~~GOVERNOR OF THE BANGKO SENTRAL SHALL BE ELECTED AS DIRECTOR, OR EMPLOYED AS OFFICER~~
16 ~~OR EMPLOYEE, OR HIRED AS CONSULTANT, ADVISER, LAWYER OR IN OTHER CONTRACTUAL~~
17 ~~CAPACITY OF ANY BANK, QUASI-BANK, FINANCE COMPANY, NON-BANK FINANCIAL INTERMEDIARY,~~
18 ~~OR IN SIMILAR CAPACITIES IN OTHER INSTITUTIONS THAT ARE SUPERVISED/REGULATED BY THE~~
19 ~~BANGKO SENTRAL WITHIN THREE (3) YEARS AFTER THE EXPIRATION OF THEIR RESPECTIVE TERMS OF~~
20 ~~OFFICE OR AFTER ANY OF SUCH OFFICIALS RETIRES OR RESIGNS FROM THEIR RESPECTIVE POSITIONS~~
21 ~~IN THE BANGKO SENTRAL EXCEPT WHEN ANY OF SUCH OFFICIALS IS APPOINTED OR DESIGNATED AS~~
22 ~~AN OFFICIAL REPRESENTATIVE OF THE PHILIPPINE GOVERNMENT IN A MULTILATERAL OR~~
23 ~~INTERNATIONAL FINANCIAL INSTITUTION."~~

24 SEC. 5. Section 11 of Republic Act No. 7653 is hereby amended to read as follows:

25 "SEC. 10. *Removal.* — The President may remove any member of the Monetary Board for any
26 of the following reasons:

27 (a) If the member is subsequently disqualified under the provisions of Section ~~[8]~~ 9 of this
28 Act; or xxx"

29 SEC. 6. Section 11 of Republic Act No. 7653 is hereby amended to read as follows:

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

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

1 Unless otherwise provided in this Act, all decisions of the Monetary Board shall require the
2 concurrence of at least four (4) members ENTITLED TO VOTE.

3 THE MEETING OF THE MONETARY BOARD, AS REQUIRED BY CIRCUMSTANCES, MAY BE
4 CONDUCTED THROUGH TELECONFERENCING OR VIDEO CONFERENCING SUBJECT TO PRIOR NOTICE
5 TO ALL THE MEMBERS OF THE BOARD OF THE CALL FOR SUCH METHOD OF CONFERENCING AND
6 SUBJECT FURTHER TO THE REQUIREMENT THAT THE CHAIRMAN OF THE BOARD OR THE ALTERNATE
7 PRESIDING OFFICER IS PHYSICALLY PRESENT, TOGETHER WITH THREE (3) OTHER MEMBERS OF THE
8 BOARD, AT THE DESIGNATED VENUE OF THE MEETING.

9 THE GOVERNOR SHALL VOTE AT MEETINGS OF THE MONETARY BOARD SUBJECT TO THE
10 LIMITATIONS OF SECTION 14 HEREIN. EACH AND EVERY VOTE OF THE GOVERNOR AND THE
11 MONETARY BOARD MEMBERS BE IT IN THE AFFIRMATIVE, NEGATIVE OR ABSTENTION SHOULD BE
12 REFLECTED IN THE MINUTES OF THE MEETING.

13 The *Bangko Sentral* shall maintain and preserve a complete record of the proceedings and
14 deliberations of the Monetary Board, including the tapes and transcripts of the stenographic notes,
15 either in their original form or in microfilm OR OTHER RECORDING MEDIA."

16 SEC. 7. Section 12 of Republic Act No. 7653 is hereby amended to read as follows:

17 "SEC. 12. *Attendance of the Deputy Governors.* — The Deputy Governors [may] SHALL UPON
18 THE ORDER OF THE GOVERNOR OR THE MONETARY BOARD attend the meetings of the Monetary
19 Board with the right to be heard. OTHER OFFICIALS OF THE BANGKO SENTRAL MAY BE DIRECTED TO
20 ATTEND THE MONETARY BOARD MEETINGS UPON INVITATION OF THE MONETARY BOARD ON A PER
21 MEETING BASIS IF THEIR EXPERTISE IS NEEDED IN A PARTICULAR AGENDA MATTER."

22 SEC. 8. Section 15 of Republic Act No. 7653 is hereby amended to read as follows:

23 "SEC. 15. *Exercise of Authority.* — In the exercise of its authority, the Monetary Board shall:

24 (a) issue rules and regulations it considers necessary for the effective discharge of the
25 responsibilities and exercise of the powers vested upon the Monetary Board and the Bangko Sentral.
26 The rules and regulations issued shall be reported to the President and the Congress within fifteen
27 (15) days from the date of their issuance[;]. ANY ISSUANCE THAT AFFECTS THIRD PARTIES OR
28 IMPOSES A PENALTY OR SANCTION AGAINST THE INSTITUTIONS SUPERVISED/REGULATED BY THE
29 BANGKO SENTRAL OR THEIR DIRECTORS OR OFFICERS SHALL, BEFORE ITS ISSUANCE BE SUBJECT TO
30 PRIOR WRITTEN NOTICE WITH RIGHT TO BE HEARD GIVEN TO THE SUBJECT ENTITY OR PARTIES. NO
31 RULES AND REGULATIONS SHALL BECOME EFFECTIVE UNLESS PUBLISHED IN TWO (2) NEWSPAPERS
32 OF NATIONAL CIRCULATION;

33 (b) direct the management, operations, and administration of the Bangko Sentral, reorganize
34 its personnel AND IN CONNECTION THEREWITH PROVIDE SEPARATION BENEFITS AS DEEMED

1 APPROPRIATE, and issue such rules and regulations as it may deem necessary or convenient for this
2 purpose. The legal units of the Bangko Sentral shall be under the exclusive supervision and control of
3 the Monetary Board;

4 (c) establish a human resource management system which shall govern the selection, hiring,
5 appointment, transfer, promotion, or dismissal of all personnel. Such system shall aim to establish
6 professionalism and excellence at all levels of the Bangko Sentral in accordance with sound
7 principles of management.

8 A compensation structure, based on job evaluation studies and wage surveys and subject to
9 the Board's approval, shall be instituted as an integral component of the Bangko Sentral's human
10 resource development program: *Provided*, That the Monetary Board shall make its own system
11 conform as closely as possible with the principles provided for under Republic Act No. 6758[:
12 ~~[Provided, however, That compensation and wage structure of employees whose positions fall under~~
13 ~~salary grade 19 and below shall be in accordance with the rates prescribed under Republic Act No.~~
14 ~~6758].~~

15 On the recommendation of the Governor, appoint, fix the remunerations and other
16 emoluments, and remove personnel of the Bangko Sentral, subject to pertinent civil service laws:
17 *Provided*, That the Monetary Board shall have exclusive and final authority to promote, transfer,
18 assign, or reassign personnel of the Bangko Sentral and these personnel actions are deemed made in
19 the interest of the service and not disciplinary: *Provided, further*, That the Monetary Board may
20 delegate such authority to the Governor under such guidelines as it may determine;

21 (d) adopt an annual budget for and authorize such expenditures by the Bangko Sentral as are
22 in the interest of the effective administration and operations of the Bangko Sentral in accordance
23 with applicable laws and regulations; and

24 (e) indemnify its members and other officials of the Bangko Sentral, including personnel ~~of~~
25 ~~the departments]~~ performing supervision and examination functions, CREDIT AND MONETARY
26 POLICY OPERATIONS against all costs and expenses reasonably incurred by such persons in
27 connection with any civil or criminal action, suit or proceedings to which he may be, or is, made a
28 party by reason of the performance of his functions or duties, unless he is finally adjudged in such
29 action or proceeding to be liable for BAD FAITH, MALICE, GROSS negligence or misconduct.

30 In the event of a settlement or compromise, indemnification shall be provided only in
31 connection with such matters covered by the settlement as to which the Bangko Sentral is advised
32 by external counsel that the person to be indemnified ~~(did not commit any)~~ HAD NOT ACTED WITH
33 BAD FAITH, MALICE, GROSS negligence or misconduct.

1 The costs and expenses incurred in defending the aforementioned action, suit or proceeding
2 may be paid by the Bangko Sentral in advance of the final disposition of such action, suit or
3 proceeding upon receipt of an undertaking by or on behalf of the member, officer, or employee
4 REFERRED TO IN SUBSECTION (e) to repay the amount advanced should it ultimately be determined
5 by the Monetary Board that he is not entitled to be indemnified as provided in this subsection ON
6 ACCOUNT OF BAD FAITH, MALICE, GROSS NEGLIGENCE OR MISCONDUCT."

7 SEC. 9. Section 17 of Republic Act No. 7653 is hereby amended to read as follows:

8 "SEC. 17. *Powers and Duties of the Governor.* — The Governor shall be the chief executive
9 officer of the Bangko Sentral. His powers and duties shall be to:

10 (a) prepare, AT HIS INITIATIVE, OR UPON THE RECOMMENDATION OF A MEMBER OF THE
11 MONETARY BOARD, the agenda for the meetings of the Monetary Board and to submit for the
12 consideration of the Board the policies and measures ~~[which he believes]~~ DEEMED to be necessary
13 to carry out the purposes and provisions of this Act. THE SUPPORTING MEMORANDUM FOR ANY
14 ITEM INCLUDED IN THE AGENDA FOR THE MEETINGS OF THE MONETARY BOARD SHALL BE
15 DISTRIBUTED TO THE MEMBERS AT LEAST THREE (3) WORKING DAYS BEFORE THE SCHEDULED
16 MEETING IN ORDER TO ENABLE THE MEMBERS OF THE BOARD TO STUDY, REVIEW, AND EVALUATE
17 EACH AND EVERY ITEM INCLUDED IN THE AGENDA; PROVIDED, HOWEVER, THAT IN EMERGENCY
18 CASES, PRIOR ONE (1) WORKING DAY BEFORE A MEETING SHALL APPLY;

19 (b) execute and administer the policies and measures approved by the Monetary Board
20 AFTER THEIR EFFECTIVITY;

21 (c) direct and supervise the operations and internal administration of the Bangko Sentral.
22 The Governor may delegate IN WRITING certain of his administrative responsibilities OR SPECIFIC
23 TASKS to other officers or may assign specific tasks or responsibilities to any full-time member of
24 the Monetary Board without additional remuneration or allowance whenever he may deem fit
25 SUBJECT TO SUCH GUIDELINES AND REPORTING REQUIREMENTS AS HE SHALL REQUIRE or subject
26 to such rules and regulations as the Monetary Board may prescribe FOR THE DELEGATED
27 AUTHORITY; PROVIDED, HOWEVER, THAT A POWER OR AUTHORITY DIRECTLY VESTED BY LAW TO BE
28 EXERCISED BY THE MONETARY BOARD UNDER THIS ACT AND/OR UNDER ANY OTHER SPECIAL LAW
29 SHALL NOT BE DELEGATED TO BE EXERCISED BY THE GOVERNOR OR ANY OTHER EXECUTIVE OFFICER
30 OF THE BANGKO SENTRAL, BUT THE POWER OR AUTHORITY EXERCISED BY THE MONETARY BOARD
31 PURSUANT TO LAW THROUGH THE RULES AND REGULATIONS PROMULGATED BY IT, OR THE
32 DECISIONS, RULINGS OR ORDERS ISSUED BY THE MONETARY BOARD SHALL BE IMPLEMENTED OR
33 EXECUTED BY THE GOVERNOR AND/OR OTHER PERTINENT EXECUTIVE OFFICERS OF THE BANGKO
34 SENTRAL.

(d) appoint and fix the remunerations and other emoluments of personnel below the rank of a department head in accordance with the position and compensation plans approved by the Monetary Board, as well as to impose disciplinary measures upon personnel of the Bangko Sentral, subject to the provisions of Section 15(c) of this Act: *Provided*, That removal of personnel shall be with the approval of the Monetary Board; AND

~~[(e) render opinions, decisions, or rulings, which shall be final and executory until reversed or modified by the Monetary Board, on matters regarding application or enforcement of laws pertaining to institutions supervised by the Bangko Sentral and laws pertaining to quasi banks, as well as regulations, policies or instructions issued by the Monetary Board, and the implementation thereof; and]~~

~~[(f)]~~ (e) exercise such other powers as may be vested in him by the Monetary Board.

SEC. 10. Section 19 of Republic Act No. 7653 is hereby amended to read as follows:

“SEC. 19. Authority of the Governor In Emergencies. — In case of emergencies where time is insufficient to call a FORMAL meeting of the Monetary Board, the Governor of the Bangko Sentral, with the concurrence of ~~[two (2)]~~ THREE (3) other members of the Monetary Board, may decide ~~[any]~~ AN URGENT matter or take ~~[any]~~ action ~~[within the authority of the Board]~~ RELEVANT TO THE EMERGENCY INVOLVED, WITHOUT FORMALLY CONVENING A MEETING OF THE MONETARY BOARD .

The Governor shall submit a report to the President and Congress within seventy-two (72) hours after the action has been taken.

At the soonest possible time, the Governor shall call a meeting of the Monetary Board to submit his action for ratification.”

SEC. 11. Section 21 of Republic Act No. 7653 is hereby amended to read as follows:

“SEC. 21. Deputy Governors. — The Governor of the Bangko Sentral, with the approval of the Monetary Board, shall appoint not more than ~~[three (3)]~~ FIVE (5) Deputy Governors who shall perform duties ~~[as may be assigned to them by the Governor and the Board.]~~ AND RESPONSIBILITIES CONSISTENT WITH THEIR RESPECTIVE SECTORS ASSIGNED TO THEM BY THE MONETARY BOARD, TO PERFORM AND UNDERTAKE THESE SPECIFIC TASKS AND FUNCTIONS, NAMELY (i) MONETARY STABILITY SECTOR ; (ii) THE FINANCIAL REGULATION SECTOR IN COORDINATION WITH THE MONETARY STABILITY SECTOR; (iii) THE FINANCIAL SUPERVISION SECTOR TO IMPLEMENT THE FINANCIAL REGULATIONS APPROVED BY THE MONETARY BOARD; (iv) RESOURCES MANAGEMENT SECTOR; AND (v) SUCH OTHER FUNCTIONS THAT THE MONETARY BOARD MAY DEEM NECESSARY ;

THE SCOPE OF THE DUTIES AND RESPONSIBILITIES OF EACH AND EVERY DEPUTY GOVERNOR AND THE OFFICES UNDER EACH OF THEM AND THE DELINEATION OF OTHER FUNCTIONS AND

1 ASSIGNMENTS SHALL BE DEFINED OR REFINED AND PRESCRIBED BY THE MONETARY BOARD UPON
2 RECOMMENDATION OF THE GOVERNOR.

3 ~~[In the absence of the Governor, a Deputy Governor designated by the Governor shall act as~~
4 ~~chief executive of the Bangko Sentral and shall exercise the powers and perform the duties of the~~
5 ~~Governor. Whenever the Government is unable to attend meetings of government boards or~~
6 ~~councils in which he is an ex-officio member pursuant to provisions of special laws, a Deputy~~
7 ~~Governor as may be designated by the Governor shall be vested with authority to participate and~~
8 ~~exercise the right to vote in such meetings.]"~~

9 **SEC. 12.** Section 23 of Republic Act No. 7653 is hereby amended to read as follows:

10 *"SEC. 23. Authority to Obtain Data and Information..* — The Bangko Sentral shall have the
11 authority to ~~[request]~~ REQUIRE from ANY PERSON OR ENTITY, INCLUDING government offices and
12 instrumentalities, or government-owned or controlled corporations, any data which it may require
13 for the proper discharge of its functions and responsibilities. The Bangko Sentral through the
14 Governor or in his absence, a ~~[duly authorized representative]~~ DEPUTY GOVERNOR DULY
15 AUTHORIZED IN WRITING shall have the power to issue a subpoena ~~[for the production of the books~~
16 ~~and records for the aforesaid purpose]~~ SPECIFYING THE DATA REQUIRED AND THE SPECIFIC
17 PURPOSE FOR WHICH SUCH DATA SHALL BE ISSUED. Those who refuse the subpoena without
18 justifiable cause, or who refuse to supply the ~~[bank]~~ BANGKO SENTRAL with data ~~[requested or]~~
19 required, shall be subject to punishment for contempt in accordance with the provisions of the Rules
20 of Court.

21 Data on individual firms, other than banks, gathered by the ~~[Department of Economic~~
22 ~~Research and other departments or units of the]~~ Bangko Sentral ARE CONFIDENTIAL AND WILL BE
23 USED FOR STATISTICAL PURPOSES ONLY. THESE DATA shall not be made available to any person or
24 entity outside of the Bangko Sentral ~~[whether public or private]~~ except under order of the court ~~[or~~
25 ~~under such conditions as may be prescribed by the Monetary Board]~~: *Provided, however, That [the]*
26 *ONLY* collective data ~~[on firms]~~ may be released to interested persons or entities: *Provided, finally,*
27 *That in the case of data on banks, the provisions of Section 27 of this Act shall apply."*

28 **SEC. 13.** Section 24 of Republic Act No. 7653 is hereby amended to read as follows:

29 *"Sec. 24. Training of Technical Personnel.* — The Bangko Sentral shall promote and sponsor
30 the training of technical personnel in the fields of ~~[money and banking]~~ BANKING, QUASI-BANKING,
31 NON-BANK FINANCIAL INTERMEDIARIES, MICROFINANCE, DERIVATIVES, ARBITRAGE, FOREIGN
32 EXCHANGE, SAVINGS FORMATION, PAYMENT AND SETTLEMENT SYSTEMS, INFORMATION
33 TECHNOLOGY, MONEY AND CAPITAL MARKETS DEVELOPMENT TRENDS, INNOVATIONS AND
34 PRACTICES AND SUCH OTHER TRAINING PROGRAMS AS THE MONETARY BOARD SHALL APPROVE.

1 Toward this end, the Bangko Sentral is hereby authorized to defray the costs of study, at home or
2 abroad, of qualified employees of the Bangko Sentral, of promising university graduates or of any
3 other qualified persons who shall be determined by proper competitive examinations. The Monetary
4 Board shall prescribe rules and regulations to govern the training program of the Bangko Sentral."

5 **SEC. 14.** Section 25 of Republic Act No. 7653 is hereby amended to read as follows:

6 "SEC. 25. *Supervision and Examination.* - The Bangko Sentral THROUGH THE FINANCIAL
7 SUPERVISION SECTOR DESIGNATED UNDER THIS ACT shall have supervision over, and conduct
8 REGULAR [~~periodic~~] or special examination[s] of [~~banking institutions~~] BANKS and quasi-banks,
9 including their subsidiaries and affiliates engaged in allied activities AND OTHER FINANCIAL
10 INSTITUTIONS WHICH UNDER THIS ACT OR SPECIAL LAWS ARE SUBJECT TO BANGKO SENTRAL
11 SUPERVISION.

12 THE BANGKO SENTRAL SHALL ALSO HAVE THE POWER TO REGULATE AND EXAMINE
13 TRANSACTIONS BETWEEN A SUPERVISED INSTITUTION AND ITS PARENT COMPANY.

14 TRANSFERS OR ACQUISITIONS, OR A SERIES THEREOF, OF SHARES OF STOCK IN BANKS
15 OR QUASI-BANKS SUFFICIENT TO ELECT AT LEAST ONE SEAT IN THE BOARD OF DIRECTORS OR
16 TO EFFECT A CHANGE IN THE MAJORITY OWNERSHIP OR CONTROL OF THESE INSTITUTIONS,
17 SHALL REQUIRE THE PRIOR APPROVAL BY THE BANGKO SENTRAL. THE SELLING OR CONVEYING
18 STOCKHOLDER SHALL SUBMIT SUCH TRANSFER OR ACQUISITION FOR APPROVAL BY THE BANGKO
19 SENTRAL WITHIN SUCH PERIOD AS MAY BE PRESCRIBED BY THE MONETARY BOARD. IN APPROVING
20 SAID TRANSFERS OR ACQUISITIONS, REGARD SHALL BE GIVEN BY THE BANGKO SENTRAL TO THE
21 FITNESS OF THE INCOMING STOCKHOLDERS AS MAY BE INDICATED BY THEIR INTEGRITY,
22 REPUTATION AND FINANCIAL CAPACITY.

23 PRIOR TO BANGKO SENTRAL APPROVAL, NO SUCH TRANSFER OR ACQUISITION SHALL
24 HAVE LEGAL EFFECT NOR SHALL THE SAME BE RECOGNIZED IN THE BOOKS OF THE INSTITUTION
25 NOR BY ANY GOVERNMENT AGENCY AND THE TRANSFEROR-STOCKHOLDERS, SHALL REMAIN
26 ACCOUNTABLE AND RESPONSIBLE THEREFOR. TRANSFER OF ACTUAL CONTROL OR
27 MANAGEMENT OF THE INSTITUTION TO THE NEW STOCKHOLDERS OR THEIR REPRESENTATIVES
28 PRIOR TO BANGKO SENTRAL APPROVAL SHALL MAKE THE TRANSFEROR, THE TRANSFEREE AND ANY
29 PERSON RESPONSIBLE THEREFOR LIABLE UNDER SECTIONS 36 AND 37 OF THIS ACT.
30 NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, THE BANGKO SENTRAL SHALL
31 SHARE WITH THE PHILIPPINE DEPOSIT INSURANCE CORPORATION ANY INFORMATION THAT
32 BANGKO SENTRAL MAY OBTAIN PERTAINING TO TRANSFER OR ACQUISITION OF SHARES OR SERIES
33 OF TRANSFERS OR ACQUISITIONS OF SHARES IN BANKS.

1 IN CONNECTION WITH THE SECOND PARAGRAPH OF THIS SECTION, A PARENT COMPANY
2 MEANS A CORPORATION WHICH OWNS DIRECTLY OR INDIRECTLY VOTING STOCK OF A SUPERVISED
3 INSTITUTION SUFFICIENT TO CONTROL ITS MANAGEMENT AND OPERATIONS.

4 AS USED IN THIS SECTION, CONTROL EXISTS WHEN THE PARENT OWNS DIRECTLY OR
5 INDIRECTLY MORE THAN ONE-HALF OF THE STOCK OF A SUPERVISED INSTITUTION. CONTROL ALSO
6 EXISTS EVEN WHEN THE PARENT OWNS ONE-HALF OR LESS OF THE VOTING STOCK OF THE
7 SUPERVISED INSTITUTION WHEN THERE IS POWER OVER MORE THAN ONE-HALF OF THE VOTING
8 RIGHTS BY PROXY OR BY VIRTUE OF AN AGREEMENT WITH OTHER INVESTORS, OR OTHER SIMILAR
9 ARRANGEMENTS, WHICH THEREBY ENABLES THE PARENT COMPANY TO CAST THE MAJORITY OF
10 VOTES AT MEETINGS OF THE STOCKHOLDERS OF THE SUPERVISED INSTITUTION, OR TO ELECT THE
11 MAJORITY OF MEMBERS OF THE BOARD OF DIRECTORS OF THE SUPERVISED INSTITUTION OR TO
12 APPPOINT KEY EXECUTIVE OFFICERS WHO SHALL DIRECTLY OR INDIRECTLY CONTROL THE
13 MANAGEMENT AND OPERATIONS OF THE SUPERVISED INSTITUTION.

14 For purposes of this section, a subsidiary means a corporation more than fifty percent
15 (50%) of the voting stock of which is owned by a bank or quasi-bank and an affiliate means a
16 corporation the voting stock of which, to the extent of fifty percent (50%) or less, is owned by a
17 bank, quasi-bank or which is related or linked to such institution or intermediary through
18 common stockholders or such other factors as may be determined by the Monetary Board.

19 The department heads and the examiners of the supervising and/or examining
20 departments are hereby authorized to administer oaths to any director, officer, or employee of
21 any institution under their respective supervision or subject to their examination and to
22 compel the presentation of all books, documents, papers or records necessary in their judgment
23 to ascertain the facts relative to the true condition of any institution as well as the books and
24 records of persons and entities relative to or in connection with the operations, activities or
25 transactions of the institution under examination, subject to the provision of existing laws
26 protecting or safeguarding the secrecy or confidentiality of bank deposits as well as
27 investments of private persons, natural or juridical, in debt instruments issued by the
28 Government.

29 ~~[No restraining order or injunction shall be issued by the court enjoining the Bangko~~
30 ~~Sentral from examining any institution subject to supervision or examination by the Bangko~~
31 ~~Sentral, unless there is convincing proof that the action of the Bangko Sentral is plainly~~
32 ~~arbitrary and made in bad faith and the petitioner or plaintiff files with the clerk or judge of~~
33 ~~court in which the action is pending a bond executed in favor of the Bangko Sentral in an amount~~
34 ~~to be fixed by the court. The provisions of Rule 58 of the New Rules of Court insofar as they are~~

1 ~~applicable and not inconsistent with the provisions of this section shall govern the issuance and~~
2 ~~dissolution of the restraining order or injunction contemplated in this Section.]”~~

3 **SEC. 15.** Section 26 of Republic Act No. 7653 is hereby amended to read as follows:

4 “SEC. 26. *Bank Deposits [and Investments]*. — Any director, officer or stockholder who
5 together with his related interest, contracts a loan or any form of financial accommodation from: (1
6 his bank; or (2) from a bank (a) which is a subsidiary of a bank holding company of which both his
7 bank and the lending bank are subsidiaries or (b) in which a controlling proportion of the shares is
8 owned by the same interest that owns a controlling proportion of the shares of his bank, in excess of
9 five percent (5%) of the capital and surplus of the bank, or in the maximum amount permitted by
10 law, whichever is lower, shall be required by the lending bank to waive the secrecy of his deposits of
11 whatever nature in ~~[all banks in the Philippines]~~ SAID BANKS. Any information obtained from an
12 examination of his deposits shall be held strictly confidential and may be used by the examiners only
13 in connection with their supervisory and examination responsibility or by the Bangko Sentral in an
14 appropriate legal action it has initiated involving the deposit account.

15 RELATED INTEREST, AS USED IN THIS SECTION, SHALL REFER TO STOCKHOLDINGS OF FAMILY
16 GROUPS OR CORPORATE HOLDINGS OF THE SAME FAMILY GROUPS OR SAME GROUPS OF PERSONS
17 AS DEFINED IN SECTION 12 AND SECTION 13 OF REPUBLIC ACT NO. 8791 OTHERWISE KNOWN AS
18 THE GENERAL BANKING LAW OF 2000 WHO CONTROL OR OWN AT LEAST FORTY PERCENT (40%) OF
19 THE VOTING STOCK OF A BANK, QUASI BANK, AND OTHER FINANCIAL INSTITUTION WHICH IS
20 SUBJECT TO SUPERVISION BY THE BANGKO SENTRAL; RELATED INTEREST MAY ALSO REFER TO A
21 HOLDING COMPANY THAT CONTROLS OR OWNS AT LEAST FORTY PERCENT (40%) OF THE VOTING
22 STOCK AS A GROUP, OF BANKS, QUASI BANKS AND OTHER FINANCIAL INSTITUTIONS WHICH ARE
23 SUBJECT TO SUPERVISION BY THE BANGKO SENTRAL.”

24 **SEC. 16.** Section 27 of Republic Act No. 7653 is hereby amended to read as follows:

25 “SEC. 27. *Prohibitions*. — In addition to the prohibitions found in Republic Act Nos. 3019 and
26 6713, personnel of the Bangko Sentral are hereby prohibited from:

27 (a) being an officer, director, lawyer or agent, employee, consultant or stockholder, directly
28 or indirectly, of any institution subject to supervision or examination by the Bangko Sentral, except
29 non-stock savings and loan associations and provident funds organized exclusively for employees of
30 the Bangko Sentral, and except as otherwise provided in this Act;

31 (b) directly or indirectly requesting or receiving any VALUABLE gift, ~~[present]~~ IN KIND or
32 pecuniary or material benefit for himself/HERSELF or ~~[another]~~ FOR A RELATIVE WITHIN THE FIRST
33 DEGREE OF CONSANGUINITY OR AFFINITY from any institution subject to supervision or
34 examination by the Bangko Sentral;

1 (c) revealing in any manner, except under orders of the court, the ~~[Congress]~~ HOUSE OF
2 REPRESENTATIVES OR THE SENATE OR ANY OF THE APPROPRIATE COMMITTEES THEREIN or any
3 government office or agency authorized by law, or under such conditions as may be prescribed by
4 the Monetary Board, information relating to the condition or business of any institution UNDER ITS
5 SUPERVISION. This prohibition shall not be held to apply to the giving of information to the
6 Monetary Board or the Governor of the Bangko Sentral, or to any person authorized by either of
7 them, in writing, to receive such information; and

8 (d) borrowing from any institution subject to supervision or examination by the Bangko
9 Sentral shall be prohibited unless said borrowings are adequately secured,
10 fully disclosed to the Monetary Board, and shall be subject to such further rules and regulations as
11 the Monetary Board may prescribe: *Provided, however,* That personnel of the supervising and
12 examining departments are prohibited from borrowing from a bank under their supervision or
13 examination."

14 **SEC. 17.** Section 28 of Republic Act No. 7653 is hereby amended to read as follows"

15 "SEC. 28. *Examination And Fees.* — The supervising and examining department head,
16 personally or by deputy, shall examine the books AND RECORDS of every banking, OR QUAS -
17 BANKING OR NON-BANK FINANCIAL institution once in every twelve (12) months, and at such other
18 times as the Monetary Board by an affirmative vote of five (5) members, may deem expedient and
19 to ~~[make a report on the same]~~ SUBMIT AN EXECUTIVE SUMMARY OF THE FINDINGS OF
20 EXAMINATION WITH THE REPORT OF EXAMINATION ATTACHED THERETO FOR READY REFERENCE
21 to the Monetary Board: *Provided,* That there shall be an interval of at least twelve (12) months
22 between annual examinations.

23 THE SUPERVISED INSTITUTIONS UNDER THIS SECTION SHALL BE GIVEN THE OPPORTUNITY
24 TO REBUT/REFUTE IN WRITING ANY OR ALL OF THE FINDINGS OF THE EXAMINERS OF THE FINANCIAL
25 SUPERVISION SECTOR OF THE BANGKO SENTRAL IN AN EXIT CONFERENCE BEFORE THE REPORT OF
26 EXAMINATION IS FINALIZED. THE WRITTEN EXPLANATIONS, IF ANY, OF THE SUPERVISED
27 INSTITUTION UNDER EXAMINATION SHALL BE PART OF THE REPORT OF EXAMINATION WITH
28 COMMENTS BY THE EXAMINERS INVOLVED.

29 The bank, OR QUASI-BANK OR NON-BANK FINANCIAL INSTITUTION concerned shall afford to
30 the head of the appropriate supervising and examining departments and to his authorized deputies
31 full opportunity to examine its books, cash and available assets and general condition at any time
32 during banking hours when requested to do so by the Bangko Sentral: *Provided, however,* That none
33 of the reports and other papers relative to such examinations shall be open to inspection by the

public except insofar as such publicity is incidental to the proceedings hereinafter authorized or is necessary for the prosecution of violations in connection with the business of such institutions.

Banking, ~~and~~ quasi-banking, AND NON-BANK FINANCIAL institutions which are subject to examination by the Bangko Sentral shall pay to the Bangko Sentral, within the first thirty (30) days of each year, an annual fee in an amount equal to a percentage as may be prescribed by the Monetary Board of its average total assets during the preceding year as shown on its end-of-QUARTER ~~(month-balance-sheets)~~ STATEMENTS OF CONDITION, after deducting cash on hand and amounts due from banks, QUASI-BANKS, AND OTHER FINANCIAL INSTITUTIONS, including the Bangko Sentral and banks abroad."

SEC. 18. A new Section 28-A is hereby added to Republic Act No. 7653, as follows:

"SEC. 28-A. *BSP COORDINATION.* — THE SUSPENSION OR REVOCATION OF ANY GOVERNMENT LICENSE NECESSARY FOR THE OPERATION OF AN ENTITY SUPERVISED BY THE BANGKO SENTRAL MUST BE DONE ONLY WITH PRIOR COORDINATION WITH THE BANGKO SENTRAL"

SEC. 19. Section 29 of Republic Act No. 7653 is hereby amended to read as follows:

SEC. 29. *Appointment of Conservator.* — Whenever, on the basis of a report OF EXAMINATION submitted by the appropriate supervising or examining department OF THE BANGKO SENTRAL, the Monetary Board, IN CONSULTATION WITH THE PHILIPPINE DEPOSIT INSURANCE CORPORATION, CONFIRMS ~~(finds)~~ that a bank or a quasi-bank is in a state of continuing inability or unwillingness to maintain a condition of liquidity deemed adequate to protect the interest of depositors and creditors, OR CONTINUES TO SUFFER CHRONIC RESERVE OR CAPITAL DEFICIENCIES WHICH, IF NOT CORRECTED, WILL EVENTUALLY RESULT IN INSOLVENCY, the Monetary Board, IN ORDER TO AVERT THE THREATENED INSOLVENCY OF THE BANK, may appoint a conservator WHO SHALL INTRODUCE AND ADOPT MANAGEMENT REFORMS AND CORRECTIVE MEASURES THAT WILL ENABLE THE BANK TO RESTORE AND MAINTAIN ITS VIABILITY. THE CONSERVATOR ~~(with)~~ SHALL HAVE such powers as the Monetary Board shall deem necessary to ENABLE HIM TO take charge of the assets, liabilities, and the management thereof, reorganize the management, collect all monies and debts due said institution, PLACE OR INVEST ITS FUNDS IN READILY MARKETABLE SECURITIES AND INVESTMENTS, SELL, IF NECESSARY, REAL PROPERTIES AND OTHER FIXED ASSETS TO MEET ITS OBLIGATIONS, and exercise all powers ~~(necessary)~~ to restore AND MAINTAIN its viability. The conservator shall report and be responsible to the Monetary Board, WITH A COPY OF SUCH REPORT FURNISHED THE PHILIPPINE DEPOSIT INSURANCE CORPORATION, and shall have the power to overrule or revoke the actions of the previous management and board of directors of the bank or quasi-bank, EXCEPT THAT SUCH POWER CANNOT EXTEND TO THE *POST FACTO* REPUDIATION OF

1 PERFECTED CONTRACTS THAT INFRINGE AGAINST THE NON-IMPAIRMENT CLAUSE OF THE
2 CONSTITUTION.

3 The conservator should be competent and knowledgeable in bank operations and
4 management. The conservatorship shall not exceed one (1) year, WHICH MAY BE EXTENDED FOR A
5 PERIOD OF NOT MORE THAN SIX (6) MONTHS, AS MAY BE APPROVED BY THE MONETARY BOARD.
6 The conservator shall receive remuneration to be fixed by the Monetary Board, PAYABLE IN
7 MONTHLY PAYMENTS TO BE FIXED BY THE MONETARY BOARD: ~~[in an amount not to exceed two-~~
8 ~~thirds (2/3) of the salary of the president of the institution in one (1) year, payable in twelve (12)~~
9 ~~equal monthly payments:]~~ Provided, That, if at any time within the one-year period, the
10 conservatorship is terminated on the ground that the institution can operate on its own, the
11 conservator shall receive the balance of the remuneration which he would have received up to the
12 end of the year; but if the conservatorship is terminated on other grounds, the conservator shall not
13 be entitled to such remaining balance. The Monetary Board ~~[may appoint a conservator connected~~
14 ~~with the Bangko Sentral,]~~ SHALL AUTHORIZE THE CONSERVATOR TO APPOINT A CORE GROUP OF
15 PROFESSIONALS TO ASSIST HIM IN THE PERFORMANCE OF HIS POWERS AND DUTIES AS
16 CONSERVATOR, in which case, ~~[he]~~ THEY shall ~~[not]~~ be entitled to receive ~~[any]~~ remuneration or
17 emoluments THAT THE MONETARY BOARD SHALL DETERMINE ~~[from the Bangko Sentral]~~ during the
18 PERIOD OF conservatorship. The expenses attendant to the conservatorship shall be borne by the
19 bank or quasi-bank concerned.

20 UPON THE REQUEST OF THE CONSERVATOR, THE MONETARY BOARD MAY AUTHORIZE THE
21 GRANT OF EMERGENCY LOANS OR ADVANCES TO THE INSTITUTION TO MEET IN A TIMELY MANNER
22 ITS MATURING OBLIGATIONS OR UNUSUAL DEPOSIT WITHDRAWALS WHILE THE CONSERVATOR IS IN
23 THE PROCESS OF COLLECTING MONIES AND DEBTS DUE THE INSTITUTION UNDER
24 CONSERVATORSHIP, OR LIQUEFYING ITS ASSETS TO RECOVER FROM ITS ILLIQUID CONDITION AND
25 THEREBY RESTORE THE BANK TO NORMALCY. THE BANGKO SENTRAL SHALL REQUIRE COLLATERALS
26 FOR SUCH EMERGENCY LOANS OR ADVANCES, PROVIDED THAT IF THE COLLATERALS ARE
27 AUTHORIZED TO BE SOLD OR DISPOSED OF, THE PROCEEDS SHALL BE APPLIED TO PAY OR PREPAY
28 THE LOANS OR ADVANCES, OR PORTIONS THEREOF, AS THE BANGKO SENTRAL MAY STIPULATE.

29 DURING THE PERIOD OF CONSERVATORSHIP, THE PHILIPPINE DEPOSIT INSURANCE
30 CORPORATION SHALL HAVE THE AUTHORITY TO EXAMINE THE BANK UNDER CONSERVATORSHIP,
31 INQUIRE INTO OR EXAMINE THE DEPOSIT ACCOUNTS THEREIN, AND/OR CONDUCT A DUE DILIGENCE
32 AUDIT OF THE BANK IN PREPARATION FOR THE POSSIBLE ESTABLISHMENT, ORGANIZATION AND
33 OPERATION OF A BRIDGE BANK.

1 The Monetary Board shall terminate the conservatorship when it is satisfied that the
2 institution can continue to operate on its own and the conservatorship is no longer necessary. The
3 conservatorship shall likewise be terminated should the Monetary Board, on the basis of the report
4 of the conservator or of its own findings, determine that the continuance in business of the
5 institution, DESPITE THE REMEDIAL MEASURES THAT HAVE BEEN ADOPTED, CONTINUE TO
6 EXPERIENCE ILLIQUIDITY AND OTHER RELATED FINANCIAL STRESSES, SUCH THAT THE GROUNDS FOR
7 RECEIVERSHIP AND LIQUIDATION OF THE INSTITUTION BECOME WARRANTED, ~~[would involve~~
8 ~~probable loss to its depositors or creditors,]~~ in which case the provisions of Section 30 shall apply."

9 SEC. 20. Section 30 of Republic Act No. 7653 is hereby amended to read as follows:

10 "SEC. 30. *Proceedings in Receivership and Liquidation.* – Whenever, [upon] ON THE BASIS
11 OF A report of ~~[the head of the supervising or examining department]~~ EXAMINATION, the Monetary
12 Board finds OR CONFIRMS that a bank or quasi-bank:

13 (a) HAS NOTIFIED THE BANGKO SENTRAL OR PUBLICLY ANNOUNCED A UNILATERAL
14 CLOSURE, OR HAS BEEN DORMANT FOR AT LEAST THIRTY (30) DAYS OR IN ANY MANNER HAS
15 SUSPENDED THE PAYMENT OF ITS DEPOSIT/DEPOSIT LIABILITIES, OR is unable to pay its liabilities as
16 they become due in the ordinary course of business: *Provided*, That this shall not include inability to
17 pay caused by extraordinary demands induced by financial panic in the banking OR FINANCIAL
18 community; OR

19 (b) has insufficient realizable assets TO MEET ITS LIABILITIES, as determined by the Bangko
20 Sentral~~[, to meet its liabilities]~~ IN ACCORDANCE WITH BANKING REGULATIONS; or

21 (c) cannot continue in business without involving SUBSTANTIAL probable losses to its
22 depositors or creditors RELATIVE TO THE SIZE OF THE INSTITUTION CONCERNED; or

23 (d) has willfully violated a cease and desist order under Section 37 that has become final,
24 involving acts or transactions which amount to fraud or a dissipation of the assets of the institution;
25 in which cases, the Monetary Board may summarily and without need for prior hearing forbid the
26 institution from doing business in the Philippines, and MAY designate the Philippine Deposit
27 Insurance Corporation OR ANY PERSON OF RECOGNIZED COMPETENCE IN BANKING AND FINANCE as
28 receiver of the banking institution.

29 THE MONETARY BOARD, OFFICERS AND PERSONNEL OF THE BANGKO SENTRAL SHALL BE
30 IMMUNE FROM SUIT IN THE PERFORMANCE OF THEIR DUTIES UNDER THIS SECTION UNLESS THEY
31 ARE FOUND TO BE IN WILLFUL VIOLATION OF THIS ACT OR HAVE ACTED OR PERFORMED IN BAD
32 FAITH, WITH MALICE AND/OR GROSS NEGLIGENCE.

33 For a quasi-bank, any person of recognized competence in banking or finance SHALL ~~[may]~~
34 be designated as receiver.

1 THE AUTHORITY OF THE MONETARY BOARD TO PLACE A BANK OR QUASI-BANK UNDER
2 RECEIVERSHIP AS PROVIDED ABOVE SHALL ALSO BE EXERCISED OVER OTHER NON-BANK FINANCIAL
3 INSTITUTIONS WHICH UNDER THIS ACT OR SPECIAL LAWS ARE SUBJECT TO BANGKO SENTRAL
4 SUPERVISION, BASED ON THE SAME APPLICABLE GROUNDS. FOR THIS PURPOSE, ANY PERSON OF
5 RECOGNIZED COMPETENCE IN BANKING, CREDIT AND FINANCE MAY BE DESIGNATED AS A
6 RECEIVER.

7 The receiver shall immediately gather, take charge of, MANAGE AND CONTROL all the
8 assets, WHICH, IN CASE OF A BANK, SHALL INCLUDE ITS LICENSE, and liabilities of the institution,
9 administer the same for the benefit of its creditors, and, exercise the general powers of a receiver
10 under EXISTING LAWS AND the Revised Rules of Court. HOWEVER, THE DISPOSITION OF THE
11 LICENSE BY THE RECEIVER SHALL BE SUBJECT TO THE APPROVAL OF THE MONETARY BOARD. THE
12 RECEIVER SHALL ADDITIONALLY HAVE THE AUTHORITY TO ~~[but shall not, with the exception of]~~ (1)
13 PAY administrative expenditures, ~~[pay or commit any act that will involve the transfer or~~
14 ~~disposition of any asset of the institution: Provided, That the receiver may]~~ (2) deposit or place
15 the funds of the institution in non-speculative investments, OR (3) ADOPT, IF DEEMED
16 APPROPRIATE BY THE RECEIVER, BRIDGE BANKING AS A RESOLUTION METHOD, AS GOVERNED BY
17 SECTION 30-B OF THIS ACT. The receiver OF QUASI-BANKS AND NON-BANK FINANCIAL INSTITUTIONS
18 shall determine as soon as possible, but not later than ninety (90) days from take-over, whether
19 ~~[the]~~ SUCH institution may be rehabilitated or otherwise placed in such a condition so that it
20 may be permitted to resume business with safety to its ~~[depositors and]~~ creditors and the
21 general public: *Provided, That* any determination for the resumption of business of the institution
22 shall be subject to prior approval of the Monetary Board.

23 IN ORDER TO REHABILITATE THE CLOSED INSTITUTION OR TO RESTORE ITS OPERATIONS
24 WITH SAFETY TO ITS CREDITORS AND THE GENERAL PUBLIC OR TO MERGE OR CONSOLIDATE THE
25 CLOSED INSTITUTION WITH ANOTHER QUALIFIED INSTITUTION, THE RECEIVER OF QUASI-BANKS AND
26 OTHER NON-BANK FINANCIAL INSTITUTIONS MAY IMMEDIATELY TRANSFER OR DISPOSE OF ANY OR
27 ALL OF THE ASSETS OF THE CLOSED INSTITUTION AND PERFORM SUCH OTHER ACTS AS MAY BE
28 AUTHORIZED BY LAW.

29 If the receiver OF QUASI-BANK AND OTHER NON-BANK FINANCIAL INSTITUTIONS determines
30 that the institution cannot be rehabilitated or permitted to resume business in accordance with the
31 next preceding paragraph OF THIS SECTION, the Monetary Board shall notify in writing the board of
32 directors of its findings and direct the receiver to proceed with the liquidation of the institutions.
33 The receiver shall:

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

10 2. convert the assets of the institution to money, dispose of the same to creditors and other
11 parties, for the purpose of paying the debts of such institution in accordance with the rules on
12 concurrence and preference of credit under the Civil Code of the Philippines and he may, in the
13 name of the institution, and with the assistance of counsel as he may retain, institute such actions as
14 may be necessary to collect and recover accounts and assets of, or defend any action against, the
15 institution. The assets of an institution under receivership or liquidation shall be deemed in custodia
16 legis in the hands of the receiver and shall, from the moment the institution was placed under such
17 receivership or liquidation, be exempt from any order of garnishment, levy, attachment, or
18 execution.

19 The actions of the Monetary Board taken under this section or under Section 29 of this Act
20 shall be final and executory, and may not be restrained or set aside by the court except on petition
21 for certiorari on the ground that the action taken was in excess of jurisdiction or with such grave
22 abuse of discretion as to amount to lack or excess of jurisdiction. The petition for certiorari may only
23 be filed by the stockholders of record representing the majority of the capital stock within ten (10)
24 days from receipt by the board of directors of the institution of the order directing receivership,
25 liquidation or conservatorship.

26 The designation of a conservator under Section 29 of this Act or the appointment of a
27 receiver under this section shall be vested exclusively with the Monetary Board. ~~[Furthermore, the~~
28 ~~designation of a conservator is not a precondition to the designation of a receiver.]”~~

29 **SEC. 21.** A new section entitled section 30-A shall be inserted in Republic Act No. 7653 to
30 read as follows:

31 “SEC. 30-A. *PROMPT CORRECTIVE ACTION.* – WHENEVER UPON THE REPORT OF THE
32 HEAD OF THE FINANCIAL SUPERVISION SECTOR, THE MONETARY BOARD FINDS A BANK OR QUASI-
33 BANK OR OTHER SUPERVISED FINANCIAL INSTITUTION HAS INSUFFICIENT REALIZABLE ASSETS TO
34 MEET ITS LIABILITIES, THE MONETARY BOARD SHALL HAVE THE AUTHORITY TO DIRECT THE

1 EXISTING STOCKHOLDERS OF SAID BANK OR QUASI-BANK OR SUPERVISED FINANCIAL INSTITUTION
2 TO INFUSE CAPITAL WITHIN A PERIOD NOT EXCEEDING NINETY (90) DAYS FROM THE DATE OF
3 DIRECTIVE IN SUCH AMOUNT AS MAY BE NECESSARY TO RESTORE THE ENTITY'S CAPITAL TO
4 THE MINIMUM REQUIRED AMOUNT OR RATIO. IN CASE OF INABILITY OR UNWILLINGNESS OF THE
5 STOCKHOLDERS TO INFUSE THE REQUIRED AMOUNT OF ADDITIONAL CAPITAL WITHIN THE
6 PRESCRIBED PERIOD, THE MONETARY BOARD MAY ORDER A QUASI-REORGANIZATION OF SAID
7 ENTITY TO REFLECT THE FAIR VALUE OF ITS CAPITAL AND/OR DIRECT SAID ENTITY TO ACCEPT
8 INVESTMENTS FROM QUALIFIED INVESTORS OR TO MERGE OR CONSOLIDATE WITH A QUALIFIED
9 FINANCIAL INSTITUTION."

10 SEC. 22. A new section entitled section 30-B shall be inserted in Republic Act No. 7653 to
11 read as follows:

12 "SEC. 30-B. *BRIDGE BANKING*. - (A) THE MONETARY BOARD MAY FORM, ESTABLISH,
13 ORGANIZE, AND OPERATE AND/OR CONTRACT TO OPERATE SUBSIDIARIES OR CORPORATIONS
14 WHOSE PRIMARY PURPOSE IS TO OPERATE AS A BRIDGE BANK AND/OR MANAGE ACQUIRED ASSETS
15 OF THE RECEIVER.

16 (B) A BRIDGE BANK REFERS TO A TEMPORARY BANK LICENSED BY THE BANGKO SENTRAL,
17 ESTABLISHED AND OPERATED TO ACQUIRE ASSETS AND ASSUME LIABILITIES OF A FAILED BANK. THE
18 BRIDGE BANK SHALL HAVE AUTHORITY TO PURCHASE ASSETS, ASSUME DEPOSITS AND OTHER
19 LIABILITIES WHICH THE PDIC MAY DETERMINE TO BE APPROPRIATE; AND PERFORM SUCH OTHER
20 BANKING FUNCTIONS AS THE MONETARY BOARD MAY AUTHORIZE, CONSISTENT WITH THE
21 OBJECTIVES OF THIS SECTION.

22 (C) A BRIDGE BANK RESOLUTION MEASURE MAY BE ADOPTED ONLY IF THE BOARD OF
23 DIRECTORS DETERMINES THAT IT IS A COST-EFFECTIVE AND VIABLE RESOLUTION MEASURE AND
24 THE AMOUNT NECESSARY TO IMPLEMENT SUCH MEASURE IS LESS THAN THE ESTIMATED INSURED
25 DEPOSITS OF THE FAILED BANK; AND THE PRESERVATION OF CRITICAL BANKING FUNCTIONS IS IN
26 THE BEST INTEREST OF THE DEPOSITORS AND THE PUBLIC.

27 (D) FOR THE EFFECTIVE IMPLEMENTATION OF A BRIDGE BANK RESOLUTION MEASURE, THE
28 RECEIVER MAY:

- 29 1. SELL, ASSIGN, TRANSFER, OR CONVEY ITS SHAREHOLDINGS IN ITS SUBSIDIARY TO
30 THE FAILED BANK;
- 31 2. TRANSFER SUCH ASSETS AND DEPOSIT LIABILITIES OF A FAILED BANK TO THE BRIDGE
32 BANK, AS THE RECEIVER MAY DEEM APPROPRIATE. ALL TRANSFERS UNDER THIS
33 SUBSECTION SHALL:

- i. NOT BE SUBJECT TO ANY TAXES, SUCH AS CAPITAL GAINS TAX, AS WELL AS INCOME TAX, VALUE ADDED TAX AND DOCUMENTARY STAMP TAX, AND OTHER TAXES, AS MAY BE APPLICABLE;
 - ii. BE CONSIDERED *IN CUSTODIA LEGIS* IN THE HANDS OF THE BRIDGE BANK. FROM THE TIME THE ASSETS ARE TRANSFERRED TO A BRIDGE BANK, ITS ASSETS SHALL NOT BE SUBJECT TO ATTACHMENT, EXECUTION, GARNISHMENT, LEVY, FORECLOSURE OR ANY OTHER COURT PROCESSES. THEREFORE, A JUDGE, OFFICER OF THE COURT OR ANY PERSON WHO SHALL ISSUE, ORDER, PROCESS OR CAUSE THE ISSUANCE OR IMPLEMENTATION OF THE WRIT OF GARNISHMENT, LEVY, ATTACHMENT OR EXECUTION SHALL BE LIABLE UNDER SECTION 22 HEREOF.
 - iii. BE EFFECTIVE WITHOUT ANY CONSENT FROM THE STOCKHOLDERS, CREDITORS, STAKEHOLDERS OF THE FAILED BANK, NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY.
3. MAKE ADVANCES TO THE BRIDGE BANK OR CLOSED BANK, UPON SUCH TERMS AND CONDITIONS AND IN SUCH FORM AND AMOUNTS AS THE RECEIVER MAY PRESCRIBE, SUFFICIENT FUNDS FOR THE BRIDGE BANK TO OPERATE. THESE ADVANCES SHALL PARTAKE OF THE NATURE OF PUBLIC FUNDS, AND AS SUCH, MUST BE CONSIDERED A PREFERRED CREDIT SIMILAR TO TAXES DUE TO THE NATIONAL GOVERNMENT IN THE ORDER OF PREFERENCE UNDER ARTICLE 2224 OF THE NEW CIVIL CODE;
 4. CONDUCT DUE DILIGENCE ON AN INSURED BANK, AND EXAMINE AND AUDIT THE DEPOSIT ACCOUNTS AND/OR RECORDS, OF AN INSURED BANK, SO AS TO ESTABLISH A DEPOSIT PROFILE OF THE BANK AS TO THE NUMBER OF DEPOSIT ACCOUNTS AND TOTAL INSURED DEPOSITS: *PROVIDED*, THAT THE INFORMATION ON INDIVIDUAL ACCOUNTS OBTAINED THROUGH SUCH EXAMINATION OR AUDIT SHALL NOT BE DISCLOSED OR RELEASED TO ANY OTHER PARTY EXCEPT TO THE BOARD OF DIRECTORS OF THE PHILIPPINE DEPOSIT INSURANCE CORPORATION OR UPON ORDER OF THE COURT; AND
 5. APPOINT, INSTALL, DESIGNATE, AND/OR REMOVE THE DIRECTORS AND OFFICERS OF A BRIDGE BANK AND FIX THEIR COMPENSATION.

(E) THE 90-DAY PERIOD PROVIDED UNDER SECTION 30 OF REPUBLIC ACT 7653, AS AMENDED, WITHIN WHICH THE RECEIVER SHALL DETERMINE WHETHER THE INSTITUTION MAY BE REHABILITATED SHALL NOT BE APPLICABLE.

1 (F) THE BRIDGE BANK SHALL TERMINATE AT THE END OF TWO (2) YEARS FOLLOWING THE
2 DATE IT WAS GRANTED A BANKING LICENSE, SUBJECT TO THE PROVISIONS IN THE PARAGRAPHS (G)
3 AND (H); *PROVIDED, FURTHER*, THAT THE RECEIVER MAY EXTEND THE STATUS OF THE BRIDGE BANK
4 IF DEEMED NECESSARY TO CONCLUDE PENDING NEGOTIATIONS FOR THE SALE, MERGER OR
5 ACQUISITION OF THE BRIDGE BANK BY A BUYER OR ACQUIRER: *PROVIDED, FINALLY*, THAT THE
6 MAXIMUM EXTENSION SHALL BE ONE (1) YEAR.

7 (G) TERMINATION OF BRIDGE BANK. - THE STATUS OF ANY BRIDGE BANK AS SUCH SHALL
8 TERMINATE UPON THE EARLIEST OF—

- 9 1. THE MERGER OR CONSOLIDATION OF THE BRIDGE BANK WITH ANOTHER BANK THAT
10 IS NOT A BRIDGE BANK; OR
- 11 2. THE SALE OF THE BRIDGE BANK TO A QUALIFIED BUYER, AS MAY BE DETERMINED BY
12 THE RECEIVER; OR
- 13 3. THE ASSUMPTION OF ALL OR SUBSTANTIALLY ALL OF THE (i) DEPOSITS AND OTHER
14 LIABILITIES AND/OR (ii) ASSETS OF THE BRIDGE BANK BY AN INSURED BANK THAT IS
15 NOT A BRIDGE BANK, OR OTHER ENTITY AS PERMITTED UNDER APPLICABLE LAW.
16 FOLLOWING THE ASSUMPTION OF ALL OR SUBSTANTIALLY ALL OF THE LIABILITIES OF
17 THE BRIDGE BANK AND THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF
18 THE BRIDGE BANK, THE BRIDGE BANK SHALL BE LIQUIDATED IN ACCORDANCE WITH
19 THE PROVISIONS OF LAW RELATING TO THE LIQUIDATION OF CLOSED BANKS; AND
- 20 4. THE EXPIRATION OF THE PERIOD PROVIDED IN PARAGRAPH (F), OR THE EARLIER
21 DISSOLUTION OF THE BRIDGE BANK AS PROVIDED IN PARAGRAPH (H).

22 (H) DISSOLUTION OF BRIDGE BANK.- NOTWITHSTANDING ANY OTHER PROVISION OF LAW
23 TO THE CONTRARY, IF THE BRIDGE BANK'S STATUS AS SUCH HAS NOT PREVIOUSLY BEEN
24 TERMINATED BY THE OCCURRENCE OF AN EVENT SPECIFIED IN SUBPARAGRAPH (1), (2) OR (3), OF
25 PARAGRAPH (G), THE RECEIVER, MAY DISSOLVE A BRIDGE BANK AT ANY TIME IT DEEMS
26 NECESSARY. THE RECEIVER SHALL WIND UP THE AFFAIRS OF THE BRIDGE BANK IN CONFORMITY
27 WITH THE PROVISIONS OF LAW RELATING TO THE LIQUIDATION OF CLOSED BANKS. WITH RESPECT
28 TO ANY SUCH BRIDGE BANK, THE RECEIVER SHALL HAVE ALL THE RIGHTS, POWERS, AND
29 PRIVILEGES, AND SHALL PERFORM THE DUTIES RELATED TO THE EXERCISE OF SUCH RIGHTS,
30 POWERS, OR PRIVILEGES GRANTED BY LAW TO A RECEIVER OF ANY INSURED BANK.

31 (I) MATTERS RELATING TO THE EXERCISE BY THE RECEIVER OF THE FUNCTIONS UNDER THIS
32 SECTION SHALL BE SUBJECT TO VISITORIAL AUDIT ONLY.

33 (J) THE ACTIONS OF THE RECEIVER UNDER THIS SECTION SHALL BE FINAL AND EXECUTORY,
34 AND MAY NOT BE RESTRAINED OR SET ASIDE BY THE COURT, EXCEPT ON PETITION FOR CERTIORARI

1 WITH THE COURT OF APPEALS ON THE GROUND THAT THE ACTION WAS TAKEN IN EXCESS OF
2 JURISDICTION OR WITH SUCH GRAVE ABUSE OF DISCRETION AS TO AMOUNT TO A LACK OR EXCESS
3 OF JURISDICTION. THE PETITION FOR CERTIORARI MAY ONLY BE FILED WITHIN TEN (10) DAYS FROM
4 PUBLICATION OF THE NOTICE ON THE ESTABLISHMENT OF A BRIDGE BANK.

5 (K) THE MONETARY BOARD SHALL PROMULGATE THE IMPLEMENTING RULES AND
6 REGULATIONS TO IMPLEMENT THE PROVISIONS OF THIS SECTION.

7 **SEC. 23.** Section 33 of Republic Act No. 7653 is hereby amended to read as follows:

8 "SEC. 33. *Disposition of Banking Franchise.* — The Bangko Sentral may, if public
9 interest so requires, award to an institution, upon such terms and conditions as the Monetary Board
10 may approve, the banking franchise of a CLOSED bank ~~(under liquidation)~~ to operate in the area
11 where said bank or its branches were previously operating: *Provided, That whatever proceeds may*
12 *be realized from such award shall be [subject to the appropriate exclusive disposition of the*
13 ~~Monetary Board]~~ FOR THE BENEFIT OF THE CREDITORS OF THE CLOSED BANK."

14 **SEC. 24.** Section 36 of Republic Act No. 7653 is hereby amended to read as follows:

15 "SEC. 36. *Proceedings Upon Violation of this Act and Other Banking Laws, Rules, Regulations,*
16 *Orders or Instructions.* - Whenever a bank, ~~or~~ quasi-bank, OR OTHER FINANCIAL INSTITUTION
17 WHICH UNDER THIS ACT OR SPECIAL LAWS IS SUBJECT TO BANGKO SENTRAL SUPERVISION or
18 whenever any person or entity willfully violates this Act or other pertinent banking laws being
19 enforced or implemented by the Bangko Sentral or any order, instruction, rule or regulation issued
20 by the Monetary Board, the person or persons responsible for such violation shall unless otherwise
21 provided in this Act be punished by a fine of not less than Fifty thousand pesos (P50,000) nor more
22 than ~~[Two hundred thousand pesos (P200,000)]~~ TWO MILLION PESOS (P2,000,000.00) or by
23 imprisonment of not less than two (2) years nor more than ~~[ten (10)]~~ SIX (6) years, or both, at the
24 SOUND discretion of the court.

25 Whenever ~~[a bank or quasi bank]~~ AN ENTITY UNDER BANGKO SENTRAL SUPERVISION
26 persists in carrying on its business in an ~~[unlawful or]~~ unsafe or UNSOUND manner AS DETERMINED
27 UNDER THE PROVISIONS OF SECTION 56 OF REPUBLIC NO. 8791 AND IT REFUSES OR FAILS TO CEASE
28 AND DESIST FROM SUCH MISCONDUCT AND TO INSTITUTE CORRECTIVE MEASURES AFTER NOTICE
29 HAS BEEN GIVEN BY THE BANGKO SENTRAL, the MONETARY Board may, without prejudice to the
30 penalties provided in the preceding paragraph of this Section and the administrative sanctions
31 provided in Section 37 of this Act, take action under Section 30 of this Act."

32 **SEC. 25.** Section 37 of Republic Act No. 7653 is hereby amended to read as follows:

33 "SEC. 37. *Administrative Sanctions [On Banks And Quasi-Banks].* — Without prejudice to the
34 criminal sanctions against the culpable persons provided in Sections 34, 35, and 36 of this Act, the

1 Monetary Board may, at its discretion, impose ADMINISTRATIVE SANCTIONS upon any bank [~~e-~~
2 ~~quasi-bank, their directors, and/or officers, for any willful violation of its charter or by laws, willful~~
3 ~~delay in the submission of reports or publications thereof as required by law, rules and regulations;~~
4 ~~any refusal to permit examination into the affairs of the institution; any willful making of a false or~~
5 ~~misleading statement to the Board or the appropriate supervising and examining department or its~~
6 ~~examiners; any willful failure or refusal to comply with, or violation of, any banking law or any order-~~
7 ~~instruction or regulation issued by the Monetary Board, or any order, instruction or ruling by the~~
8 ~~Governor;]~~ FINANCE COMPANY AND NON-BANK FINANCIAL INSTITUTION PERFORMING QUASI-
9 BANKING FUNCTIONS, HEREINAFTER REFERRED TO AS QUASI-BANKING INSTITUTIONS PERFORMING
10 SIMILAR FUNCTIONS REGULATED BY THE BANGKO SENTRAL UNDER THIS ACT OR UNDER SPECIAL
11 LAWS THAT ARE UNDER THE SUPERVISION OF THE BANGKO SENTRAL FOR WILFUL VIOLATION OR
12 FAILURE TO COMPLY WITH THE PROVISIONS OF THIS ACT, OF REPUBLIC ACT NO. 8791 AND OTHER
13 SPECIAL LAWS; or any commission of irregularities, and/or conducting business in an unsafe or
14 unsound manner as may be determined by the Monetary Board the following administrative
15 sanctions, [~~whenever~~] WHEREVER OR WHICHEVER applicable.

16 THE FOLLOWING ADMINISTRATIVE SANCTIONS SHALL BE IMPOSED TAKING INTO
17 CONSIDERATION THE ATTENDANT CIRCUMSTANCES SUCH AS THE NATURE AND GRAVITY OF THE
18 VIOLATION OR IRREGULARITY AND THE SIZE OF THE BANK, QUASI-BANK OR NON-BANK FINANCIAL
19 INSTITUTION INVOLVED.

20 (a) [~~finer~~] ADMINISTRATIVE PENALTIES in amounts as may be PRESCRIBED AND determined
21 by the Monetary Board to be appropriate, but in no case to exceed [~~Thirty thousand pesos~~
22 ~~(P30,000) a day for each violation, taking into consideration the attendant circumstances, such as~~
23 ~~the nature and gravity of the violation or irregularity and the size of the bank or quasi-bank;]~~ THE
24 MAXIMUM PENALTIES PRESCRIBED HEREIN FOR EACH VIOLATION, AS FOLLOWS:

- 25 1. FOR UNIVERSAL AND COMMERCIAL BANKS – NOT EXCEEDING ₱10,000 PER BANKING
26 DAY;
- 27 2. FOR THRIFT BANKS – NOT EXCEEDING ₱5,000 PER BANKING DAY;
- 28 3. FOR RURAL BANKS/COOPERATIVE BANKS – NOT EXCEEDING ₱2,000 PER BANKING DAY;
- 29 4. FOR FINANCE COMPANIES AND NON-BANK FINANCIAL INSTITUTIONS PERFORMING
30 QUASI-BANKING FUNCTIONS – NOT EXCEEDING ₱5,000 PER BANKING DAY;
- 31 5. FOR FINANCE COMPANIES AND FINANCIAL INSTITUTIONS WHICH ARE NOT PERFORMING
32 QUASI-BANKING FUNCTIONS – NOT EXCEEDING ₱3,000 PER BANKING DAY;
- 33 6. FOR OTHER INSTITUTIONS THAT ARE SUPERVISED BY THE BANGKO SENTRAL – NOT
34 EXCEEDING ₱2,000 PER BANKING DAY.

1 WITHIN THE MAXIMUM PENALTY PRESCRIBED HEREIN, FOR VIOLATIONS OR
2 IRREGULARITIES COMMITTED BY EVERY CATEGORY OF BANKS, QUASI-BANKS, AND NON-BANKS
3 FINANCIAL INSTITUTIONS AS HEREIN PROVIDED, THE MONETARY BOARD SHALL ACCORDING TO THE
4 DEGREE OF SEVERITY OF VIOLATIONS OR IRREGULARITIES SUBJECT TO PENALTIES, CLASSIFY
5 VIOLATIONS OR IRREGULARITIES COMMITTED INTO GRAVE, LESS GRAVE AND LIGHT OFFENSES SUCH
6 THAT THE PENALTIES TO BE IMPOSED SHALL CORRESPONDINGLY BE GRADUATED WITHIN THE
7 PRESCRIBED MAXIMUM PENALTIES.

8 IN COMPUTING THE AFOREMENTIONED PENALTIES, THE FOLLOWING ATTENDING
9 CIRCUMSTANCES SHALL BE TAKEN INTO CONSIDERATION: THE CAPITAL OF THE INSTITUTION, THE
10 NATURE OF THE VIOLATION; A ONE-TIME VIOLATION VIS-À-VIS A CONTINUING VIOLATION/OFFENSE;
11 FREQUENCY OF THE VIOLATION/OFFENSE; AND THE GRAVITY OF THE OFFENSE (GRAVE, LESS GRAVE
12 AND LIGHT VIOLATIONS). GRAVE OFFENSES ARE THOSE THAT HAVE SIGNIFICANT/MATERIAL IMPACT
13 ON THE SOLVENCY, LIQUIDITY AND/OR NET PROFITABILITY OF A BANK, QUASI-BANK OR OTHER
14 NON-BANK FINANCIAL INSTITUTION.

15 THE FINANCIAL SUPERVISION SECTOR CONCERNED SHALL SUBMIT TO THE MONETARY
16 BOARD A MONTHLY REPORT OF ADMINISTRATIVE PENALTIES IMPOSED ON INSTITUTIONS, IF ANY,
17 INDICATING IN THE REPORT THE PENALTIES IMPOSED ON CERTAIN INSTITUTIONS; PENALTIES THAT
18 HAVE BEEN COLLECTED; AND PENALTIES UNDER CONSIDERATION;

19 (b) suspension of rediscounting privileges or access to Bangko Sentral credit facilities;

20 (c) suspension of lending or foreign exchange operations or authority to accept new deposits
21 or make new investments; AND/OR

22 (d) suspension of interbank clearing privileges; ~~and/or~~

23 ~~[(e) revocation of quasi-banking license.]~~

24 Resignation or termination from office shall not exempt such director or officer from
25 administrative or criminal sanctions.

26 The Monetary Board may, whenever warranted by circumstances, preventively suspend any
27 director or officer of ~~[a bank or quasi-bank]~~ THE INSTITUTION pending an investigation: *Provided*,
28 That should the case be not finally decided by the Bangko Sentral within a period of one hundred
29 twenty (120) days after the date of suspension, said director or officer shall be reinstated in his
30 position: *Provided*, further, That when the delay in the disposition of the case is due to the fault,
31 negligence or petition of the director or officer, the period of delay shall not be counted in
32 computing the period of suspension herein provided.

33 The above administrative sanctions need not be applied in the order of their severity.

1 Whether or not there is an administrative proceeding, if the institution and/or the directors
2 and/or officers, concerned continue with or otherwise persist in the commission of the indicated
3 practice or violation, the Monetary Board may issue an order requiring the institution and/or the
4 directors, and/or officers concerned to cease and desist from the indicated practice or violation, and
5 may further order that immediate action be taken to correct the conditions resulting from such
6 practice or violation. The cease and desist order shall be immediately effective upon service on the
7 respondents.

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

14 ~~[The Governor is hereby authorized, at his discretion, to impose upon banking institutions~~
15 ~~for any failure to comply with the requirements of law, Monetary Board regulations and policies,~~
16 ~~and/or instructions issued by the Monetary Board or by the Governor, fines not in excess of Ten~~
17 ~~thousand pesos (P10,000) a day for each violation, the imposition of which shall be final and~~
18 ~~executory until reversed, modified or lifted by the Monetary Board on appeal.]”~~

19 **SEC. 26.** A new Section 38-A is added to Republic Act No. 38-A as follows:

20 “SEC. 38-A. *ISSUANCE OF PROVISIONAL REMEDIES AGAINST BANGKO SENTRAL ACTIONS.* –
21 NO COURT OF LOWER LEVEL THAN THE COURT OF APPEALS SHALL ISSUE ANY TEMPORARY
22 RESTRAINING ORDER, PRELIMINARY INJUNCTION OR PRELIMINARY MANDATORY INJUNCTION
23 AGAINST THE BANGKO SENTRAL FOR ANY ACTION UNDER THIS ACT. SUCH TEMPORARY
24 RESTRAINING ORDER, PRELIMINARY INJUNCTION OR PRELIMINARY MANDATORY INJUNCTION MAY
25 BE DISSOLVED OR STAYED UPON FILING OF A WRITTEN UNDERTAKING BY THE BANGKO SENTRAL
26 THAT IT WILL PAY ALL DAMAGES WHICH THE PETITIONER MAY SUFFER FROM THE STAY OF THE
27 INJUNCTION SHOULD IT BE DECIDED IN A FINAL JUDGMENT THAT THE PETITIONER IS ENTITLED TO
28 HAVE ACTS COMPLAINED OF PERMANENTLY ENJOINED. ANY RESTRAINING ORDER OR INJUNCTION
29 ISSUED IN VIOLATION OF THIS SECTION IS VOID AND OF NO FORCE AND EFFECT. THE PROVISIONS
30 OF RULE 58 OF THE 1997 RULES ON CIVIL PROCEDURES IN SO FAR AS THEY ARE APPLICABLE AND
31 NOT INCONSISTENT WITH THE PROVISIONS OF THIS ACT SHALL GOVERN THE ISSUANCE AND
32 DISSOLUTION OF THE RESTRAINING ORDER OR INJUNCTION AGAINST THE BANGKO SENTRAL.”

33 **SEC. 27.** Section 43 of Republic Act No. 7653 is hereby amended to read as follows:

1 "SEC. 43. *Computation of Profits and Losses.* — Within the first thirty (30) days following
2 the end of each year, the Bangko Sentral shall determine its net profits or losses. In the calculation
3 of net profits, the Bangko Sentral shall make adequate allowance or establish adequate reserves for
4 bad and doubtful accounts AND OTHER ACCOUNTS AS DETERMINED BY THE MONETARY BOARD TO
5 BE NECESSARY FOR THE PRESERVATION OF THE FINANCIAL SOUNDNESS OF THE BANGKO
6 SENTRAL."

7 **SEC. 28.** Section 45 of Republic Act No. 7653 is hereby amended to read as follows:

8 "SEC. 45. *Revaluation Profits and Losses.* - Profits or losses arising from any revaluation of
9 the Bangko Sentral's net assets or liabilities in gold or foreign currencies with respect to the
10 Philippine peso shall not be included in the computation of the annual profits and losses of the
11 Bangko Sentral. Any profits or losses arising in this manner shall be offset by any amounts which, as
12 a consequence of such revaluations, are owed by the Philippines to any international or regional
13 intergovernmental financial institution of which the Philippines is a member or are owed by these
14 institutions to the Philippines. Any remaining profit or loss shall be carried in a special frozen account
15 which shall be named "Revaluation of International Reserve" and the net balance of which shall
16 appear either among the liabilities or among the assets of the Bangko Sentral, depending on
17 whether the revaluations have produced net profits or net losses.

18 The Revaluation of International Reserve account shall be ~~[neither]~~ credited nor debited for
19 ~~[any purposes other than those specifically authorized in this section]~~ FOR THE PERIODIC
20 REVALUATION AS AUTHORIZED IN THIS SECTION AND TO REFLECT THE CORRESPONDING
21 ADJUSTMENT RESULTING FROM THE CORRESPONDING REDUCTION IN BANGKO SENTRAL'S NET
22 ASSETS AND LIABILITIES IN GOLD OR FOREIGN CURRENCIES."

23 **SEC. 29.** Section 61 of Republic Act No. 7653 is hereby amended to read as follows:

24 "SEC. 61. *Guiding Principle.* — THE MONETARY BOARD SHALL CONSTANTLY ASSESS PRICE
25 DEVELOPMENTS AND OUTLOOK AND BASED ON ITS ANALYSIS AND EVALUATION OF INFLATIONARY
26 PRESSURES USE ITS POLICY INSTRUMENTS TO ATTAIN AND MAINTAIN PRICE STABILITY.

27 The Monetary Board shall endeavor to control any expansion or contraction in monetary
28 aggregates which is prejudicial to the attainment or maintenance of price stability."

29 **SEC. 30.** Section 63 of Republic Act No. 7653 is hereby amended to read as follows:

30 "**Sec. 63.** *Action When Abnormal Movements Occur in the* ~~[Monetary Aggregates, Credit, or~~
31 ~~] Price Level.~~ - Whenever abnormal movements in ~~[the monetary aggregates, in credit, or in]~~ prices
32 endanger the stability of the Philippine economy or important sectors thereof, the Monetary Board
33 shall:

1 (a) take such remedial measures as are appropriate and within the powers granted to the
2 Monetary Board and the Bangko Sentral under the provisions of this Act; and

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

- 5 1. the causes of the rise or fall of ~~the monetary aggregates, of credit or of~~ prices;
- 6 2. the extent to which the changes in ~~the monetary aggregates, in credit, or in~~ prices have
7 been reflected in changes in the level of domestic output, employment, wages and
8 economic activity in general, and the nature and significance of any such changes; and
- 9 3. the measures which the Monetary Board has taken and the other monetary, fiscal or
10 administrative measures which it recommends to be adopted.

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

19 The Monetary Board shall continue to submit periodic reports to the President of the
20 Philippines and to Congress until it considers that the ~~monetary, credit or~~ price disturbances have
21 disappeared or have been adequately controlled."

22 **SEC. 31.** Section 79 of Republic Act No. 7653 is hereby amended to read as follows:

23 "Sec. 79. *Other Exchange Profits and Losses.* - The banks shall bear the risks of non-
24 compliance with the terms of the foreign exchange documents and instruments which they buy and
25 sell, and shall also bear any other typically commercial or banking risks, including exchange risks not
26 assumed by the Bangko Sentral ~~[under the provisions of the preceding section]."~~

27 **SEC. 32.** Section 81 of Republic Act No. 7653 is hereby amended to read as follows:

28 "SEC. 81. *Guiding Principles.* - The rediscounts, discounts, loans and advances which the
29 Bangko Sentral is authorized to extend to banking institutions, QUASI-BANKS AND OTHER BANGKO
30 SENTRAL SUPERVISED FINANCIAL INSTITUTIONS under the provisions of the present article of this
31 Act shall be used to influence the volume of credit consistent with the MAINTENANCE OF FINANCIAL
32 STABILITY AND THE objective of price stability."

33 **SEC. 33.** Section 83 of Republic Act No. 7653 is hereby amended to read as follows:

1 “SEC. 83. *Loans for Liquidity Purposes.* — The Bangko Sentral may extend loans and
2 advances to banking institutions, QUASI-BANKS AND OTHER SYSTEMICALLY CRITICAL BANGKO
3 SENTRAL-SUPERVISED institutions for a period of not more than THIRTY (30) ~~[seven (7)]~~ days without
4 any collateral for the purpose of providing liquidity to the banking system in times of need, SUBJEC
5 TO SUCH TERMS AND CONDITIONS AS THE MONETARY BOARD MAY PRESCRIBE TO MINIMIZE
6 POSSIBLE LOSSES TO THE BANGKO SENTRAL”

7 **SEC. 34.** Section 84 of Republic Act No. 7653 is hereby amended to read as follows:

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

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

24 The amount of any emergency loan or advance shall not exceed the sum of fifty percent
25 (50%) of total deposits and deposit substitutes of the banking institution, OR IN THE CASE OF OTHER
26 BANGKO SENTRAL-SUPERVISED INSTITUTION, FIFTY PER CENT (50%) OF TOTAL PLACEMENTS OF THE
27 PUBLIC IN SUCH ENTITY, and shall be disbursed in two (2) or more tranches. The amount of the first
28 tranche shall be limited to twenty-five percent (25%) of the total deposit and deposit substitutes of
29 the institution and shall be secured by (1) government securities ~~[to the extent of their applicable~~
30 ~~loan values and]~~; (2) ACCEPTABLE GUARANTEES BACKED UP BY THE NATIONAL GOVERNMENT OR ITS
31 SECURITIES; (3) other unencumbered first class collaterals AND (4) PRIVATE COMMERCIAL PAPER TO
32 THE EXTENT OF THEIR APPLICABLE LOAN VALUES which the Monetary Board may approve: *Provided,*
33 That if as determined by the Monetary Board, the circumstances surrounding the emergency
34 warrant a loan or advance greater than the amount provided hereinabove, the amount of the first

1 tranche may exceed twenty-five percent (25%) of the [bank's] INSTITUTION'S total deposit and
2 deposit substitutes if the same is adequately secured by applicable loan values of government
3 securities and unencumbered first class collaterals approved by the Monetary Board, and the
4 principal stockholders of the institution furnish an acceptable undertaking to indemnify and hold
5 harmless from suit a conservator whose appointment the Monetary Board may find necessary at any
6 time.

7 Prior to the release of the first tranche, the [banking] institution shall submit to the Bangko
8 Sentral a resolution of its board of directors authorizing the Bangko Sentral to evaluate other assets
9 of the [banking] institution certified by its external auditor to be good and available for collateral
10 purposes should the release of the subsequent tranche be thereafter applied for.

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

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

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

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

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

26 **SEC. 35.** A new Section 88-A is added to Republic Act No. 7653, as follows:

27 "SEC. 88-A. *EXEMPTION FROM ATTACHMENT.* THE PROVISIONS OF ANY LAW TO THE
28 CONTRARY NOTWITHSTANDING AND SECTION 31 OF THIS ACT, COLLATERALS ON LOANS AND
29 ADVANCES GRANTED BY THE BANGKO SENTRAL, WHETHER OR NOT THE INTEREST OF THE BANGKO
30 SENTRAL IS REGISTERED, SHALL NOT BE SUBJECT TO ATTACHMENT, EXECUTION OR ANY OTHER
31 COURT PROCESS, NOR SHALL THEY BE INCLUDED IN THE PROPERTY OF INSOLVENT PERSONS OR
32 INSTITUTIONS, UNLESS THE SECURED LOANS AND ADVANCES GRANTED BY THE BANGKO SENTRAL
33 TO INSOLVENT PERSONS OR INSTITUTIONS OR A CLOSED INSTITUTION HAVE ALREADY BEEN FULLY
34 PAID IN WHICH CASE THE EXEMPTIONS UNDER THIS SECTION SHALL NO LONGER APPLY."

1 **SEC. 36.** A new Section 88-B added to Republic Act No. 7653, as follows:

2 **"SEC. 88-B. DEPUTIZATION OF LEGAL STAFF. –** IN CASE OF AN EXTRAJUDICIAL FORECLOSURE
3 OF MORTGAGE, THE BANGKO SENTRAL MAY, DEPUTIZE ANY OF ITS LAWYERS TO CONDUCT THE
4 PUBLIC AUCTION PURSUANT TO ACT NO. 3135, AS AMENDED. IN CASE OF A JUDICIAL
5 FORECLOSURE, THE BANGKO SENTRAL MAY WITH THE APPROVAL OF THE COURT, LIKEWISE
6 DEPUTIZE ANY OF ITS LAWYERS TO ACT AS SPECIAL SHERIFF IN THE SALE OF THE DEBTOR'S
7 PROPERTIES AND IN THE ENFORCEMENT OF COURT WRITS AND PROCESSES RELATED THERETO.
8 THE SPECIAL SHERIFF OF THE BANGKO SENTRAL SHALL MAKE A REPORT TO THE PROPER COURT
9 AFTER ANY ACTION HAS BEEN TAKEN BY HIM, WHICH COURT SHALL TREAT SUCH ACTION AS IF
10 WERE AN ACT OF ITS OWN SHERIFF IN ALL RESPECTS.

11 **"NO RESTRAINING ORDER OR INJUNCTION SHALL BE ISSUED BY THE COURT ENJOINING THE**
12 **BANGKO SENTRAL FROM PROCEEDING WITH THE FORECLOSURE OF THE MORTGAGE UNLESS A**
13 **BOND IS POSTED IN FAVOR OF THE BANGKO SENTRAL IN AN AMOUNT EQUIVALENT TO THE TOTAL**
14 **CLAIM OF THE BANGKO SENTRAL. THE RESTRAINING ORDER OR INJUNCTION SHALL BE REFUSED OR,**
15 **IF GRANTED, SHALL BE DISSOLVED UPON FILING BY THE BANGKO SENTRAL OF A BOND, WHICH**
16 **SHALL BE IN THE FORM OF A BANGKO SENTRAL CHECK, IN AN AMOUNT TWICE THE AMOUNT OF**
17 **THE ORIGINAL BOND POSTED CONDITIONED THAT THE BANGKO SENTRAL WILL PAY THE DAMAGES**
18 **WHICH THE PARTY MAY SUFFER BY THE REFUSAL OR DISSOLUTION OF THE INJUNCTION. THE**
19 **PROVISIONS OF RULE 58 OF THE NEW RULES OF COURT INsofar AS THEY ARE APPLICABLE AND NOT**
20 **INCONSISTENT WITH THE PROVISIONS OF THIS SECTION SHALL GOVERN THE ISSUANCE AND**
21 **DISSOLUTION OF THE RESTRAINING ORDER OR INJUNCTION CONTEMPLATED IN THIS SECTION."**

22 **SEC. 37.** A new Section 88-C is hereby added to Republic Act No. 7653, as follows:

23 **"SEC. 88-C. RIGHT OF REDEMPTION OF FORECLOSED REAL PROPERTY; RIGHT OF**
24 **POSSESSION DURING REDEMPTION PERIOD. – THE MORTGAGOR SHALL HAVE THE RIGHT TO**
25 **REDEEM THE PROPERTY WITHIN ONE YEAR FROM THE DATE OF FORECLOSURE SALE OF THE REAL**
26 **ESTATE, IN CASE THE MORTGAGOR IS A NATURAL PERSON, AND WITHIN NINETY DAYS BUT NOT**
27 **LATER THAN THE DATE OF REGISTRATION OF THE CERTIFICATE OF FORECLOSURE SALE, IN CASE THE**
28 **MORTGAGOR IS A JURIDICAL PERSON. REDEMPTION SHALL BE EFFECTED BY PAYING THE PRINCIPAL,**
29 **INTERESTS, CHARGES, COMMISSIONS AND ALL CLAIMS OF WHATEVER NATURE OF THE BANGKO**
30 **SENTRAL OUTSTANDING AND DUE AS OF THE DATE OF FORECLOSURE SALE, INCLUDING ALL COSTS**
31 **AND OTHER EXPENSES INCURRED BY REASON OF THE FORECLOSURE SALE AND CUSTODY OF THE**
32 **PROPERTY.**

33 **THE BANGKO SENTRAL, AS PURCHASER IN THE FORECLOSURE SALE AND WITHOUT NEED OF**
34 **POSTING A BOND, MAY TAKE POSSESSION OF THE FORECLOSED PROPERTY DURING THE**

1 REDEMPTION PERIOD. THE BANGKO SENTRAL SHALL BE ENTITLED TO THE FRUITS OF THE
2 PROPERTY, THE SAME TO BE APPLIED AGAINST THE REDEMPTION PRICE. "

3 **SEC. 38.** A new Section 88-D is hereby added to Republic Act No. 7653, as follows:

4 "SEC. 88-D. *UNSECURED BANGKO SENTRAL CLAIMS.* — ALL UNSECURED CLAIMS OF THE
5 BANGKO SENTRAL SHALL BE CONSIDERED PREFERRED CREDITS SIMILAR TO TAXES DUE TO THE
6 NATIONAL GOVERNMENT IN THE ORDER OF PREFERENCE UNDER ARTICLE 2244 OF THE NEW CIVIL
7 CODE."

8 **SEC. 39.** A new Section 89-A is hereby added to Republic Act No. 7653, as follows:

9 "SEC. 89-A. *FINANCIAL FACILITIES FOR ISLAMIC BANKS.* THE BANGKO SENTRAL MAY,
10 TAKING INTO CONSIDERATION THE PECULIAR CHARACTERISTICS OF ISLAMIC BANKING, FORMULATE
11 RULES AND REGULATIONS FOR THE EXTENSION OF REDISCOUNTING OR OTHER SIMILAR FACILITIES
12 TO ISLAMIC BANKS."

13 **SEC. 40.** A new Section 89-B is hereby added to Republic Act No. 7653, as follows:

14 "SEC. 89-B. *LOANS TO THE PHILIPPINE DEPOSIT INSURANCE CORPORATION.* — THE BANGKO
15 SENTRAL PURSUANT TO ITS MANDATE OF MAINTAINING FINANCIAL STABILITY MAY LEND TO THE
16 PHILIPPINE DEPOSIT INSURANCE CORPORATION FUNDS FOR INSURANCE PURPOSE AND FOR
17 FINANCIAL ASSISTANCE THAT THE LATTER IS AUTHORIZED TO EXTEND UNDER SECTION 17(D) OF
18 REPUBLIC ACT NO. 3591, AS AMENDED, TO AN INSURED BANK IN DANGER OF CLOSING IN ORDER TO
19 PREVENT SUCH CLOSING. THE INTEREST RATE SHALL BE FIXED BY THE MONETARY BOARD BUT SUCH
20 RATE SHALL NOT BE LOWER THAN THE EFFECTIVE COST OF FUNDS OF THE BANGKO SENTRAL. THE
21 MONETARY BOARD MAY PRESCRIBE ADDITIONAL TERMS AND CONDITIONS ON THE GRANT OF SUCH
22 LOAN."

23 **SEC. 41.** Section 92 of Republic Act No. 7653 is hereby amended to read as follows:

24 "SEC. 92. *ISSUE AND NEGOTIATION OF BANGKO SENTRAL OBLIGATIONS.* — In order to
25 provide the Bangko Sentral with effective instruments for open market operations, the Bangko
26 Sentral may, subject to such rules and regulations as the Monetary Board may prescribe and in
27 accordance with the principles stated in Section 90 of this Act, issue, place, buy and sell freely
28 negotiable evidences of indebtedness of the Bangko Sentral. ~~{- Provided, That issuance of such~~
29 ~~certificates of indebtedness shall be made only in cases of extraordinary movement in price levels. }~~
30 Said evidences of indebtedness may be issued directly against the international reserve of the
31 Bangko Sentral or against the securities which it has acquired under the provisions of Section 91 of
32 this Act, or may be issued without relation to specific types of assets of the Bangko Sentral.

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

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

10 THE BANGKO SENTRAL IN PURSUIT OF ITS OPEN MARKET OPERATIONS, MAY ALSO ENGAGE
11 IN THE PURCHASE AND RESALE OF READILY MARKETABLE COMMERCIAL PAPERS ISSUED BY
12 FINANCIAL INSTITUTIONS DULY ACCREDITED UNDER SUCH RULES AND REGULATIONS AS THE
13 MONETARY BOARD MAY PRESCRIBE TO PROVIDE LIQUIDITY TO THE FINANCIAL MARKETS FROM
14 TIME TO TIME. SUCH PURCHASE AND RESALE MAY BE SUBJECT TO REPURCHASE OR REVERSE
15 REPURCHASE AGREEMENTS AS THE BANGKO SENTRAL SHALL STIPULATE AND SUCH INSTRUMENTS
16 ARE PART OF THE OPEN MARKET OPERATIONS OF THE BANGKO SENTRAL."

17 **SEC. 42.** Section 95 of Republic Act No. 7653 is hereby amended to read as follows:

18 "SEC. 95. *Definition of Deposit Substitutes.* — The term "deposit substitutes" is defined as an
19 alternative form of obtaining funds from the public, other than deposits, through the issuance,
20 endorsement, or acceptance of debt instruments for the borrower's own account, for the purpose of
21 relending or purchasing of receivables and other obligations. These instruments may include, but
22 need not be limited to, bankers acceptances, promissory notes, participations, certificates of
23 assignment and similar instruments with recourse, ~~[and repurchase agreements.]~~ *PROVIDED,*
24 *HOWEVER,* THAT REPURCHASE AGREEMENTS, INCLUDING REVERSE PURCHASE AGREEMENTS
25 ENTERED INTO BY THE BANGKO SENTRAL SHALL NOT BE CONSIDERED DEPOSIT SUBSTITUTES.

26 IN THE COMPUTATION OF THE RESERVES AGAINST DEPOSIT SUBSTITUTES UNDER SECTION
27 94 OF THIS ACT, THE MONETARY BOARD SHALL DETERMINE WHAT SHALL BE CONSIDERED AS
28 DEPOSIT SUBSTITUTES SUBJECT TO RESERVE REQUIREMENTS. FINANCIAL INSTRUMENTS ISSUED BY
29 THE NATIONAL GOVERNMENT AND THE BANGKO SENTRAL AND IN INTERBANK BORROWINGS SHALL
30 NOT BE CONSTRUED AS DEPOSIT SUBSTITUTES.

31 The Monetary Board shall determine what specific instruments shall be considered as
32 deposit substitutes for the purposes of Section 94 of this Act[:]. THE MONETARY BOARD MAY ALSO
33 EXCLUDE FUNDS OBTAINED OR BORROWED FROM CERTAIN INSTITUTIONAL LENDERS FROM THIS
34 SECTION. *Provided, however,* That deposit substitutes of commercial, industrial and other non-

1 financial companies for the limited purpose of financing their own needs or the needs of their agents
2 or dealers shall not be covered by the provisions of Section 94 of this Act."

3 **SEC. 43.** Section 104 of Republic Act No. 7653 is hereby amended to read as follows:

4 "Sec. 104. *Guiding Principle.* - The Monetary Board shall use the powers granted to it under
5 this Act to ensure that the supply, availability and cost of money are in accord with the needs of the
6 Philippine economy and that bank credit is not granted for speculative purposes prejudicial to the
7 national interests. Regulations on bank operations shall be applied to all banks of the same category
8 AS MAY BE DEFINED BY THE MONETARY BOARD uniformly and without discrimination."

9 **SEC. 44.** Section 108 of Republic Act No. 7653 is hereby amended to read as follows:

10 "SEC. 108. *Minimum Capital Ratios.* - The Monetary Board may prescribe minimum RISK-
11 BASED CAPITAL ADEQUACY ratios BASED ON INTERNATIONALLY ACCEPTED STANDARDS
12 ~~[which the capital and surplus of the banks must bear to the volume of their assets, or to specific~~
13 ~~categories thereof,]~~ and may alter said ratios whenever it deems necessary. IN THE EXERCISE
14 OF ITS AUTHORITY UNDER THIS SECTION, THE MONETARY BOARD MAY PRESCRIBE A HIGHER
15 MINIMUM CAPITAL ADEQUACY RATIO FOR INDIVIDUAL FINANCIAL INSTITUTIONS WHICH ARE
16 EXPOSED TO MORE THAN NORMAL RISKS."

17 **SEC. 45.** Section 117 of Republic Act No. 7653 is hereby amended to read as follows:

18 "SEC. 117. *Issue of Government Obligations.* - The issue of securities representing
19 obligations of the Government, its political subdivisions or instrumentalities, may be made through
20 the Bangko Sentral, which may act as agent of, and for the account of, the Government or its
21 respective subdivisions or instrumentality, as the case may be: *Provided, however,* That the Bangko
22 Sentral shall not guarantee the placement of said securities, and shall not subscribe to their issue
23 except to replace its maturing holdings of securities with the same type as the maturing securities.

24 THE PRIMARY SALE OF GOVERNMENT SECURITIES MAY ALSO BE PUBLICLY UNDERWRITTEN
25 BY, OR PRIVATELY PLACED IN, FINANCIAL INSTITUTIONS ACCREDITED BY THE DEPARTMENT OF
26 FINANCE OF THE NATIONAL GOVERNMENT.

27 THE DIRECT PURCHASE AND SALE OF GOVERNMENT SECURITIES BY AND BETWEEN AND
28 AMONG ACCREDITED FINANCIAL INSTITUTIONS SHALL BE DEEMED EXEMPT TRANSACTIONS UNDER
29 REPUBLIC ACT NO. 8799, OTHERWISE KNOWN AS THE SECURITIES REGULATION CODE. THE
30 SECRETARY OF FINANCE, IN CONSULTATION WITH THE BANGKO SENTRAL, SHALL PROMULGATE
31 SUCH RULES AND REGULATIONS, ORDERS OR INSTRUCTIONS WHICH SHALL PROTECT FROM FRAUD
32 THE REPUBLIC OF THE PHILIPPINES, AS ISSUER AND THE ACCREDITED FINANCIAL INSTITUTIONS AS
33 INVESTORS OR TRADERS OF SAID GOVERNMENT SECURITIES.

1 THE BANGKO SENTRAL NG PILIPINAS SHALL UNDERTAKE THE REGULATION OF TRADING OF
2 GOVERNMENT SECURITIES AMONG FINANCIAL INSTITUTIONS. IN ORDER TO INSURE THAT SAID
3 ACCREDITED FINANCIAL INSTITUTIONS SHALL OPERATE UNDER FAIR AND UNIFORM TRADING RULES.
4 THEY MAY , AS PART OF THE GUIDELINES OF ACCREDITATION, BE REQUIRED TO JOIN AN
5 ASSOCIATION OF ACCREDITED FINANCIAL INSTITUTIONS TO BE GOVERNED BY INTERNAL RULES OF
6 CONDUCT APPROVED BY THE SECRETARY OF FINANCE, THE LATTER BEING THE OFFICIAL
7 REPRESENTATIVE OF THE REPUBLIC OF THE PHILIPPINES, THE PRIMARY OBLIGOR IN THE ISSUANCE
8 OF SAID GOVERNMENT SECURITIES; PROVIDED, HOWEVER, THAT THE DIRECT PARTICIPATION OF
9 ACCREDITED FINANCIAL INSTITUTIONS IN THE OPEN MARKET OPERATIONS OF THE BANGKO
10 SENTRAL AS PROVIDED IN SECTION 90 AND 91 HEREIN SHALL BE SUBJECT TO SUCH RULES AND
11 REGULATIONS AS MAY BE PRESCRIBED BY THE MONETARY BOARD, IN CONSULTATION WITH THE
12 SECRETARY OF FINANCE."

13 **SEC. 46.** Section 119 of Republic Act No. 7653 is hereby amended to read as follows:

14 "SEC 118 . *Methods of Placing Government Securities.* - The Bangko Sentral ~~[may]~~ SHALL
15 place the securities to which the preceding section refers through direct sale to financial institutions
16 and the public.

17 The Bangko Sentral shall not be a member of any stock exchange or syndicate, but may
18 intervene therein for the sole purpose of regulating their operations in the placing of government
19 securities.

20 The Government, or its political subdivisions or instrumentalities, shall reimburse the
21 Bangko Sentral for the expenses incurred in the placing of the aforesaid securities."

22 **SEC. 47.** Section 119 of Republic Act No. 7653 is hereby amended to read as follows:

23 "SEC. 119. *Servicing and Redemption of the Public Debt.* — The servicing and redemption of
24 the public debt shall also BE DONE UNDER THE AUTHORITY OF THE DEPARTMENT OF FINANCE. IT
25 MAY also be effected through the Bangko Sentral.

26 **SEC. 48.** Section 125 of Republic Act No. 7653 is hereby amended to read as follows:

27 "SEC. 125. *Tax Exemptions.* — THE PROVISIONS OF ANY GENERAL OR SPECIAL LAW TO THE
28 CONTRARY NOTWITHSTANDING, FINANCIAL TRANSACTIONS OF the Bangko Sentral shall be exempt
29 ~~[for a period of five (5) years from the approval of this Act]~~ from all national, AND LOCAL ~~[provincial,~~
30 ~~municipal and city]~~ taxes, fees, charges and assessments.

31 The exemption authorized in the preceding paragraph of this Section shall apply to all
32 property of the Bangko Sentral, to the resources, receipts, expenditures, profits and income of the
33 Bangko Sentral, as well as to all contracts, deeds, documents and transactions related to the conduct
34 of the business of the Bangko Sentral: Provided, however, That said exemptions shall apply only to

1 such taxes, fees, charges and assessments for which the Bangko Sentral itself would otherwise be
2 liable, and shall not apply to taxes, fees, charges, or assessments payable by persons or other
3 entities doing business with the Bangko Sentral: Provided, further, That foreign loans and other
4 obligations of the Bangko Sentral shall be exempt, both as to principal and interest, from any and all
5 taxes if the payment of such taxes has been assumed by the Bangko Sentral."

6 **SEC. 49.** Section 126 of Republic Act No. 7653 is hereby amended to read as follows:

7 "SEC. 126. *Exemption From Customs Duties.* — The provision of any general or special law to
8 the contrary notwithstanding, the importation and exportation by the Bangko Sentral of notes and
9 coins, and of gold and other metals to be used for purposes authorized under this Act, and the
10 importation of all [equipment] SUPPLIES needed [for] BY THE BANGKO SENTRAL FOR bank note
11 production, minting of coins, metal refining and other security printing operations AND
12 TRANSPORT OF CURRENCY shall be fully exempt from all customs duties and consular fees and from
13 all other taxes, assessments and charges related to such importation or exportation.

14 **SEC. 50.** Section 128 of Republic Act No. 7653 is hereby amended to read as follows:

15 "SEC. 128. PROHIBITIONS. — The Bangko Sentral shall not require shares of any kind or
16 accept them as collateral, and shall not participate in the ownership or management of any
17 enterprise, either directly or indirectly [.] PROVIDED, THAT THIS PROHIBITION SHALL NOT APPLY
18 WHENEVER SUCH OWNERSHIP AND/OR MANAGEMENT IS EXPRESSLY AUTHORIZED BY LAW, OR THE
19 MONETARY BOARD BY A VOTE OF AT LEAST FIVE (5) OF ITS MEMBERS DEEMS AN ACQUISITION OR
20 INVESTMENT TO BE NECESSARY TO THE PERFORMANCE BY BANGKO SENTRAL OF ITS MANDATES
21 UNDER THIS ACT OR TO QUALIFY OR AS REQUIRED FOR MEMBERSHIP IN INTERNATIONAL AND
22 REGIONAL ORGANIZATIONS."

23 **SEC. 51.** Sections 129 and 130 of Republic Act No. 7653 are hereby repealed.

24 **SEC. 52.** This Act shall take effect upon approval.

25 07 27 2011

FACT SHEET

House Bill No. **5394**

(Substitute bill to House Bills No. 61, 458, 2161)

REVISIONS TO THE BANGKO SENTRAL CHARTER

Introduced by: **REPRESENTATIVES VILLAFUERTE, ANGARA AND NOGRALES**

Committee Referral: **COMMITTEE ON BANKS & FINANCIAL INTERMEDIARIES**

Chairperson: **REPRESENTATIVE SERGIO A. F. APOSTOL**

OBJECTIVES

1. To enhance the administration of the monetary, credit and banking system of the Republic.
2. To strengthen supervisory powers of the Bangko Sentral.
3. To make Bangko Sentral a more responsive organization.

KEY PROVISIONS

1. Providing for the formula and mechanism for the full payment of National Government's unpaid subscription to the BSP. [§ 2 of RA 7653]
2. Inclusion of financial stability as an express mandate of the BSP. [§ 3]
3. Expansion of the supervisory authority of the BSP to cover credit card companies, e-money issuers, remittance agents, and institutions performing similar functions. [§ 3]
4. Removal of the requirement for the confirmation of the appointment of the Governor. [§ 6]
5. Denial of the right of the alternate to the Governor to vote in Monetary Board meetings. [§ 6]
6. Providing a 3-year (up from 2) disqualification from end of tenure for employment in supervised institutions. Applicable to Monetary Board members, Governor and Deputy Governors. [§ 9]
7. Requiring prior notice and opportunity to be heard before of issuance of regulations that affect third parties or impose a sanction. [§ 15]
8. Providing the instances of bad faith, malice, gross negligence and gross misconduct as exceptions to indemnification benefits. [§ 15]
9. Requiring the distribution of the agenda 3 days before Monetary Board hearings. [§ 17]
10. Providing that the power or authority vested by law in the Monetary Board can not be delegated to the Governor. [§ 17]

11. Removing the authority of the Governor to render opinions on matters pertaining to banking laws. [§ 17]
12. Increasing the number of votes required in emergencies. [§ 19]
13. Increasing the number of deputy governors and defining their functions. [§ 21]
14. Removing the authority of the Governor to designate an officer-in-charge from his Deputy Governors. [§ 21]
15. Granting the BSP the authority to obtain statistical data from any person or authority. [§ 23]
16. Expanding the examination authority to include other financial institutions under BSP supervision. [§ 25]
17. Requiring prior BSP approval on transfers of substantial number shares in banks and supervised institutions. [§ 25]
18. Redefining "related interest" in banks by setting a minimum threshold of 40% of voting stock. [§ 26]
19. Granting supervised institutions the opportunity to rebut/refute in writing any or all of the findings of the BSP examiners in an exit conference before the report of examination is finalized. [§ 28]
20. Requiring prior coordination with the Bangko Sentral before the cancellation or revocation of a government license necessary for the operation of a supervised entity. [§ 28-A]
21. Providing for additional grounds of receivership such as unilateral closure or suspension of payment of deposit liabilities. [§ 30]
22. Granting the Monetary Board the authority to designate any qualified person, in addition to the PDIC, as receiver of closed banks. [§ 30]
23. Providing for prompt corrective action on banks that have insufficient assets to meet its liabilities. [§ 30-A]
24. Granting the Monetary Board the authority to form bridge banks to manage the acquired assets of the receiver of closed banks. [§ 30-B]
25. Extending the imposition of administrative sanctions to other BSP-supervised entities and subsidiaries and affiliates of banks and quasi-banks. [§ 37]
26. Limiting the issuance of provisional remedies against the BSP only from the Court of Appeals or Supreme Court. [§ 38-A]
27. Increasing the maximum term of loans for liquidity purposes from 7 to 30 days. [§ 83]
28. Allowing the grant of emergency loans to quasi-banks and other systemically critical supervised entities. [§ 84]
29. Exempting from attachment all collaterals on loans granted by BSP. [§ 88-A]

30. Providing for the deputization of of BSP legal staff in case of extrajudicial foreclosure of mortgage. [§ 88-B]
31. Providing for the rules on the right of redemption of foreclosed real property. [§ 85-C]
32. Classifying BSP unsecured claims as preferred credit. [§ 88-D]
33. Providing financial facilities for Islamic Banks, subject to collateral requirements. [§ 89-A]
34. Inclusion of the authority of the BSP granted under the PDIC Charter to grant loans to the PDIC. [§ 89-B]
35. Removal of the requirement of extraordinary movement in price levels before the BSP may engage in open market operations. [§ 92]
36. Inclusion of the authority of the Monetary Board to prescribe risk-based capital adequacy ratio. [§ 108]
37. Granting the BSP the authority to regulate trading of government securities among financial institutions. [§ 117]
38. Exempting financial transactions of the Bangko Sentral from national or local taxes. [§ 125]
39. Repeal of the provisions that provide for phase-out of fiscal agency functions and the phase-out of regulatory functions over non-bank financial institutions. [§ 129 & 130]

RELATED LAWS

1. R.A. No. 8791 "The General Banking Law of 2000"
2. R.A. No. 7906 "The Thrift Banks Act of 1995"
3. R.A. No. 7353 "The Rural Banks Act of 1992"

01 September 2011



Committee on Banks and Financial Intermediaries

House of Representatives

MINUTES OF THE 15th FEBRUARY 2011 MEETING

Conference Room 1, Ramon V. Mitra Jr. Bldg.
Batasan Pambansa Complex, Quezon City

Honorable Sergio Apostol, Chairman, presiding.

Present:

Honorable Roilo Golez
Honorable Rufus Rodriguez
Honorable Luis R. Villafuerte
Honorable Daryl Grace Abayon
Honorable Jodi A. Lapus
Honorable Giorgidi B. Aggabao
Honorable Ma. Amelita Villarosa
Honorable Isidro Lico
Honorable Philip Pichay
Honorable Erico Aumentado
Honorable Carlos M. Padilla
Honorable. Acmad Tomawis

Resource Persons:

Mr. Simon Javier Calasanz – President, Credit Card Association of the Philippines (CCAP)
Miss Elizabeth Legarda – Executive Director, CCAP
Atty Romeo Mendoza – SVP and General Counsel, Philippine Deposit Insurance Corporation
Atty Nilo Lucinaria – VP, PDIC
Ms. Suzanne Felix – Executive Director, Chamber of Thrift Banks
Mr. Nestor Espenilla – Deputy Governor, Bangko Sentral ng Pilipinas
Mr. Diwa Guinigundo – Deputy Governor, BSP

Call to Order

The meeting was called to order at 1:58 pm. On motion, the calling of the roll was dispensed with.

On Bills and Resolutions on Credit Cards

Representative Villafuerte raised queries on the matter of interest rates charged by credit card companies, on what the Bangko Sentral intended to do in the light of the Macalinao case, and on the institutional arrangements in the credit card industry.

Representative Rodriguez sought clarification from the Credit Card Association of the Philippines on the following matters: over-the-limit fees, opt-in and opt-out rights of consumers, cycle billings, limited universal default and on the need to impose a cap on interest rates on account of the Macalinao ruling.

Representative Aggabao manifested that he filed HB No. 330 to reinstate the Anti-Usury law. He said the bill is a comprehensive review of the interest on all loans and forbearances of money, which includes credit card transactions.

Representative Abayon noted that the Bangko Sentral has failed to issue the appropriate circular regarding the reduction of interests and penalty rates in line with the Supreme Court ruling on the Macalinao case.

Representative Aumentado said that credit card companies in the Philippines charge 3.75% interest per month which is currently among the highest in the world. To safeguard the public from abuses and impositions, Representative Aumentado proposed a ceiling on the interest rates, penalties, surcharges, and other finance fees charged by banks and credit card companies on credit card transactions.

Representative Golez underscored the importance of credit cards in e-commerce.

Deputy Governor Espenilla said that the Bangko Sentral indeed suspended the interest rate ceilings allowed under the Usury Law and adopted a regime whereby interest rates are allowed to be set by market. This policy, he said, resulted in the expansion of credit.

Mr. Espenilla emphasized that the Macalinao case binds only the parties to the case and does not affect interest rates on all other credit card transactions. He said that the BSP will continue to adhere to a market-oriented interest rate regime.

The Chairman requested the Credit Card Association of the Philippines its position paper.

Consideration of HB No. 61, 458 and 2161 (BSP charter amendments)

Congressman Villafuerte manifested that HB No. 61 was the product of extensive committee discussions in the past Congress which involved all the stakeholders. He said that Congressman Angara and Congressman Nograles, authors of HB No. 458 and HB 12161 respectively have now concurred with the provisions of HB No. 61.

Deputy Governor Espenilla raised several issues for the consideration of the committee.

First is section 25 which actually expands the annual examination cycle to all the other financial institutions under BSP supervision. Mr. Espenilla said that it has the effect of further straining the resources of the BSP in conducting supervision.

Second is the proposal requiring prior approval of acquisition and transfer of shares which is important in protecting the integrity of the financial system.

Third is the proposal pertaining to the ability of the BSP to supervise transactions of other entities that have a relationship with a bank, particularly upward relationships. Mr. Espenilla said that the lack of comprehensive coverage has created blind spots in the conduct of supervision.

Fourth is the proposal to grant the BSP to look into deposit accounts in the exercise of its supervision function in order to detect possible fraud or unsafe and unsound banking practice being conducted in a bank. Mr. Espenilla pointed out that experience shows situations wherein capital is artificially created out of the proceeds of a fictitious loan, passed through a deposit account, and then round tripped so that they would appear to be an infusion of capital when in fact there is no infusion of capital.

Fifth is the limitation on the issuance on certain provisional remedies against actions of the BSP which has hampered BSP's actions.

Sixth is the grant of flexibility to reorganize itself in a manner appropriate under the dynamic and changing circumstances of the financial system.

Seventh is the proposal of BSP for full tax exemption.

Representative Villafuerte opposed the proposal requiring the prior approval of shares of stocks. He, however, agreed with the proposal of Congressman Golez to determine who are disqualified from owning shares of stocks and to require representations and warranties from the buyers that the sale would be considered null and void if the buyers are found to be disqualified from owning shares. He Villafuerte agreed for the relaxation of the public hearing requirement for issuances that affect third parties. He said that issuances that affect administrative matters and those that do not carry disciplinary or criminal sanctions may not be subject of prior public hearing.

Approval of the Bill

Congressman Pichay moved for the consolidation and final approval of HB No. 61, 458 and 2161, as amended by the committee. The motion was approved by the body.

Adjournment

The meeting was adjourned at 12:30 p.m.

Certified correct:



RAMON R. FEDERIZON
Committee Secretary