

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

16th Congress
First Regular Session

House Bill No. _____

860



Introduced by Honorable Sergio A. F. Apostol

EXPLANATORY NOTE

Since Republic Act No. 7653, otherwise known as the New Central Bank Act, was enacted in 1993, there have been dramatic developments in the banking environment brought about by automation, technology, globalization and the influence of best practices, on one hand, and by some structural weaknesses on the other hand, which may have abetted or tolerated instances of unsafe and unsound practices, poor governance, or even fraud.

The amendments hereby being proposed seeks to enhance the administration of the monetary, credit and banking system of the Republic by, among other things, affirming the authority of the Bangko Sentral to administer the payments and settlement systems. This will promote the safe, reliable and final settlement of financial transactions thereby contributing to good economic order.

This measure will be complemented by the proposed supervisory powers of the Bangko Sentral which will oblige transparency in the disclosure of bank ownerships; subject the bank owners to the fit and proper test, and compel restructuring and rehabilitation of distressed banks. To address early the commission of frauds and regularities, it is also proposed that the authority of the examiners to access deposit accounts, which was granted before and was exercised without abuse, be restored.

The Bangko Sentral should also be able to function as a more responsive organization. Towards this end, its officials and personnel should be granted the same legal protection given to the PDIC under Republic Act No. 9576. It should be able to access data from any person or entity in the Philippines, similar to what was enjoyed before by the defunct Central Bank of the Philippines, for completion of information and efficiency in the formulation of monetary policy. As an institution performing governmental functions, the Bangko Sentral should also be exempted from taxation.

Approval of this bill is therefore earnestly sought.


SERGIO A.F. APOSTOL
Representative
Second District, Leyte

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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
20 banks and exercise such regulatory powers as provided in this Act and other pertinent laws over the

1 operations of finance companies and non-bank financial institutions performing quasi-banking
2 functions, hereafter referred to as quasi-banks, CREDIT CARD COMPANIES, E-MONEY ISSUERS,
3 REMITTANCE AGENTS and institutions performing similar functions REGULATED BY THE BANGKO
4 SENTRAL UNDER THIS ACT OR UNDER SPECIAL LAWS.

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

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

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

13 The seven (7) members are:

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

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

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

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

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

33 “SEC. 9. *Disqualifications.* — In addition to the disqualifications imposed by Republic Act No.
34 6713, a member of the Monetary Board is disqualified from being a director, officer, employee,

1 consultant, lawyer, agent or stockholder of any bank, quasi-bank or any other institution which is
2 subject to supervision or examination by the Bangko Sentral, in which case such member shall resign
3 from, and divest himself of any and all interests in such institution before assumption of office as
4 member of the Monetary Board.

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

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

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

23 "SEC. 10. *Removal.* – The President may remove any member of the Monetary Board for any
24 of the following reasons:

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (b) direct the management, operations, and administration of the Bangko Sentral, reorganize
32 its personnel, and issue such rules and regulations as it may deem necessary or convenient for this
33 purpose. IN CASE OF SEPARATION FROM THE SERVICE AS A RESULT OF THE REORGANIZATION, THE
34 EMPLOYEE HAS THE OPTION TO RETIRE UNDER EXISTING RETIREMENT LAWS OR BE ENTITLED TO

1 SEPARATION BENEFITS AS PROVIDED UNDER EXISTING LAWS. The legal units of the Bangko Sentral
2 shall be under the exclusive supervision and control of the Monetary Board;

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

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

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

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

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

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

33 The costs and expenses incurred in defending the aforementioned action, suit or proceeding
34 may be paid by the Bangko Sentral in advance of the final disposition of such action, suit or

1 proceeding upon receipt of an undertaking by or on behalf of the member, officer, or employee
2 REFERRED TO IN SUBSECTION (e) to repay the amount advanced should it ultimately be determined
3 by the Monetary Board that he is not entitled to be indemnified as provided in this subsection ON
4 ACCOUNT OF BAD FAITH, MALICE, GROSS NEGLIGENCE OR MISCONDUCT.”

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

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

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

17 (b) execute and administer the policies and measures approved by the Monetary Board
18 UPON THEIR EFFECTIVITY;

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

33 (d) appoint and fix the remunerations and other emoluments of personnel below the rank of
34 a department head in accordance with the position and compensation plans approved by the

1 Monetary Board, as well as to impose disciplinary measures upon personnel of the Bangko Sentral,
2 subject to the provisions of Section 15(c) of this Act: *Provided*, That removal of personnel shall be
3 with the approval of the Monetary Board; AND

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

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

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

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

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

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

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

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

29 THE SCOPE OF THE DUTIES AND RESPONSIBILITIES OF EACH AND EVERY DEPUTY GOVERNOR
30 AND THE OFFICES UNDER EACH OF THEM AND THE DELINEATION OF OTHER FUNCTIONS AND
31 ASSIGNMENTS SHALL BE DEFINED OR REFINED AND PRESCRIBED BY THE MONETARY BOARD UPON
32 RECOMMENDATION OF THE GOVERNOR.

33 ~~[In the absence of the Governor, a Deputy Governor designated by the Governor shall act as~~
34 ~~chief executive of the Bangko Sentral and shall exercise the powers and perform the duties of the~~

1 Governor. Whenever the Government is unable to attend meetings of government boards or
2 councils in which he is an ex-officio member pursuant to provisions of special laws, a Deputy
3 Governor as may be designated by the Governor shall be vested with authority to participate and
4 exercise the right to vote in such meetings.]”

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

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

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

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

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

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

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

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

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

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

30 AS USED HEREIN, A PARENT COMPANY MEANS A CORPORATION WHICH OWNS, DIRECTLY
31 OR INDIRECTLY. VOTING STOCK OF A SUPERVISED INSTITUTION SUFFICIENT TO CONTROL ITS
32 MANAGEMENT AND OPERATIONS., CONTROL EXISTS WHEN THE PARENT COMPANY OWNS
33 DIRECTLY OR INDIRECTLY MORE THAN ONE-HALF OF THE STOCK OF A SUPERVISED INSTITUTION.
34 CONTROL ALSO EXISTS EVEN WHEN THE PARENT OWNS ONE-HALF OR LESS OF THE VOTING STOCK

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

8 For purposes of this section, a subsidiary means a corporation more than fifty percent
9 (50%) of the voting stock of which is owned by a bank or quasi-bank and an affiliate means a
10 corporation the voting stock of which, to the extent of fifty percent (50%) or less, is owned by a
11 bank, quasi-bank or which is related or linked to such institution or intermediary through
12 common stockholders or such other factors as may be determined by the Monetary Board.

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

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

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

32 “SEC. 26. *Bank Deposits [and Investments]*. — Any director, officer or stockholder who,
33 together with his related interest, contracts a loan or any form of financial accommodation from: (1)
34 his bank; or (2) from a bank (a) which is a subsidiary of a bank holding company of which both his

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

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

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

19 "SEC. 27. *Prohibitions.* — In addition to the prohibitions found in Republic Act Nos. 3019 and
20 6713, personnel of the Bangko Sentral are hereby prohibited from:

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

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

29 (c) revealing in any manner, except under orders of the court, the ~~[Congress]~~ HOUSE OF
30 REPRESENTATIVES OR THE SENATE OR ANY OF THE APPROPRIATE COMMITTEES THEREIN or any
31 government office or agency authorized by law, or under such conditions as may be prescribed by
32 the Monetary Board, information relating to the condition or business of any institution UNDER THE
33 SUPERVISION OF THE BANGKO SENTRAL. This prohibition shall not be held to apply to the giving of

1 information to the Monetary Board or the Governor of the Bangko Sentral, or to any person
2 authorized by either of them, in writing, to receive such information; and

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

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

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

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

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

31 Banking, ~~[and]~~ quasi-banking, AND NON-BANK FINANCIAL institutions which are subject to
32 examination by the Bangko Sentral shall pay to the Bangko Sentral, within the first thirty (30) days of
33 each year, an annual fee in an amount equal to a percentage as may be prescribed by the Monetary
34 Board of its average total assets during the preceding year as shown on its end-of-QUARTER

1 ~~[month-balance-sheets]~~ STATEMENTS OF CONDITION, after deducting cash on hand and amounts
2 due from banks, QUASI-BANKS, AND OTHER FINANCIAL INSTITUTIONS, including the Bangko Sentral
3 and banks abroad.”

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

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

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

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

31 The conservator should be competent and knowledgeable in bank operations and
32 management. The conservatorship shall not exceed one (1) year, BUT MAY BE EXTENDED FOR A
33 PERIOD OF NOT MORE THAN SIX (6) MONTHS, AS MAY BE APPROVED BY THE MONETARY BOARD.
34 The conservator shall receive MONTHLY remuneration to be fixed by the Monetary Board: ~~[in an~~

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

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

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

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

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

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

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

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

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

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

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

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

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

33 The receiver shall immediately gather, take charge of, MANAGE AND CONTROL all the
34 assets, WHICH, IN CASE OF A BANK, SHALL INCLUDE ITS LICENSE, and liabilities of the institution,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 20 1. SELL, ASSIGN, TRANSFER, OR CONVEY ITS SHAREHOLDINGS IN ITS SUBSIDIARY TO
21 THE FAILED BANK;
- 22 2. TRANSFER SUCH ASSETS AND DEPOSIT LIABILITIES OF A FAILED BANK TO THE BRIDGE
23 BANK, AS THE RECEIVER MAY DEEM APPROPRIATE. ALL TRANSFERS UNDER THIS
24 SUBSECTION SHALL:
 - 25 i. NOT BE SUBJECT TO THE FOLLOWING TAXES: CAPITAL GAINS TAX, VALUE ADDED
26 TAX AND DOCUMENTARY STAMP TAX. HOWEVER, IF THE BRIDGE BANK IS A
27 GOVERNMENT CORPORATION, IT MAY AVAIL OF THE TAX EXPENDITURE
28 SUBSIDIES IMPLEMENTED BY THE FISCAL INCENTIVES REVIEW BOARD (FIRB) IN
29 ACCORDANCE WITH THE PROVISIONS OF EXECUTIVE ORDER NO. 93 AND THE
30 GENERAL APPROPRIATIONS ACT.
 - 31 ii. BE CONSIDERED *IN CUSTODIA LEGIS* IN THE HANDS OF THE BRIDGE BANK. FROM
32 THE TIME THE ASSETS ARE TRANSFERRED TO A BRIDGE BANK, ITS ASSETS SHALL
33 NOT BE SUBJECT TO ATTACHMENT, EXECUTION, GARNISHMENT, LEVY,
34 FORECLOSURE OR ANY OTHER COURT PROCESSES.

- 1 iii. BE EFFECTIVE WITHOUT ANY CONSENT FROM THE STOCKHOLDERS, CREDITORS,
2 STAKEHOLDERS OF THE FAILED BANK, NOTWITHSTANDING ANY PROVISION OF
3 LAW TO THE CONTRARY.
- 4 3. MAKE ADVANCES TO THE BRIDGE BANK OR CLOSED BANK, UPON SUCH TERMS AND
5 CONDITIONS AND IN SUCH FORM AND AMOUNTS, AS THE RECEIVER MAY
6 PRESCRIBE, SUFFICIENT FUNDS FOR THE BRIDGE BANK TO OPERATE. THESE
7 ADVANCES SHALL PARTAKE OF THE NATURE OF PUBLIC FUNDS, AND AS SUCH,
8 MUST BE CONSIDERED A PREFERRED CREDIT SIMILAR TO TAXES DUE TO THE
9 NATIONAL GOVERNMENT IN THE ORDER OF PREFERENCE UNDER ARTICLE 2224 OF
10 THE NEW CIVIL CODE;
- 11 4. CONDUCT DUE DILIGENCE ON AN INSURED BANK, AND EXAMINE AND AUDIT THE
12 DEPOSIT ACCOUNTS AND/OR RECORDS OF AN INSURED BANK, SO AS TO ESTABLISH
13 A DEPOSIT PROFILE OF THE BANK AS TO THE NUMBER OF DEPOSIT ACCOUNTS AND
14 TOTAL INSURED DEPOSITS: *PROVIDED*, THAT THE INFORMATION ON INDIVIDUAL
15 ACCOUNTS OBTAINED THROUGH SUCH EXAMINATION OR AUDIT SHALL NOT BE
16 DISCLOSED OR RELEASED TO ANY OTHER PARTY EXCEPT TO THE BOARD OF
17 DIRECTORS OF THE PHILIPPINE DEPOSIT INSURANCE CORPORATION OR UPON
18 ORDER OF THE COURT; AND
- 19 5. APPOINT, INSTALL, DESIGNATE, AND/OR REMOVE THE DIRECTORS AND OFFICERS
20 OF A BRIDGE BANK AND FIX THEIR COMPENSATION.
- 21 (E) THE 90-DAY PERIOD PROVIDED UNDER SECTION 30 OF HEREOF, WITHIN WHICH THE
22 RECEIVER SHALL DETERMINE WHETHER THE INSTITUTION MAY BE REHABILITATED SHALL NOT BE
23 APPLICABLE.
- 24 (F) THE BRIDGE BANK SHALL TERMINATE AT THE END OF TWO (2) YEARS FOLLOWING THE
25 DATE IT WAS GRANTED A BANKING LICENSE, SUBJECT TO THE HEREIN PROVISIONS OF PARAGRAPHS
26 (G) AND (H): *PROVIDED, FURTHER*, THAT THE RECEIVER MAY EXTEND THE STATUS OF THE BRIDGE
27 BANK IF DEEMED NECESSARY TO CONCLUDE PENDING NEGOTIATIONS FOR THE SALE, MERGER OR
28 ACQUISITION OF THE BRIDGE BANK BY A BUYER OR ACQUIRER: *PROVIDED, FINALLY*, THAT THE
29 MAXIMUM EXTENSION SHALL BE ONE (1) YEAR.
- 30 (G) TERMINATION OF BRIDGE BANK. - THE STATUS OF ANY BRIDGE BANK AS SUCH SHALL
31 TERMINATE UPON THE EARLIEST OF—
- 32 1. THE MERGER OR CONSOLIDATION OF THE BRIDGE BANK WITH ANOTHER BANK THAT
33 IS NOT A BRIDGE BANK; OR

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

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

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

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

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

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

32 "SEC. 33. *Disposition of Banking Franchise.* — The Bangko Sentral may, if public
33 interest so requires, award to an institution, upon such terms and conditions as the Monetary Board
34 may approve, the banking franchise of a CLOSED bank [~~under liquidation~~] to operate in the area

1 where said bank or its branches were previously operating: *Provided*, That whatever proceeds may
2 be realized from such award shall be ~~[subject to the appropriate exclusive disposition of the~~
3 ~~Monetary Board]~~ FOR THE BENEFIT OF THE CREDITORS OF THE CLOSED BANK."

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

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

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

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

24 "SEC. 37. *Administrative Sanctions [On Banks And Quasi-Banks].* — Without prejudice to the
25 criminal sanctions against the culpable persons provided in Sections 34, 35, and 36 of this Act, the
26 Monetary Board may, at its discretion, impose upon any bank ~~[or quasi-bank, their directors, and/or~~
27 ~~officers, for any willful violation of its charter or by-laws, willful delay in the submission of reports or~~
28 ~~publications thereof as required by law, rules and regulations; any refusal to permit examination into~~
29 ~~the affairs of the institution; any willful making of a false or misleading statement to the Board or the~~
30 ~~appropriate supervising and examining department or its examiners; any willful failure or refusal to~~
31 ~~comply with, or violation of, any banking law or any order, instruction or regulation issued by the~~
32 ~~Monetary Board, or any order, instruction or ruling by the Governor;]~~ FINANCE COMPANY AND
33 NON-BANK FINANCIAL INSTITUTION PERFORMING QUASI-BANKING FUNCTIONS, HEREINAFTER
34 REFERRED TO AS QUASI-BANKING INSTITUTIONS PERFORMING SIMILAR FUNCTIONS REGULATED BY

1 THE BANGKO SENTRAL UNDER THIS ACT OR UNDER SPECIAL LAWS THAT ARE UNDER THE
2 SUPERVISION OF THE BANGKO SENTRAL FOR WILFUL VIOLATION OR FAILURE TO COMPLY WITH THE
3 PROVISIONS OF THIS ACT, OF REPUBLIC ACT NO. 8791 AND OTHER SPECIAL LAWS; or any
4 commission of irregularities, and/or conducting business in an unsafe or unsound manner as may be
5 determined by the Monetary Board the following administrative sanctions: [~~whenever applicable.~~]

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

- 11 1. FOR UNIVERSAL AND COMMERCIAL BANKS – NOT EXCEEDING ₱10,000 PER BANKING
12 DAY;
- 13 2. FOR THRIFT BANKS – NOT EXCEEDING ₱5,000 PER BANKING DAY;
- 14 3. FOR RURAL BANKS/COOPERATIVE BANKS – NOT EXCEEDING ₱2,000 PER BANKING DAY;
- 15 4. FOR FINANCE COMPANIES AND NON-BANK FINANCIAL INSTITUTIONS PERFORMING
16 QUASI-BANKING FUNCTIONS – NOT EXCEEDING ₱5,000 PER BANKING DAY;
- 17 5. FOR FINANCE COMPANIES AND FINANCIAL INSTITUTIONS WHICH ARE NOT PERFORMING
18 QUASI-BANKING FUNCTIONS – NOT EXCEEDING P3,000 PER BANKING DAY;
- 19 6. FOR OTHER INSTITUTIONS THAT ARE SUPERVISED BY THE BANGKO SENTRAL – NOT
20 EXCEEDING P2,000 PER BANKING DAY.

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

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

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

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

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

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

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

10 Resignation or termination from office shall not exempt such director or officer from
11 administrative or criminal sanctions.

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

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

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

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

33 ~~[The Governor is hereby authorized, at his discretion, to impose upon banking institutions~~
34 ~~for any failure to comply with the requirements of law, Monetary Board regulations and policies,~~

1 ~~and/or instructions issued by the Monetary Board or by the Governor, fines not in excess of Ten~~
2 ~~thousand pesos (P10,000) a day for each violation, the imposition of which shall be final and~~
3 ~~executory until reversed, modified or lifted by the Monetary Board on appeal.]”~~

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

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

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

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

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

27 “SEC. 45. *Revaluation Profits and Losses.* - Profits or losses arising from any revaluation of
28 the Bangko Sentral's net assets or liabilities in gold or foreign currencies with respect to the
29 Philippine peso shall not be included in the computation of the annual profits and losses of the
30 Bangko Sentral. Any profits or losses arising in this manner shall be offset by any amounts which, as
31 a consequence of such revaluations, are owed by the Philippines to any international or regional
32 intergovernmental financial institution of which the Philippines is a member or are owed by these
33 institutions to the Philippines. Any remaining profit or loss shall be carried in a special frozen account
34 which shall be named "Revaluation of International Reserve" and the net balance of which shall

1 appear either among the liabilities or among the assets of the Bangko Sentral, depending on
2 whether the revaluations have produced net profits or net losses.

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

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

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

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

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

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

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

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

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

29 Whenever the ~~[monetary aggregates, or the level of credit, increases or decreases by more~~
30 ~~than fifteen percent (15%), or the]~~ cost of living index increases by more than ten percent (10%), in
31 relation to the level existing at the end of the corresponding month of the preceding year, or even
32 though ~~[any of these]~~ THIS quantitative guideline~~s have]~~ HAS not been reached when in its
33 judgment the circumstances so warrant, the Monetary Board shall submit the reports mentioned in
34 this section, and shall state therein whether, in the opinion of the Board, said changes in the

1 ~~[monetary aggregates, credit or]~~ cost of living INDEX represent a threat to the stability of the
2 Philippine economy or of important sectors thereof.

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

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

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

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

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

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

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

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

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

33 The Monetary Board may, at its discretion, likewise authorize the Bangko Sentral to grant
34 emergency loans or advances to ~~[banking]~~ BANKS, QUASI-BANKS AND OTHER SYSTEMICALLY

CRITICAL BANGKO SENTRAL-SUPERVISED institutions, even during normal periods, for the purpose of assisting a bank in a precarious financial condition or under serious financial pressures brought by unforeseen events, or events which, though foreseeable, could not be prevented by the bank concerned: *Provided, however,* That the Monetary Board has ascertained that the bank is not insolvent and has the assets defined hereunder to secure the advances: *Provided, further,* That a concurrent vote of at least five (5) members of the Monetary Board is obtained.

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

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

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

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

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

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

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

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

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

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

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

28 “NO RESTRAINING ORDER OR INJUNCTION SHALL BE ISSUED BY THE COURT ENJOINING THE
29 BANGKO SENTRAL FROM PROCEEDING WITH THE FORECLOSURE OF THE MORTGAGE UNLESS A
30 BOND IS POSTED IN FAVOR OF THE BANGKO SENTRAL IN AN AMOUNT EQUIVALENT TO THE TOTAL
31 CLAIM OF THE BANGKO SENTRAL. THE RESTRAINING ORDER OR INJUNCTION SHALL BE REFUSED OR,
32 IF GRANTED, SHALL BE DISSOLVED UPON FILING BY THE BANGKO SENTRAL OF A BOND, WHICH
33 SHALL BE IN THE FORM OF A BANGKO SENTRAL CHECK, IN AN AMOUNT TWICE THE AMOUNT OF
34 THE ORIGINAL BOND POSTED CONDITIONED THAT THE BANGKO SENTRAL WILL PAY THE DAMAGES

1 WHICH THE PARTY MAY SUFFER BY THE REFUSAL OR DISSOLUTION OF THE INJUNCTION. THE
2 PROVISIONS OF RULE 58 OF THE NEW RULES OF COURT INSOFAR AS THEY ARE APPLICABLE AND NOT
3 INCONSISTENT WITH THE PROVISIONS OF THIS SECTION SHALL GOVERN THE ISSUANCE AND
4 DISSOLUTION OF THE RESTRAINING ORDER OR INJUNCTION CONTEMPLATED IN THIS SECTION.”

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

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

16 THE BANGKO SENTRAL, AS PURCHASER IN THE FORECLOSURE SALE AND WITHOUT NEED OF
17 POSTING A BOND, MAY TAKE POSSESSION OF THE FORECLOSED PROPERTY DURING THE
18 REDEMPTION PERIOD. THE BANGKO SENTRAL SHALL BE ENTITLED TO THE FRUITS OF THE
19 PROPERTY, AND THE SAME SHALL BE APPLIED AGAINST THE REDEMPTION PRICE. “

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

21 “SEC. 88-D. *UNSECURED BANGKO SENTRAL CLAIMS.* – ALL UNSECURED CLAIMS OF THE
22 BANGKO SENTRAL SHALL BE CONSIDERED PREFERRED CREDITS SIMILAR TO TAXES DUE TO THE
23 NATIONAL GOVERNMENT IN THE ORDER OF PREFERENCE UNDER ARTICLE 2244 OF THE NEW CIVIL
24 CODE.”

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

26 “SEC. 89-A. *FINANCIAL FACILITIES FOR ISLAMIC BANKS.* THE BANGKO SENTRAL MAY,
27 TAKING INTO CONSIDERATION THE PECULIAR CHARACTERISTICS OF ISLAMIC BANKING, FORMULATE
28 RULES AND REGULATIONS FOR THE EXTENSION OF REDISCOUNTING OR OTHER SIMILAR FACILITIES
29 TO ISLAMIC BANKS.”

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

31 “SEC. 89-B. *LOANS TO THE PHILIPPINE DEPOSIT INSURANCE CORPORATION.* – THE BANGKO
32 SENTRAL , PURSUANT TO ITS MANDATE OF MAINTAINING FINANCIAL STABILITY, MAY LEND TO THE
33 PHILIPPINE DEPOSIT INSURANCE CORPORATION FUNDS FOR INSURANCE PURPOSE AND FOR
34 FINANCIAL ASSISTANCE THAT THE LATTER IS AUTHORIZED TO EXTEND UNDER SECTION 17(D) OF

1 REPUBLIC ACT NO. 3591, AS AMENDED, TO AN INSURED BANK IN DANGER OF CLOSING IN ORDER TO
2 PREVENT SUCH CLOSING. THE INTEREST RATE SHALL BE FIXED BY THE MONETARY BOARD BUT SUCH
3 RATE SHALL NOT BE LOWER THAN THE EFFECTIVE COST OF FUNDS OF THE BANGKO SENTRAL. THE
4 MONETARY BOARD MAY PRESCRIBE ADDITIONAL TERMS AND CONDITIONS ON THE GRANT OF SUCH
5 LOAN.”

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

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

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

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

25 THE BANGKO SENTRAL IN PURSUIT OF ITS OPEN MARKET OPERATIONS, MAY ALSO ENGAGE
26 IN THE PURCHASE AND RESALE OF READILY MARKETABLE COMMERCIAL PAPERS ISSUED BY
27 FINANCIAL INSTITUTIONS DULY ACCREDITED UNDER SUCH RULES AND REGULATIONS AS THE
28 MONETARY BOARD MAY PRESCRIBE TO PROVIDE LIQUIDITY TO THE FINANCIAL MARKETS FROM
29 TIME TO TIME. SUCH PURCHASE AND RESALE MAY BE SUBJECT TO REPURCHASE OR REVERSE
30 REPURCHASE AGREEMENTS AS THE BANGKO SENTRAL SHALL STIPULATE AND SUCH INSTRUMENTS
31 ARE PART OF THE OPEN MARKET OPERATIONS OF THE BANGKO SENTRAL.”

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

33 “SEC. 95. *Definition of Deposit Substitutes.* — The term “deposit substitutes” is defined as an
34 alternative form of obtaining funds from the public, other than deposits, through the issuance,

1 endorsement, or acceptance of debt instruments for the borrower's own account, for the purpose of
2 relending or purchasing of receivables and other obligations. These instruments may include, but
3 need not be limited to, bankers acceptances, promissory notes, participations, certificates of
4 assignment and similar instruments with recourse, ~~[and repurchase agreements.]~~ PROVIDED,
5 HOWEVER, THAT REPURCHASE AGREEMENTS, INCLUDING REVERSE PURCHASE AGREEMENTS
6 ENTERED INTO BY THE BANGKO SENTRAL SHALL NOT BE CONSIDERED DEPOSIT SUBSTITUTES.

7 IN THE COMPUTATION OF THE RESERVES AGAINST DEPOSIT SUBSTITUTES UNDER SECTION
8 94 OF THIS ACT, THE MONETARY BOARD SHALL DETERMINE WHAT SHALL BE CONSIDERED AS
9 DEPOSIT SUBSTITUTES SUBJECT TO RESERVE REQUIREMENTS. FINANCIAL INSTRUMENTS ISSUED BY
10 THE NATIONAL GOVERNMENT AND THE BANGKO SENTRAL AND IN INTERBANK BORROWINGS SHALL
11 NOT BE CONSTRUED AS DEPOSIT SUBSTITUTES.

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

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

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

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

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

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

33 "SEC. 117. *Issue of Government Obligations.* — The issue of securities representing
34 obligations of the Government, its political subdivisions or instrumentalities, may be made through

1 the Bangko Sentral, which may act as agent of, and for the account of the Government or its
2 respective subdivisions or instrumentality, as the case may be: *Provided, however,* That the Bangko
3 Sentral shall not guarantee the placement of said securities, and shall not subscribe to their issue
4 except to replace its maturing holdings of securities with the same type as the maturing securities.

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

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

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

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

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

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

1 The Government, or its political subdivisions or instrumentalities, shall reimburse the
2 Bangko Sentral for the expenses incurred in the placing of the aforesaid securities.”

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

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

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

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

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

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

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

24 “SEC. 126. *Exemption From Customs Duties.* — The provision of any general or special law to
25 the contrary notwithstanding, the importation and exportation by the Bangko Sentral of notes and
26 coins, and of gold and other metals to be used for purposes authorized under this Act, and the
27 importation of all ~~[equipment]~~ SUPPLIES needed ~~[for]~~ BY THE BANGKO SENTRAL FOR bank note
28 production, minting of coins, metal refining and other security printing operations AND
29 TRANSPORT OF CURRENCY, WHICH SHALL BE CONFINED ONLY TO THE IMPORTATION OF
30 SPECIALIZED VEHICLES, SUCH AS ARMORED CARS, shall be fully exempt from all customs duties and
31 consular fees and from all other taxes, assessments and charges related to such importation or
32 exportation.

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

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

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

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

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

18
19 **Approved,**