

Republic of the Philippines
House of Representatives
Quezon City

FIFTEENTH CONGRESS
Second Regular Session



COMMITTEE REPORT NO. **2175**

Submitted by the Committee on Banks and Financial Intermediaries on **22 MAY 2012**

Re: House Bill No. **6205**

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

Sponsors: 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: **6205**

"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

FACT SHEET

House Bill No. 6205

(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

- To enhance the administration of the monetary, credit and banking system of the Republic.
- To strengthen supervisory powers of the Bangko Sentral ng Pilipinas.
- To make Bangko Sentral a more responsive organization.

KEY PROVISIONS

- Provides the formula and mechanism for the full payment of National Government's unpaid subscription of the capitalization of the BSP. [§ 2 of RA 7653]
- Mandates the BSP to promote and financial stability. [§ 3]
- Expands the supervisory authority of the BSP to cover credit card companies, e-money issuers, remittance agents, and institutions performing similar functions. [§ 3]
- Removes the requirement for the confirmation of the appointment of the Governor. [§ 6]
- Prohibits the alternate to the Governor to vote in Monetary Board meetings. [§ 6]
- Provides for a period of 3 years from the end of tenure within which the Governors and Deputy Governors are disqualified from being employed in supervised institutions. [§ 9]
- Requires prior notice and opportunity to be heard before issuance of regulations that affect third parties or before a sanction is imposed. [§ 15]
- Provides exceptions to the grant of indemnification benefits such as those acts attended by of bad faith, malice, gross negligence and gross misconduct. [§ 15]

- Requires the distribution of the Agenda 3 days before Monetary Board hearings. [§ 17]
- Provides that the power or authority vested by law in the Monetary Board can not be delegated to the Governor. [§ 17]
- Removes the authority of the Governor to render opinions on matters pertaining to banking laws. [§ 17]
- Increases the number of votes required in emergencies. [§ 19]
- Increases the number of deputy governors and defines their functions. [§ 21]
- Removes the authority of the Governor to designate an officer-in-charge from among the Deputy Governors. [§ 21]
- Grants the BSP the authority to obtain statistical data from any person or authority. [§ 23]
- Expands the examination authority to include other financial institutions under BSP supervision. [§ 25]
- Requires prior BSP approval on transfers of substantial number of shares in banks and supervised institutions. [§ 25]
- Redefines "related interest" in banks by setting a minimum threshold of 40% of voting stock. [§ 26]
- Grants 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]
- Requires 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]
- Provides for additional grounds of receivership such as unilateral closure or suspension of payment of deposit liabilities. [§ 30]
- Grants the Monetary Board the authority to designate any qualified person, in addition to the Philippine Deposit Insurance Corporation, as receiver of closed banks. [§ 30]
- Provides for prompt corrective action on banks that have insufficient assets to meet its liabilities. [§ 30-A]
- Grants the Monetary Board the authority to form bridge banks to manage the acquired assets of the receiver of closed banks. [§ 30-B]
- Extends the imposition of administrative sanctions to other BSP-supervised entities and subsidiaries and affiliates of banks and quasi-banks. [§ 37]
- Limits the authority to issue provisional remedies against the BSP to the Court of Appeals or Supreme Court. [§ 38-A]

- Increases the maximum term of loans for liquidity purposes from 7 to 30 days. [§ 83]
- Allows the grant of emergency loans to quasi-banks and other systemically critical supervised entities. [§ 84]
- Exempts from attachment all collaterals on loans granted by BSP. [§ 88-A]
- Provides for the deputization of BSP legal staff in case of extrajudicial foreclosure of mortgage. [§ 88-B]
- Classifies BSP unsecured claims as preferred credit. [§ 88-D]
- Provides financial facilities for Islamic Banks, subject to collateral requirements. [§ 89-A]
- Confirms the authority of the BSP granted under the PDIC Charter to grant loans to the PDIC. [§ 89-B]
- Removes the requirement of extraordinary movement in price levels before the BSP may engage in open market operations. [§ 92]
- Provides the authority of the Monetary Board to prescribe risk-based capital adequacy ratio. [§ 108]
- Grants the BSP the authority to regulate trading of government securities among financial institutions. [§ 117]
- Grants the BSP the authority to avail of the tax expenditure subsidies implemented by the Fiscal Incentives Review Board (FIRB) in accordance with the provisions of executive order no. 93 and the General Appropriations Act [§ 125]
- Repeals 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

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

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

SECOND REGULAR SESSION

HOUSE BILL NO. 6205

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:

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

2 "SEC. 2. *Creation of the Bangko Sentral.* — There is hereby established an independent
3 central monetary authority, which shall be a body corporate known as the Bangko Sentral ng
4 Pilipinas, hereafter referred to as the Bangko Sentral. The capital of the Bangko Sentral shall be Fifty
5 billion pesos (₱50,000,000,000), to be fully subscribed by the Government of the Republic, hereafter
6 referred to as the Government, Ten billion pesos (₱10,000,000,000) of which shall be fully paid for
7 by the Government upon the effectivity of this Act [~~and the balance to be paid for within two (2)~~
8 ~~years from the effectivity of this Act in such manner and form as the Government, through the~~
9 ~~Secretary of Finance and the Secretary of Budget and Management, may thereafter determine].~~ THE
10 BALANCE SHALL BE PAID FOR IN CASH AVAILABLE TO THE GOVERNMENT OR THROUGH THE
11 ISSUANCE OF READILY MARKETABLE GOVERNMENT SECURITIES OF EQUIVALENT MARKET VALUE TO
12 THE BALANCE OF THE UNPAID SUBSCRIPTION OF THE GOVERNMENT TO THE BANGKO SENTRAL:
13 PROVIDED, THAT THE MANNER AND TENOR OF ISSUANCE OF GOVERNMENT SECURITIES AS
14 AUTHORIZED HEREIN, THE APPROPRIATIONS, PAYMENT AND OTHER TERMS OF REFERENCE SHALL
15 BE AGREED UPON BY THE BANGKO SENTRAL, THE DEPARTMENT OF FINANCE AND THE
16 DEPARTMENT OF BUDGET AND MANAGEMENT, AS BASIS FOR IMPLEMENTATION."

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

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

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

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

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

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

14 The seven (7) members are:

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

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

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

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

33 **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 OR NEGATIVE ANY ABSTENTION SHOULD
12 BE 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[;]. PRIOR TO THE ISSUANCE OF ANY RULE OR REGULATION
28 THAT AFFECTS THIRD PARTIES OR IMPOSES A PENALTY OR SANCTION AGAINST THE INSTITUTIONS
29 SUPERVISED/REGULATED BY THE BANGKO SENTRAL OR THEIR DIRECTORS OR OFFICERS, WRITTEN
30 NOTICE WITH RIGHT TO BE HEARD SHALL BE ACCORDED 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 issue such rules and regulations as it may deem necessary or convenient for this

1 purpose. IN CASE OF SEPARATION FROM THE SERVICE AS A RESULT OF THE REORGANIZATION, THE
2 EMPLOYEE HAS THE OPTION TO RETIRE UNDER EXISTING RETIREMENT LAWS OR BE ENTITLED TO
3 SEPARATION BENEFITS AS PROVIDED UNDER EXISTING LAWS. The legal units of the Bangko Sentral
4 shall be under the exclusive supervision and control of the Monetary Board;

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

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

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

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

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

31 In the event of a settlement or compromise, indemnification shall be provided only in
32 connection with such matters covered by the settlement as to which the Bangko Sentral is advised
33 by external counsel that the person to be indemnified [~~did not commit any~~] HAD NOT ACTED WITH
34 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) AT HIS INITIATIVE, OR UPON THE RECOMMENDATION OF A MEMBER OF THE MONETARY
11 BOARD, prepare 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 TO ENABLE THEM TO STUDY, REVIEW, AND EVALUATE EACH AND EVERY ITEM INCLUDED
17 IN THE AGENDA; *PROVIDED, HOWEVER, THAT IN EMERGENCY CASES, THE DISTRIBUTION OF THE*
18 *AGENDA SHALL BE MADE AT LEAST ONE (1) WORKING DAY BEFORE THE SCHEDULED MEETING;*

19 (b) execute and administer the policies and measures approved by the Monetary Board
20 UPON 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 TASKS to
23 other officers or may assign specific tasks or responsibilities to any full-time member of the
24 Monetary Board without additional remuneration or allowance whenever he may deem fit SUBJECT
25 TO SUCH GUIDELINES AND REPORTING REQUIREMENTS AS HE SHALL REQUIRE or subject to such
26 rules and regulations as the Monetary Board may prescribe FOR THE DELEGATED AUTHORITY:
27 *PROVIDED, HOWEVER, THAT A POWER OR AUTHORITY DIRECTLY VESTED BY LAW TO BE EXERCISED*
28 *BY THE MONETARY BOARD UNDER THIS ACT AND/OR UNDER ANY OTHER SPECIAL LAW SHALL NOT*
29 *BE DELEGATED TO BE EXERCISED BY THE GOVERNOR OR ANY OTHER EXECUTIVE OFFICER OF THE*
30 *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 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 THE RESPECTIVE SECTORS ASSIGNED TO THEM BY THE MONETARY BOARD, NAMELY (i) MONETARY STABILITY SECTOR ; (ii) THE FINANCIAL REGULATION 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 ASSIGNMENTS SHALL BE DEFINED OR REFINED AND PRESCRIBED BY THE MONETARY BOARD UPON RECOMMENDATION OF THE GOVERNOR.

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

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

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

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

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

27 *“Sec. 24. Training of Technical Personnel. —* The Bangko Sentral shall promote and sponsor
28 the training of technical personnel in the fields of ~~[money and banking]~~ BANKING, QUASI-BANKING,
29 NON-BANK FINANCIAL INTERMEDIARIES, MICROFINANCE, DERIVATIVES, ARBITRAGE, FOREIGN
30 EXCHANGE, SAVINGS FORMATION, PAYMENT AND SETTLEMENT SYSTEMS, INFORMATION
31 TECHNOLOGY, MONEY AND CAPITAL MARKETS DEVELOPMENT TRENDS, INNOVATIONS AND
32 PRACTICES AND SUCH OTHER TRAINING PROGRAMS AS THE MONETARY BOARD SHALL APPROVE.
33 Toward this end, the Bangko Sentral is hereby authorized to defray the costs of study, at home or
34 abroad, of qualified employees of the Bangko Sentral, of promising university graduates or of any

1 other qualified persons who shall be determined by proper competitive examinations. The Monetary
2 Board shall prescribe rules and regulations to govern the training program of the Bangko Sentral."

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

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

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

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

21 PRIOR TO BANGKO SENTRAL APPROVAL, NO SUCH TRANSFER OR ACQUISITION SHALL
22 HAVE LEGAL EFFECT OR SHALL BE RECOGNIZED IN THE BOOKS OF THE INSTITUTION OR BY ANY
23 GOVERNMENT AGENCY AND THE TRANSFEROR-STOCKHOLDERS SHALL REMAIN ACCOUNTABLE
24 AND RESPONSIBLE THEREFOR. TRANSFER OF ACTUAL CONTROL OR MANAGEMENT OF THE
25 INSTITUTION TO THE NEW STOCKHOLDERS OR THEIR REPRESENTATIVES PRIOR TO BANGKO
26 SENTRAL APPROVAL SHALL MAKE THE TRANSFEROR, THE TRANSFEREE AND ANY PERSON
27 RESPONSIBLE THEREFOR LIABLE UNDER SECTIONS 36 AND 37 OF THIS ACT. NOTWITHSTANDING
28 ANY PROVISION OF LAW TO THE CONTRARY, THE BANGKO SENTRAL SHALL SHARE WITH THE
29 PHILIPPINE DEPOSIT INSURANCE CORPORATION ANY INFORMATION THAT BANGKO SENTRAL MAY
30 OBTAIN PERTAINING TO TRANSFER OR ACQUISITION OF SHARES OR SERIES OF TRANSFERS OR
31 ACQUISITIONS OF SHARES IN BANKS.

32 AS USED HEREIN, A PARENT COMPANY MEANS A CORPORATION WHICH OWNS, DIRECTLY
33 OR INDIRECTLY, VOTING STOCK OF A SUPERVISED INSTITUTION SUFFICIENT TO CONTROL ITS
34 MANAGEMENT AND OPERATIONS., CONTROL EXISTS WHEN THE PARENT COMPANY OWNS

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

10 For purposes of this section, a subsidiary means a corporation more than fifty percent
11 (50%) of the voting stock of which is owned by a bank or quasi-bank and an affiliate means a
12 corporation the voting stock of which, to the extent of fifty percent (50%) or less, is owned by a
13 bank, quasi-bank or which is related or linked to such institution or intermediary through
14 common stockholders or such other factors as may be determined by the Monetary Board.

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

25 ~~[No restraining order or injunction shall be issued by the court enjoining the Bangko~~
26 ~~Sentral from examining any institution subject to supervision or examination by the Bangko~~
27 ~~Sentral, unless there is convincing proof that the action of the Bangko Sentral is plainly~~
28 ~~arbitrary and made in bad faith and the petitioner or plaintiff files with the clerk or judge of~~
29 ~~court in which the action is pending a bond executed in favor of the Bangko Sentral, in an amount~~
30 ~~to be fixed by the court. The provisions of Rule 58 of the New Rules of Court insofar as they are~~
31 ~~applicable and not inconsistent with the provisions of this section shall govern the issuance and~~
32 ~~dissolution of the restraining order or injunction contemplated in this Section.]”~~

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

34 *“SEC. 26. Bank Deposits {and Investments}. — Any director, officer or stockholder who,*

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

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

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

21 “SEC. 27. *Prohibitions.* — In addition to the prohibitions found in Republic Act Nos. 3019 and
22 6713, personnel of the Bangko Sentral are hereby prohibited from:

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

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

31 (c) revealing in any manner, except under orders of the court, the ~~[Congress]~~ HOUSE OF
32 REPRESENTATIVES OR THE SENATE OR ANY OF THE APPROPRIATE COMMITTEES THEREIN or any
33 government office or agency authorized by law, or under such conditions as may be prescribed by
34 the Monetary Board, information relating to the condition or business of any institution UNDER THE

1 SUPERVISION OF THE BANGKO SENTRAL. This prohibition shall not be held to apply to the giving of
2 information to the Monetary Board or the Governor of the Bangko Sentral, or to any person
3 authorized by either of them, in writing, to receive such information; and

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

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

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

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

25 The bank, OR QUASI-BANK OR NON-BANK FINANCIAL INSTITUTION concerned shall afford to
26 the head of the appropriate supervising and examining departments and to his authorized deputies
27 full opportunity to examine its books, cash and available assets and general condition at any time
28 during banking hours when requested to do so by the Bangko Sentral: *Provided, however,* That none
29 of the reports and other papers relative to such examinations shall be open to inspection by the
30 public except insofar as such publicity is incidental to the proceedings hereinafter authorized or is
31 necessary for the prosecution of violations in connection with the business of such institutions.

32 Banking, ~~and~~ quasi-banking, AND NON-BANK FINANCIAL institutions which are subject to
33 examination by the Bangko Sentral shall pay to the Bangko Sentral, within the first thirty (30) days of
34 each year, an annual fee in an amount equal to a percentage as may be prescribed by the Monetary

1 Board of its average total assets during the preceding year as shown on its end-of-QUARTER
2 [~~month balance sheets~~] STATEMENTS OF CONDITION, after deducting cash on hand and amounts
3 due from banks, QUASI-BANKS, AND OTHER FINANCIAL INSTITUTIONS, including the Bangko Sentral
4 and banks abroad."

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

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

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

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

32 The conservator should be competent and knowledgeable in bank operations and
33 management. The conservatorship shall not exceed one (1) year, BUT MAY BE EXTENDED FOR A
34 PERIOD OF NOT MORE THAN SIX (6) MONTHS, AS MAY BE APPROVED BY THE MONETARY BOARD.

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

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

23 DURING THE PERIOD OF CONSERVATORSHIP, THE PHILIPPINE DEPOSIT INSURANCE
24 CORPORATION SHALL HAVE THE AUTHORITY TO EXAMINE THE BANK UNDER CONSERVATORSHIP,
25 INQUIRE INTO OR EXAMINE THE DEPOSIT ACCOUNTS THEREIN, AND/OR CONDUCT A DUE DILIGENCE
26 AUDIT OF THE BANK IN PREPARATION FOR THE POSSIBLE ESTABLISHMENT, ORGANIZATION AND
27 OPERATION OF A BRIDGE BANK.

28 The Monetary Board shall terminate the conservatorship when it is satisfied that the
29 institution can continue to operate on its own and the conservatorship is no longer necessary. The
30 conservatorship shall likewise be terminated should the Monetary Board, on the basis of the report
31 of the conservator or of its own findings, determine that ~~[the continuance in business of]~~ the
32 institution, DESPITE THE REMEDIAL MEASURES THAT HAVE BEEN ADOPTED, CONTINUES TO
33 EXPERIENCE ILLIQUIDITY AND OTHER RELATED FINANCIAL STRESSES, SUCH THAT THE GROUNDS FOR

1 RECEIVERSHIP AND LIQUIDATION OF THE INSTITUTION BECOME WARRANTED, ~~(would involve~~
2 ~~probable loss to its depositors or creditors,)~~ in which case the provisions of Section 30 shall apply.”

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

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

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

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

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

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

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

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

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

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

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

23 If the receiver OF QUASI-BANK AND OTHER NON-BANK FINANCIAL INSTITUTIONS determines
24 that the institution cannot be rehabilitated or permitted to resume business in accordance with ~~[the~~
25 ~~next preceding paragraph]~~ THIS SECTION, the Monetary Board shall notify in writing the board of
26 directors of its findings and direct the receiver to proceed with the liquidation of the institutions.
27 The receiver shall:

28 1. file ex parte with the proper regional trial court, and without requirement of prior notice
29 or any other action, a petition for assistance in the liquidation of the institution pursuant to a
30 liquidation plan adopted by the Philippine Deposit Insurance Corporation for general application to
31 all closed banks. In case of quasi-banks, the liquidation plan shall be adopted by the Monetary
32 Board. Upon acquiring jurisdiction, the court shall, upon motion by the receiver after due notice,
33 adjudicate disputed claims against the institution, assist the enforcement of individual liabilities of
34 the stockholders, directors and officers, and decide on other issues as may be material to implement

1 the liquidation plan adopted. The receiver shall pay the cost of the proceedings from the assets of
2 the institution.

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

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

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

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

24 “SEC. 30-A. *PROMPT CORRECTIVE ACTION.* – WHENEVER UPON THE REPORT OF THE
25 HEAD OF THE FINANCIAL SUPERVISION SECTOR, THE MONETARY BOARD FINDS A BANK OR QUASI-
26 BANK OR OTHER SUPERVISED FINANCIAL INSTITUTION HAS INSUFFICIENT REALIZABLE ASSETS TO
27 MEET ITS LIABILITIES, THE MONETARY BOARD SHALL HAVE THE AUTHORITY TO DIRECT THE
28 EXISTING STOCKHOLDERS OF SAID BANK OR QUASI-BANK OR SUPERVISED FINANCIAL INSTITUTION
29 TO INFUSE CAPITAL WITHIN A PERIOD NOT EXCEEDING NINETY (90) DAYS FROM THE DATE OF
30 DIRECTIVE IN SUCH AMOUNT AS MAY BE NECESSARY TO RESTORE THE ENTITY’S CAPITAL TO
31 THE MINIMUM REQUIRED AMOUNT OR RATIO. IN CASE OF INABILITY OR UNWILLINGNESS OF THE
32 STOCKHOLDERS TO INFUSE THE REQUIRED AMOUNT OF ADDITIONAL CAPITAL WITHIN THE
33 PRESCRIBED PERIOD, THE MONETARY BOARD MAY ORDER A QUASI-REORGANIZATION OF SAID
34 ENTITY TO REFLECT THE FAIR VALUE OF ITS CAPITAL AND/OR DIRECT SAID ENTITY TO ACCEPT

1 INVESTMENTS FROM QUALIFIED INVESTORS OR TO MERGE OR CONSOLIDATE WITH A QUALIFIED
2 FINANCIAL INSTITUTION."

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

5 "SEC. 30-B. *BRIDGE BANKING.* - (A) THE MONETARY BOARD MAY FORM, ESTABLISH,
6 ORGANIZE, AND OPERATE AND/OR CONTRACT TO OPERATE SUBSIDIARIES OR CORPORATIONS, THE
7 PRIMARY PURPOSE OF WHICH IS TO OPERATE AS A BRIDGE BANK AND/OR MANAGE ACQUIRED
8 ASSETS OF THE RECEIVER.

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

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

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

22 1. SELL, ASSIGN, TRANSFER, OR CONVEY ITS SHAREHOLDINGS IN ITS SUBSIDIARY TO
23 THE FAILED BANK;

24 2. TRANSFER SUCH ASSETS AND DEPOSIT LIABILITIES OF A FAILED BANK TO THE BRIDGE
25 BANK, AS THE RECEIVER MAY DEEM APPROPRIATE. ALL TRANSFERS UNDER THIS
26 SUBSECTION SHALL:

27 i. NOT BE SUBJECT TO THE FOLLOWING TAXES: CAPITAL GAINS TAX, VALUE ADDED
28 TAX AND DOCUMENTARY STAMP TAX. HOWEVER, IF THE BRIDGE BANK IS A
29 GOVERNMENT CORPORATION, IT MAY AVAIL OF THE TAX EXPENDITURE
30 SUBSIDIES IMPLEMENTED BY THE FISCAL INCENTIVES REVIEW BOARD (FIRB) IN
31 ACCORDANCE WITH THE PROVISIONS OF EXECUTIVE ORDER NO. 93 AND THE
32 GENERAL APPROPRIATIONS ACT.

33 ii. BE CONSIDERED *IN CUSTODIA LEGIS* IN THE HANDS OF THE BRIDGE BANK. FROM
34 THE TIME THE ASSETS ARE TRANSFERRED TO A BRIDGE BANK, ITS ASSETS SHALL

1 NOT BE SUBJECT TO ATTACHMENT, EXECUTION, GARNISHMENT, LEVY,
2 FORECLOSURE OR ANY OTHER COURT PROCESSES.

3 iii. BE EFFECTIVE WITHOUT ANY CONSENT FROM THE STOCKHOLDERS, CREDITORS,
4 STAKEHOLDERS OF THE FAILED BANK, NOTWITHSTANDING ANY PROVISION OF
5 LAW TO THE CONTRARY.

6 3. MAKE ADVANCES TO THE BRIDGE BANK OR CLOSED BANK, UPON SUCH TERMS AND
7 CONDITIONS AND IN SUCH FORM AND AMOUNTS, AS THE RECEIVER MAY
8 PRESCRIBE, SUFFICIENT FUNDS FOR THE BRIDGE BANK TO OPERATE. THESE
9 ADVANCES SHALL PARTAKE OF THE NATURE OF PUBLIC FUNDS, AND AS SUCH,
10 MUST BE CONSIDERED A PREFERRED CREDIT SIMILAR TO TAXES DUE TO THE
11 NATIONAL GOVERNMENT IN THE ORDER OF PREFERENCE UNDER ARTICLE 2224 OF
12 THE NEW CIVIL CODE;

13 4. CONDUCT DUE DILIGENCE ON AN INSURED BANK, AND EXAMINE AND AUDIT THE
14 DEPOSIT ACCOUNTS AND/OR RECORDS OF AN INSURED BANK, SO AS TO ESTABLISH
15 A DEPOSIT PROFILE OF THE BANK AS TO THE NUMBER OF DEPOSIT ACCOUNTS AND
16 TOTAL INSURED DEPOSITS: *PROVIDED*, THAT THE INFORMATION ON INDIVIDUAL
17 ACCOUNTS OBTAINED THROUGH SUCH EXAMINATION OR AUDIT SHALL NOT BE
18 DISCLOSED OR RELEASED TO ANY OTHER PARTY EXCEPT TO THE BOARD OF
19 DIRECTORS OF THE PHILIPPINE DEPOSIT INSURANCE CORPORATION OR UPON
20 ORDER OF THE COURT; AND

21 5. APPOINT, INSTALL, DESIGNATE, AND/OR REMOVE THE DIRECTORS AND OFFICERS
22 OF A BRIDGE BANK AND FIX THEIR COMPENSATION.

23 (E) THE 90-DAY PERIOD PROVIDED UNDER SECTION 30 OF HEREOF, WITHIN WHICH THE
24 RECEIVER SHALL DETERMINE WHETHER THE INSTITUTION MAY BE REHABILITATED SHALL NOT BE
25 APPLICABLE.

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

32 (G) TERMINATION OF BRIDGE BANK. - THE STATUS OF ANY BRIDGE BANK AS SUCH SHALL
33 TERMINATE UPON THE EARLIEST OF--

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

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

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

(J) THE ACTIONS OF THE RECEIVER UNDER THIS SECTION SHALL BE FINAL AND EXECUTORY, AND MAY NOT BE RESTRAINED OR SET ASIDE BY THE COURT, EXCEPT ON PETITION FOR CERTIORARI WITH THE COURT OF APPEALS ON THE GROUND THAT THE ACTION WAS TAKEN IN EXCESS OF JURISDICTION OR WITH SUCH GRAVE ABUSE OF DISCRETION AS TO AMOUNT TO A LACK OR EXCESS OF JURISDICTION. THE PETITION FOR CERTIORARI MAY ONLY BE FILED WITHIN TEN (10) DAYS FROM PUBLICATION OF THE NOTICE ON THE ESTABLISHMENT OF A BRIDGE BANK.

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

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

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

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

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

18 Whenever ~~[a bank or quasi-bank]~~ AN ENTITY UNDER BANGKO SENTRAL SUPERVISION
19 persists in carrying on its business in an ~~[unlawful or]~~ unsafe or UNSOUND manner AS DETERMINED
20 UNDER THE PROVISIONS OF SECTION 56 OF REPUBLIC NO. 8791, OTHERWISE KNOWN AS THE
21 GENERAL BANKING LAW OF 2000, AND IT REFUSES OR FAILS TO CEASE AND DESIST FROM SUCH
22 MISCONDUCT AND TO INSTITUTE CORRECTIVE MEASURES AFTER NOTICE HAS BEEN GIVEN BY THE
23 BANGKO SENTRAL, the MONETARY Board may, without prejudice to the penalties provided in the
24 preceding paragraph of this Section and the administrative sanctions provided in Section 37 of this
25 Act, take action under Section 30 of this Act.”

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

27 “SEC. 37. *Administrative Sanctions [On Banks And Quasi-Banks].* — Without prejudice to the
28 criminal sanctions against the culpable persons provided in Sections 34, 35, and 36 of this Act, the
29 Monetary Board may, at its discretion, impose upon any bank ~~[or quasi-bank, their directors, and/or~~
30 ~~officers, for any willful violation of its charter or by-laws, willful delay in the submission of reports or~~
31 ~~publications thereof as required by law, rules and regulations; any refusal to permit examination into~~
32 ~~the affairs of the institution; any willful making of a false or misleading statement to the Board or the~~
33 ~~appropriate supervising and examining department or its examiners; any willful failure or refusal to~~
34 ~~comply with, or violation of, any banking law or any order, instruction or regulation issued by the~~

~~Monetary Board, or any order, instruction or ruling by the Governor;]~~ FINANCE COMPANY AND NON-BANK FINANCIAL INSTITUTION PERFORMING QUASI-BANKING FUNCTIONS, HEREINAFTER REFERRED TO AS QUASI-BANKING INSTITUTIONS PERFORMING SIMILAR FUNCTIONS REGULATED BY THE BANGKO SENTRAL UNDER THIS ACT OR UNDER SPECIAL LAWS THAT ARE UNDER THE SUPERVISION OF THE BANGKO SENTRAL FOR WILFUL VIOLATION OR FAILURE TO COMPLY WITH THE PROVISIONS OF THIS ACT, OF REPUBLIC ACT NO. 8791 AND OTHER SPECIAL LAWS; or any commission of irregularities, and/or conducting business in an unsafe or unsound manner as may be determined by the Monetary Board the following administrative sanctions: [~~whenever applicable.~~]

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

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

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

IN COMPUTING THE AFOREMENTIONED PENALTIES, THE FOLLOWING ATTENDING CIRCUMSTANCES SHALL BE TAKEN INTO CONSIDERATION: THE CAPITAL OF THE INSTITUTION, THE NATURE OF THE VIOLATION; A ONE-TIME VIOLATION VIS-À-VIS A CONTINUING VIOLATION/OFFENSE; FREQUENCY OF THE VIOLATION/OFFENSE; AND THE GRAVITY OF THE OFFENSE (GRAVE, LESS GRAVE

1 AND LIGHT VIOLATIONS). GRAVE OFFENSES ARE THOSE THAT HAVE SIGNIFICANT/MATERIAL IMPACT
2 ON THE SOLVENCY, LIQUIDITY AND/OR NET PROFITABILITY OF A BANK, QUASI-BANK OR OTHER
3 NON-BANK FINANCIAL INSTITUTION.

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

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

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

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

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

13 Resignation or termination from office shall not exempt such director or officer from
14 administrative or criminal sanctions.

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

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

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

30 The respondents shall be afforded an opportunity to defend their action in a hearing before
31 the Monetary Board or any committee chaired by any Monetary Board member created for the
32 purpose, upon request made by the respondents within five (5) days from their receipt of the order.
33 If no such hearing is requested within said period, the order shall be final. If a hearing is conducted,

1 all issues shall be determined on the basis of records, after which the Monetary Board may either
2 reconsider or make final its order.

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

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

9 “SEC. 38-A. *ISSUANCE OF PROVISIONAL REMEDIES AGAINST BANGKO SENTRAL ACTIONS.* —
10 NO COURT OF LOWER LEVEL THAN THE COURT OF APPEALS SHALL ISSUE ANY TEMPORARY
11 RESTRAINING ORDER, PRELIMINARY INJUNCTION OR PRELIMINARY MANDATORY INJUNCTION
12 AGAINST THE BANGKO SENTRAL FOR ANY ACTION UNDER THIS ACT. SUCH TEMPORARY
13 RESTRAINING ORDER, PRELIMINARY INJUNCTION OR PRELIMINARY MANDATORY INJUNCTION MAY
14 BE DISSOLVED OR STAYED UPON FILING OF A WRITTEN UNDERTAKING BY THE BANGKO SENTRAL
15 THAT IT WILL PAY ALL DAMAGES WHICH THE PETITIONER MAY SUFFER FROM THE STAY OF THE
16 INJUNCTION SHOULD IT BE DECIDED IN A FINAL JUDGMENT THAT THE PETITIONER IS ENTITLED TO
17 HAVE THE ACTS COMPLAINED OF, PERMANENTLY ENJOINED. ANY RESTRAINING ORDER OR
18 INJUNCTION ISSUED IN VIOLATION OF THIS SECTION IS VOID AND OF NO FORCE AND EFFECT.
19 THE PROVISIONS OF RULE 58 OF THE 1997 RULES ON CIVIL PROCEDURES INSOFAR AS THEY ARE
20 APPLICABLE AND NOT INCONSISTENT WITH THE PROVISIONS OF THIS ACT SHALL GOVERN THE
21 ISSUANCE AND DISSOLUTION OF THE RESTRAINING ORDER OR INJUNCTION AGAINST THE BANGKO
22 SENTRAL.”

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

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

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

31 “SEC. 45. *Revaluation Profits and Losses.* - Profits or losses arising from any revaluation of
32 the Bangko Sentral's net assets or liabilities in gold or foreign currencies with respect to the
33 Philippine peso shall not be included in the computation of the annual profits and losses of the
34 Bangko Sentral. Any profits or losses arising in this manner shall be offset by any amounts which, as

1 a consequence of such revaluations, are owed by the Philippines to any international or regional
2 intergovernmental financial institution of which the Philippines is a member or are owed by these
3 institutions to the Philippines. Any remaining profit or loss shall be carried in a special frozen account
4 which shall be named "Revaluation of International Reserve" and the net balance of which shall
5 appear either among the liabilities or among the assets of the Bangko Sentral, depending on
6 whether the revaluations have produced net profits or net losses.

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

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

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

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

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

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

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

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

- 27 1. the causes of the rise or fall of ~~[the monetary aggregates, of credit or of]~~ prices;
- 28 2. the extent to which the changes in ~~[the monetary aggregates, in credit, or in]~~ prices have
29 been reflected in changes in the level of domestic output, employment, wages and
30 economic activity in general, and the nature and significance of any such changes; and
- 31 3. the measures which the Monetary Board has taken and the other monetary, fiscal or
32 administrative measures which it recommends to be adopted.

33 Whenever the ~~[monetary aggregates, or the level of credit, increases or decreases by more~~
34 ~~than fifteen percent (15%), or the]~~ cost of living index increases by more than ten percent (10%), in

1 relation to the level existing at the end of the corresponding month of the preceding year, or even
2 though ~~[any of these]~~ THIS quantitative guideline~~s have~~ HAS not been reached when in its
3 judgment the circumstances so warrant, the Monetary Board shall submit the reports mentioned in
4 this section, and shall state therein whether, in the opinion of the Board, said changes in the
5 ~~[monetary aggregates, credit or]~~ cost of living INDEX represent a threat to the stability of the
6 Philippine economy or of important sectors thereof.

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

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

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

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

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

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

22 "*SEC. 83. Loans for Liquidity Purposes.* - The Bangko Sentral may extend loans and
23 advances to banking institutions, QUASI-BANKS AND OTHER SYSTEMICALLY CRITICAL BANGKO
24 SENTRAL-SUPERVISED institutions for a period of not more than THIRTY (30) ~~[seven (7)]~~ days without
25 any collateral for the purpose of providing liquidity to the banking system in times of need, SUBJECT
26 TO SUCH TERMS AND CONDITIONS AS THE MONETARY BOARD MAY PRESCRIBE TO MINIMIZE
27 POSSIBLE LOSSES TO THE BANGKO SENTRAL"

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

29 "*SEC. 84. Emergency Loans and Advances.* - In periods of national and/or local emergency
30 or of imminent financial panic which directly threaten monetary and ~~[banking]~~ FINANCIAL stability,
31 the Monetary Board may, by a vote of at least five (5) of its members, authorize the Bangko Sentral
32 to grant extraordinary loans or advances to banking, QUASI-BANKING AND OTHER SYSTEMICALLY
33 CRITICAL BANGKO SENTRAL-SUPERVISED institutions TO BE secured by assets as defined hereunder:
34 Provided, That while such loans or advances are outstanding, the debtor institution shall not, except

1 upon prior authorization by the Monetary Board, expand the total volume of its loans or
2 investments.

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

11 The amount of any emergency loan or advance shall not exceed the sum of fifty percent
12 (50%) of total deposits and deposit substitutes of the banking institution, OR IN THE CASE OF OTHER
13 BANGKO SENTRAL-SUPERVISED INSTITUTION, FIFTY PER CENT (50%) OF TOTAL PLACEMENTS OF THE
14 PUBLIC IN SUCH ENTITY, and shall be disbursed in two (2) or more tranches. The amount of the first
15 tranche shall be limited to twenty-five percent (25%) of the total deposit and deposit substitutes of
16 the institution and shall be secured by (1) government securities ~~[to the extent of their applicable~~
17 ~~loan values and]~~; (2) ACCEPTABLE GUARANTEES BACKED UP BY THE NATIONAL GOVERNMENT OR ITS
18 SECURITIES; (3) other unencumbered first class collaterals AND (4) PRIVATE COMMERCIAL PAPER TO
19 THE EXTENT OF THEIR APPLICABLE LOAN VALUES which the Monetary Board may approve: *Provided,*
20 That if, as determined by the Monetary Board, the circumstances surrounding the emergency
21 warrant a loan or advance greater than the amount provided hereinabove, the amount of the first
22 tranche may exceed twenty-five percent (25%) of the ~~[bank's]~~ INSTITUTION'S total deposit and
23 deposit substitutes if the same is adequately secured by applicable loan values of government
24 securities and unencumbered first class collaterals approved by the Monetary Board, and the
25 principal stockholders of the institution furnish an acceptable undertaking to indemnify and hold
26 harmless from suit a conservator whose appointment the Monetary Board may find necessary at any
27 time.

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

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

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

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

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

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

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

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

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

24 "SEC. 88-B. *DEPUTIZATION OF LEGAL STAFF.* -- IN CASE OF AN EXTRAJUDICIAL FORECLOSURE
25 OF MORTGAGE, THE BANGKO SENTRAL MAY, DEPUTIZE ANY OF ITS LAWYERS TO CONDUCT THE
26 PUBLIC AUCTION PURSUANT TO ACT NO. 3135, AS AMENDED. IN CASE OF A JUDICIAL
27 FORECLOSURE, THE BANGKO SENTRAL MAY WITH THE APPROVAL OF THE COURT, LIKEWISE
28 DEPUTIZE ANY OF ITS LAWYERS TO ACT AS SPECIAL SHERIFF IN THE SALE OF THE DEBTOR'S
29 PROPERTIES AND IN THE ENFORCEMENT OF COURT WRITS AND PROCESSSES RELATED THERETO.
30 THE SPECIAL SHERIFF OF THE BANGKO SENTRAL SHALL MAKE A REPORT TO THE PROPER COURT
31 AFTER ANY ACTION HAS BEEN TAKEN BY HIM, WHICH COURT SHALL TREAT SUCH ACTION AS IF IT
32 WERE AN ACT OF ITS OWN SHERIFF IN ALL RESPECTS.

33 "NO RESTRAINING ORDER OR INJUNCTION SHALL BE ISSUED BY THE COURT ENJOINING THE
34 BANGKO SENTRAL FROM PROCEEDING WITH THE FORECLOSURE OF THE MORTGAGE UNLESS A

1 BOND IS POSTED IN FAVOR OF THE BANGKO SENTRAL IN AN AMOUNT EQUIVALENT TO THE TOTAL
2 CLAIM OF THE BANGKO SENTRAL. THE RESTRAINING ORDER OR INJUNCTION SHALL BE REFUSED OR,
3 IF GRANTED, SHALL BE DISSOLVED UPON FILING BY THE BANGKO SENTRAL OF A BOND, WHICH
4 SHALL BE IN THE FORM OF A BANGKO SENTRAL CHECK, IN AN AMOUNT TWICE THE AMOUNT OF
5 THE ORIGINAL BOND POSTED CONDITIONED THAT THE BANGKO SENTRAL WILL PAY THE DAMAGES
6 WHICH THE PARTY MAY SUFFER BY THE REFUSAL OR DISSOLUTION OF THE INJUNCTION. THE
7 PROVISIONS OF RULE 58 OF THE NEW RULES OF COURT INSOFAR AS THEY ARE APPLICABLE AND NOT
8 INCONSISTENT WITH THE PROVISIONS OF THIS SECTION SHALL GOVERN THE ISSUANCE AND
9 DISSOLUTION OF THE RESTRAINING ORDER OR INJUNCTION CONTEMPLATED IN THIS SECTION."

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

11 "SEC. 88-C. *RIGHT OF REDEMPTION OF FORECLOSED REAL PROPERTY; RIGHT OF*
12 *POSSESSION DURING REDEMPTION PERIOD.* – THE MORTGAGOR SHALL HAVE THE RIGHT TO
13 REDEEM THE PROPERTY WITHIN ONE (1) YEAR FROM THE DATE OF FORECLOSURE SALE OF THE REAL
14 ESTATE, IN CASE THE MORTGAGOR IS A NATURAL PERSON, AND WITHIN NINETY (90) DAYS BUT NOT
15 LATER THAN THE DATE OF REGISTRATION OF THE CERTIFICATE OF FORECLOSURE SALE, IN CASE THE
16 MORTGAGOR IS A JURIDICAL PERSON. REDEMPTION SHALL BE EFFECTED BY PAYING THE PRINCIPAL,
17 INTERESTS, CHARGES, COMMISSIONS AND ALL CLAIMS OF WHATEVER NATURE OF THE BANGKO
18 SENTRAL OUTSTANDING AND DUE AS OF THE DATE OF FORECLOSURE SALE, INCLUDING ALL COSTS
19 AND OTHER EXPENSES INCURRED BY REASON OF THE FORECLOSURE SALE AND CUSTODY OF THE
20 PROPERTY.

21 THE BANGKO SENTRAL, AS PURCHASER IN THE FORECLOSURE SALE AND WITHOUT NEED OF
22 POSTING A BOND, MAY TAKE POSSESSION OF THE FORECLOSED PROPERTY DURING THE
23 REDEMPTION PERIOD. THE BANGKO SENTRAL SHALL BE ENTITLED TO THE FRUITS OF THE
24 PROPERTY, AND THE SAME SHALL BE APPLIED AGAINST THE REDEMPTION PRICE. "

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

26 "SEC. 88-D. *UNSECURED BANGKO SENTRAL CLAIMS.* – ALL UNSECURED CLAIMS OF THE
27 BANGKO SENTRAL SHALL BE CONSIDERED PREFERRED CREDITS SIMILAR TO TAXES DUE TO THE
28 NATIONAL GOVERNMENT IN THE ORDER OF PREFERENCE UNDER ARTICLE 2244 OF THE NEW CIVIL
29 CODE."

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

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

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

2 “**SEC. 89-B. LOANS TO THE PHILIPPINE DEPOSIT INSURANCE CORPORATION. –** THE BANGKO
3 SENTRAL , PURSUANT TO ITS MANDATE OF MAINTAINING FINANCIAL STABILITY, MAY LEND TO THE
4 PHILIPPINE DEPOSIT INSURANCE CORPORATION FUNDS FOR INSURANCE PURPOSE AND FOR
5 FINANCIAL ASSISTANCE THAT THE LATTER IS AUTHORIZED TO EXTEND UNDER SECTION 17(D) OF
6 REPUBLIC ACT NO. 3591, AS AMENDED, TO AN INSURED BANK IN DANGER OF CLOSING IN ORDER TO
7 PREVENT SUCH CLOSING. THE INTEREST RATE SHALL BE FIXED BY THE MONETARY BOARD BUT SUCH
8 RATE SHALL NOT BE LOWER THAN THE EFFECTIVE COST OF FUNDS OF THE BANGKO SENTRAL. THE
9 MONETARY BOARD MAY PRESCRIBE ADDITIONAL TERMS AND CONDITIONS ON THE GRANT OF SUCH
10 LOAN.”

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

12 “**SEC. 92. ISSUE AND NEGOTIATION OF BANGKO SENTRAL OBLIGATIONS. —** In order to
13 provide the Bangko Sentral with effective instruments for open market operations, the Bangko
14 Sentral may, subject to such rules and regulations as the Monetary Board may prescribe and in
15 accordance with the principles stated in Section 90 of this Act, issue, place, buy and sell freely
16 negotiable evidences of indebtedness of the Bangko Sentral. ~~[. Provided, That issuance of such~~
17 ~~certificates of indebtedness shall be made only in cases of extraordinary movement in price levels.]~~
18 Said evidences of indebtedness may be issued directly against the international reserve of the
19 Bangko Sentral or against the securities which it has acquired under the provisions of Section 91 of
20 this Act, or may be issued without relation to specific types of assets of the Bangko Sentral.

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

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

30 THE BANGKO SENTRAL IN PURSUIT OF ITS OPEN MARKET OPERATIONS, MAY ALSO ENGAGE
31 IN THE PURCHASE AND RESALE OF READILY MARKETABLE COMMERCIAL PAPERS ISSUED BY
32 FINANCIAL INSTITUTIONS DULY ACCREDITED UNDER SUCH RULES AND REGULATIONS AS THE
33 MONETARY BOARD MAY PRESCRIBE TO PROVIDE LIQUIDITY TO THE FINANCIAL MARKETS FROM
34 TIME TO TIME. SUCH PURCHASE AND RESALE MAY BE SUBJECT TO REPURCHASE OR REVERSE

1 REPURCHASE AGREEMENTS AS THE BANGKO SENTRAL SHALL STIPULATE AND SUCH INSTRUMENTS
2 ARE PART OF THE OPEN MARKET OPERATIONS OF THE BANGKO SENTRAL.”

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

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

12 IN THE COMPUTATION OF THE RESERVES AGAINST DEPOSIT SUBSTITUTES UNDER SECTION
13 94 OF THIS ACT, THE MONETARY BOARD SHALL DETERMINE WHAT SHALL BE CONSIDERED AS
14 DEPOSIT SUBSTITUTES SUBJECT TO RESERVE REQUIREMENTS. FINANCIAL INSTRUMENTS ISSUED BY
15 THE NATIONAL GOVERNMENT AND THE BANGKO SENTRAL AND IN INTERBANK BORROWINGS SHALL
16 NOT BE CONSTRUED AS DEPOSIT SUBSTITUTES.

17 The Monetary Board shall determine what specific instruments shall be considered as
18 deposit substitutes for the purposes of Section 94 of this Act[:]. THE MONETARY BOARD MAY ALSO
19 EXCLUDE FUNDS OBTAINED OR BORROWED FROM CERTAIN INSTITUTIONAL LENDERS FROM THIS
20 SECTION: *Provided, however,* That deposit substitutes of commercial, industrial and other non-
21 financial companies for the limited purpose of financing their own needs or the needs of their agents
22 or dealers shall not be covered by the provisions of Section 94 of this Act.”

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

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

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

30 “SEC. 108. *Minimum Capital Ratios.* - The Monetary Board may prescribe minimum RISK-
31 BASED CAPITAL ADEQUACY ratios BASED ON INTERNATIONALLY ACCEPTED STANDARDS
32 ~~[which the capital and surplus of the banks must bear to the volume of their assets, or to specific~~
33 ~~categories thereof,]~~ and may alter said ratios whenever it deems necessary. IN THE EXERCISE
34 OF ITS AUTHORITY UNDER THIS SECTION, THE MONETARY BOARD MAY PRESCRIBE A HIGHER

1 MINIMUM CAPITAL ADEQUACY RATIO FOR INDIVIDUAL FINANCIAL INSTITUTIONS WHICH ARE
2 EXPOSED TO MORE THAN NORMAL RISKS."

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

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

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

13 THE DIRECT PURCHASE AND SALE OF GOVERNMENT SECURITIES BY AND BETWEEN AND
14 AMONG ACCREDITED FINANCIAL INSTITUTIONS SHALL BE DEEMED EXEMPT TRANSACTIONS UNDER
15 REPUBLIC ACT NO. 8799, OTHERWISE KNOWN AS THE SECURITIES REGULATION CODE. THE
16 SECRETARY OF FINANCE, IN CONSULTATION WITH THE BANGKO SENTRAL, SHALL PROMULGATE
17 SUCH RULES AND REGULATIONS, ORDERS OR INSTRUCTIONS WHICH SHALL PROTECT FROM FRAUD
18 THE REPUBLIC OF THE PHILIPPINES, AS ISSUER AND THE ACCREDITED FINANCIAL INSTITUTIONS AS
19 INVESTORS OR TRADERS OF SAID GOVERNMENT SECURITIES.

20 THE BANGKO SENTRAL NG PILIPINAS SHALL UNDERTAKE THE REGULATION OF TRADING OF
21 GOVERNMENT SECURITIES AMONG FINANCIAL INSTITUTIONS. IN ORDER TO INSURE THAT
22 ACCREDITED FINANCIAL INSTITUTIONS SHALL OPERATE UNDER FAIR AND UNIFORM TRADING RULES,
23 THEY MAY , AS PART OF THE GUIDELINES OF ACCREDITATION, BE REQUIRED TO JOIN AN
24 ASSOCIATION OF ACCREDITED FINANCIAL INSTITUTIONS TO BE GOVERNED BY INTERNAL RULES OF
25 CONDUCT APPROVED BY THE SECRETARY OF FINANCE, THE LATTER BEING THE OFFICIAL
26 REPRESENTATIVE OF THE REPUBLIC OF THE PHILIPPINES, THE PRIMARY OBLIGOR IN THE ISSUANCE
27 OF SAID GOVERNMENT SECURITIES: *PROVIDED, HOWEVER,* THAT THE DIRECT PARTICIPATION OF
28 ACCREDITED FINANCIAL INSTITUTIONS IN THE OPEN MARKET OPERATIONS OF THE BANGKO
29 SENTRAL AS PROVIDED IN SECTIONS 90 AND 91 HEREIN SHALL BE SUBJECT TO SUCH RULES AND
30 REGULATIONS AS MAY BE PRESCRIBED BY THE MONETARY BOARD, IN CONSULTATION WITH THE
31 SECRETARY OF FINANCE."

32 **SEC. 46.** Section 118 of Republic Act No. 7653 is hereby amended to read as follows:

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

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

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

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

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

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

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

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

26 BANGKO SENTRAL MAY AVAIL OF THE TAX EXPENDITURE SUBSIDIES IMPLEMENTED BY THE
27 FISCAL INCENTIVES REVIEW BOARD (FIRB) IN ACCORDANCE WITH THE PROVISIONS OF EXECUTIVE
28 ORDER NO. 93 AND THE GENERAL APPROPRIATIONS ACT.

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

30 "SEC. 126. *Exemption From Customs Duties.* — The provision of any general or special law to
31 the contrary notwithstanding, the importation and exportation by the Bangko Sentral of notes and
32 coins, and of gold and other metals to be used for purposes authorized under this Act, and the
33 importation of all [~~equipment~~] SUPPLIES needed [~~for~~] BY THE BANGKO SENTRAL FOR bank note
34 production, minting of coins, metal refining and other security printing operations AND

1 TRANSPORT OF CURRENCY, WHICH SHALL BE CONFINED ONLY TO THE IMPORTATION OF
2 SPECIALIZED VEHICLES, SUCH AS ARMORED CARS, shall be fully exempt from all customs duties and
3 consular fees and from all other taxes, assessments and charges related to such importation or
4 exportation.

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

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

14 **SEC. 51. Repealing Clause.** - Sections 129 and 130 of Republic Act No. 7653 are hereby
15 repealed. The provisions of any other law, rule or regulation which may be inconsistent with the
16 provisions of this Act are hereby repealed modified accordingly.

17 **Sec. 52. Separability Clause.** - If any provision or section of this Act or the application thereof
18 to any person or circumstance is held invalid, the other provisions or sections of this Act, and the
19 application of such provision or section to other persons or circumstances, shall not be affected
20 thereby.

21 **Sec. 53. Effectivity Clause.** - This Act shall take effect fifteen (15) days following its publication
22 in the Official Gazette or in two (2) national newspapers of general circulation.

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