



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

SIXTEENTH CONGRESS

First Regular Session

House Bill **5932**



Introduced by ABAKADA Rep. Jonathan A. De la Cruz

EXPLANATORY NOTE

Teachers are invaluable to our society. Their responsibility in moulding the values and character of the young generation cannot be overemphasized. Neither is their contribution to the national well being. Republic Act No. 4670, otherwise known as the "Magna Carta for Public School Teachers", gives many important rights to public school teachers for the promotion and improvement of their social and economic status. The law defines their living and working conditions, their terms of employment and career prospects in order that they may compare favourably with existing and future opportunities.

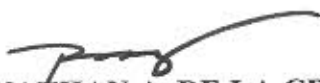
However, while the State recognizes the rights of public school teachers, the case is not the same with private school teachers specially at this time given the increasing cost of education and the increased loads being imposed on our teachers. In view of this, this bill seeks the equity and protection for all teachers, public and private, addressing their financial and related needs.

This bill seeks the creation and organization of a Teacher's Bank which shall operate as a commercial bank available to the general public, but primarily to meet the banking needs of all public and private school teachers. With this bank, it is envisioned that our teachers shall have something they can and truly deserve to call their own upon which they rely on during times of financial need and eventually mature as a valuable instrument for their advancement.

Among others, the objectives of establishing the Teacher's Bank include the following:

- a. To encourage its members to actively promote their financial standing, promote the values of hard work, savings and judicious management and actively participate in promoting financial literacy and nation building;
- b. To extend to its members, their families and communities needed credit facilities with nominal rate of interest to save them from the abuses of loan sharks and other intermediaries and
- c. To provide members with additional income in the form of dividends and similar monetary reward which the bank may declare from time to time.

In view of the foregoing, approval of this bill is requested.


JONATHAN A. DE LA CRUZ



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An Act Creating the Teachers Bank and for other Purposes

Section 1.Short Title – This Act shall be known and cited as the “Teacher’s Bank Charter of 2014”

Section 2.Declaration of Policy- It is hereby declared to be the policy of the State to promote and improve the social and economic status of public and private school teachers, their terms of employment and career prospects and their living and working conditions, to enable them to compare favourably with existing opportunities in other professions and attract and retain in the teaching profession dedicated persons with proper qualifications in recognition of the critical role of education in nation building.

Section 3.Definition – For purposes of this Act, the following terms are defined as follows:

- a. “Bank” shall refer to the Teachers Bank;
- b. “Teacher” shall refer to both public school and private school teachers;
- c. “Public School Teacher” shall refer to all persons holding appointments, either on fulltime, part time or contractual basis, who are engaged in teaching, in any level of instruction, or other school work including professional staff of state colleges and universities, guidance counsellors, school librarians, industrial arts or vocational instructors, all persons performing supervisory and/or administrative functions, school nurses, school physicians, school dentists, maintenance personnel and such other employees in all schools, colleges and universities operated by the Government or its political subdivisions.
- d. “Private School Teacher” shall mean all persons engaged in teaching in any level of instruction on a fulltime, part time or contractual basis or other school work including guidance counsellors, school librarians, industrial arts or vocational instructors and all other persons performing supervisory or administrative functions in all private schools, colleges and universities.

Section 4.Creation; Terms; Existence; Domicile and Place of Business- There is hereby created a body corporate to be known as the “Teachers Bank”, hereinafter referred to as the “Bank”, which shall have legal existence for a period of fifty (50) years from and after the date of the approval of this Act. The principal domicile and place of business shall be in Metro Manila, but with branches or agencies as may be established in such other areas within the country as the Board of Directors may decide.

Section 5.Corporate Powers- The bank shall be a body corporate and shall have the power:

- a. To prescribe its by-laws;

- b. To adopt, alter and use a corporate seal;
- c. To enter into contracts, to sue and be sued;
- d. To accept savings and time deposits, and open current/checking accounts;
- e. To borrow money; to own real or personal property and to sell, mortgage or otherwise dispose of them;
- f. To carry on a trust business in accordance with the provisions of law governing trust corporations;
- g. The Board of Directors shall determine the interest rates, maturities, and other requirements of said obligations;
- h. To contract any obligation, or enter into any agreement essential to the proper management of its corporate powers and to carry out its aims and purposes;
- i. To appoint and dismiss its officers and employees;
- j. To grant loans and advances preferably to teachers, their widows, orphans and compulsory heirs against security of real estate and/or other acceptable assets;
- k. To grant loans to cooperatives/ associations preferably to those that are owned or controlled by the teachers, their widows, orphans, or compulsory heirs against security of real estate and/or other acceptable assets;
- l. To exercise the powers granted in this Act and such incidental powers as may be necessary to carry on the business of general banking; and
- m. To exercise the general powers mentioned in the Corporation Code and the General banking Act as they are inconsistent or incompatible with the provision of this Act
- n. With the approval of the President of the Philippines and the Bangko Sentral ng Pilipinas, to issue bonds and other certificates of indebtedness against its credits secured by real estate or any other applicable asset but not in excess of ninety per cent of the value thereof. The proceeds from the sale of such bonds and/or certificates of indebtedness are to be used in its lending operations for the educational development of the country.

Section 6. Authorized Capital Stock; Par Value - The authorized capital stock of the Bank shall be one billion pesos (P1,000,000,000.00) divided into ten million shares with a par value of one hundred pesos (P100.00) each. The shares shall be divided into the following four classes, denominated as Series "A", Series "B", Series "C" and Series "D" as follows:

- a. Series "A" shall comprise two hundred fifty million pesos (P 250,000,000.00) preferred shares to be subscribed solely by teachers, such shares to be entitled to cumulative dividends of two percent (2%) per annum and with preference as against common stockholders in the distribution of assets in the event of liquidation:

Provided, that the Board of Directors shall provide a mechanism whereby all teachers shall be given an opportunity to subscribe to at least one Series "B" shares of stocks;

- b. Series "B" shall comprise five hundred million P500,000,000.00 pesos equivalent to five million (5,000,000) common shares to be subscribed by the following government corporations and stated financial institutions:

- b.1 Government Service Insurance System (GSIS) - Two hundred Million Pesos (P200M), equivalent to two million 2,000,000) shares;
- b.2 Social Security System (SSS) - One Hundred Million Pesos (P100M), equivalent to one million (1,000,000) shares;
- b.3 Development Bank of the Philippines (DBP) - One Hundred Million Pesos (P100M) equivalent to one million (1,000,000) shares;
- b.4 Philippine Public Schools Teachers Association (PPSTA) - Fifty Million Pesos (P50 Million) equivalent to five hundred thousand (500,000) shares; and
- b.5 Fund for Assistance to Private Education (FAPE) - Fifty Million Pesos (P50 Million) equivalent to five hundred thousand shares;

- c. Series "C" shall comprise three hundred million (P300,000,000.00) pesos equivalent to three million (3,000,000.00) common shares to be subscribed solely by citizens of the Philippines and domestic corporations or entities, seventy percent (70%) of the equity of which is owned by the citizens of the Philippines: Provided, that preference in the subscription of this class of shares shall be given to the public school and private school teachers, their widows, orphans or compulsory heirs; and

- d. Series "D" shall comprise one hundred million P100, 000,000.00) pesos equivalent to one million (1,000,000) common shares which shall be available for subscription of foreign nationals, their corporations and/or associations. Within five (5) years from the organization of the Bank all shares of stock of "Series B"

shall be transferred to and in the name of the teachers who shall thereafter vote said common shares. The shares shall be divided equally among the teachers at the rate of one share of One Hundred Pesos for each teacher or fraction thereof. Provided, that in case of failure of any particular teacher to subscribe for any common share so offered to him as herein provided, within thirty (30) days from the date of receipt of notice, said share of stock shall be available for subscription to other teachers in accordance with such rules and regulations as may be promulgated by the Board of Directors. Any share of stock corresponding to the capital stock subscribed and paid by the Government Service Insurance System (GSIS), Social Security System (SSS) and Development Bank of the Philippines (DBP), Philippine Public School Teachers Association (PPSTA), Fund for Assistance to Private Education (FAPBE), in trust for the benefit of teachers, their widows, orphans and compulsory heirs, and any share of stock subscribed and paid by individual teacher shall be issued in the name of the individual teacher, his widow, orphan or compulsory heir. The sale or transfer of a share or stock of a teacher, his widow, orphan or compulsory heir to a party not a teacher, widow, orphan or compulsory heir of a teacher shall not be allowed under any circumstances. Any share may be sold or transferred to the Bank which shall issue the same to the stockholders who are teachers, their widows, orphans or compulsory heirs: Provided, that no teachers, widow, orphan or compulsory heir shall be issued a total of more than twenty shares.

Section 7. Lending Limits - the Bank shall observe the following limits in its lending operations:

a. The total liabilities of any person, company, corporation or firm, excluding loans or credits prescribed by law or by the Monetary Board as non-risk assets, shall at no time exceed fifteen percent (15%) of the unimpaired capital and surplus of the Bank; and

b. No director or officer of the Bank shall, either directly or indirectly, for himself, or as the representative or agent of others, borrow any of the deposits or funds of the Bank, nor shall he become a guarantor, endorser, or surety for loans from the banks to others, or in any manner to be an obligor in money borrowed from the banks to loaned by it, except with the written approval of the majority of the directors of the Bank, excluding the director concerned. The credit accommodation to such director or officer of the bank which the Board of directors may authorize shall in no case exceed his outstanding deposits or the book value of his paid-in capital in the bank. Any such approval shall be entered into the records of the bank and a copy of such entry shall be transmitted forthwith to the appropriate supervising department of the Bangko Sentral ng Pilipinas. The office of any director or officer of the Bank who violates the provision of this Section shall immediately become vacant and the director or officer shall be subject to criminal prosecution and suffer the penalties provided by law.

Section 8. Board of Directors; Composition; Tenure; Per Diems. - The affairs and business of the Bank shall be directed and its properties managed and preserved and its corporate powers exercised, unless otherwise provided in this Charter, by a Board of Directors consisting of nine (9) members, to be appointed by the President of the Philippines. The term of office of the Chairman, President and the members of the Board of Directors shall be for a period of one year or until such time as their successors are appointed.

The Chairman of the Board shall be appointed by the President of the Philippines from among the members of the Board: Provided, That the position of chairman of the Board and president of the Bank shall not be held by the same person.

The Chairman shall preside at meetings of the Board and of the stockholders.

The President of the Bank shall be vice-chairman of the Board, and as such, shall assist the Chairman and act in his stead in case of absence or incapacity. In case of incapacity or absence of both the chairman and the Vice-chairman, the Board of Directors shall designate a temporary chairman from among its members.

No person shall be appointed director of the Bank unless he is a natural-born citizen of the Philippines, not less than thirty-five (35) years of age, of good moral character and has attained proficiency, expertise and recognized competence in one or more of the following: banking, finance, economics, law, agriculture, business management or government administration.

Three (3) members of the Board shall come from the education sector who shall be private school teachers, recommended by the accreditation agency of private schools to wit: Catholic Educational Association of the Philippines (CEAP), The Philippine Association of Colleges and Universities (PACU) and the Association

of Christian Schools and Colleges (ACSC). One (1) member shall be endorsed by The Philippine Public School Teachers Association of the Philippines (PPSTA) and the Department of Education (DepEd) Employees Union.

Except for the Chairman and the President, no officer or employee of the Bank may be appointed, as a member of the Board of directors of the Bank; nor shall any director, officer or employee of any other bank be eligible as a member of the Board of Directors of the Bank.

Unless otherwise set by the Board and approved by the President of the Philippines, members of the Board shall be paid a per diem of One thousand pesos (P1,000.00) for each meeting of the Board of Directors actually attended: Provided, That the total amount of per diems for every single month shall not exceed the sum of Seven thousand five hundred pesos (P7,500.00)."

Section 9. President and Chief Executive Officer. — The Chief Executive Officer of the Bank shall be the President who shall be elected by the Board of Directors from among themselves with the advice and consent of the President of the Philippines. No person shall be appointed President of the Bank unless he is at least forty (40) years of age, of good moral character and reputation, with at least ten (10) years previous experience in banking, and has a reputed proficiency, expertise and recognized competence in banking or financial management.

The President shall, among other powers and duties, execute, carry out and administer the policies, measures, orders and resolutions approved by the Board; direct and supervise the operation and administration of the Bank; and exercise such other powers and perform such other functions or duties as may be directed to assigned to him by law or by the Board from time to time.

Particularly, he shall have the power and duty:

- (a) To sign and execute all contracts concluded by the Bank and enter into all necessary obligations required or permitted by this Charter, upon proper authorization by the Board; and sign all notes, securities, certificates and other major documents of the Bank;
- (b) To exercise, as Chief Executive Officer of the Bank, the powers of control and supervision over decisions and actions of subordinate officers and all other powers that may be granted by the Board;
- (c) To report to the Board the main facts concerning the operations of the Bank and to recommend changes in policies which he may deem advisable;
- (d) To submit an annual report to the President of the Philippines on the result of the operations of the Bank;
- (e) To recommend to the Board the appointment, promotion, or removal of all officers of the Bank, with the rank of at least vice-president or its equivalent;
- (f) To appoint, promote or remove employees and officers below the rank of vice president or its equivalent: *Provided*, That promotions, transfers, assignments or reassignments of officers and personnel of the Bank are personnel actions deemed made in the interest of the service and not disciplinary, any provision of the Civil Service Law to the contrary notwithstanding; and
- (g) As required by circumstances, to delegate any of his powers, duties or functions to any officer or director of the Bank, with the approval of the Board."

Section 10. Power and Authority of the Board of Directors - The Board of Directors shall:

- a. Formulate policies necessary to carry out effectively the provisions of this Act and adopt such by-laws, rules and regulations for the effective operation of the Bank in conformity with this Act and other existing laws;
- b. Determine the organization of the Bank by creating the necessary departments or offices as are essential for the efficient operation of the Bank;
- c. Subject to prior approval of the Bangko Sentral ng Pilipinas, establish branches, agencies or offices in such points within the Philippines.

Section 12. Legal matters and cases. — The Bank shall have its own Legal Department, the head of which shall be appointed by the Board of Directors of the Bank upon recommendation of the President of the Bank.

In appropriate cases, the Bank may avail also of the legal services of any government legal office authorized to render such services to government-owned or -controlled corporations.

The Bank may, upon the recommendation of its Chief Legal Counsel, deputize any member of its legal staff to act as special sheriff in foreclosure cases, in the sale or attachment of the debtor's properties, and in the enforcement of court writs and processes in cases involving the Bank. The special sheriff of the Bank shall make a report to the proper court after any action taken by him, which shall treat such action as if it were an act of its own sheriffs in all respects."

Sec. 13. Other officers and employees. — The Board of Directors shall provide for an organization and staff of officers and employees of the Bank and upon recommendation of the President of the Bank, fix their remunerations and other emoluments. All positions in the Bank shall be governed by the compensation, position classification system and qualification standards approved by the Board of Directors based on a comprehensive job analysis of actual duties and responsibilities. The compensation plan shall be comparable with the prevailing compensation plans in the private sector and shall be subject to periodic review by the Board of Directors once every two (2) years, without prejudice to yearly merit or increases based on the Bank's productivity and profitability. The Bank shall, therefore, be exempt from existing laws, rules, and regulations on compensation, position classification and qualification standard. The Bank shall however, endeavor to make its system conform as possible with the principles under Compensation and Position Classification Act of 1989.

No officer or employee of the Bank subject to Civil Service Law shall be dismissed except for cause as provided by law.

Section 14. Prohibited Loans - The Bank shall not directly or indirectly, grant loans to any director, officer, employee, or agent of the bank, and no loan shall be granted to a corporation, partnership, or company wherein any member of the Board of Directors is a shareholder, agent or employee in any matter, except by a unanimous vote of the members of the Board present, excluding the member interested: provided, that the total liabilities to the Bank of any corporation wherein any member of the Board of Directors of the bank is a shareholder, agent or employee in any manner, shall at no time exceed five (5%) per centum of the surplus and paid-up capital of the Bank.

Section 14. Fidelity bond of officers and employees. The Board of Directors may require any officer and employees of the Bank and its branches, before entering upon the performance of their duties, to furnish a fidelity bond for the benefit of the Bank, in the form and amount prescribed by the Board of Directors. For this purpose, and for this purpose only, all officers and employees of whom a bond is required shall be deemed public officers and employees, respectively, and the provisions of the Public Bonding Law, Chapter Fifteen of the Administrative Code and related legislations are hereby made applicable to them.

Section 15. Inspection by Department of Supervision and Examination of the Bangko Sentral ng Pilipinas (BSP). The Bank shall be subject to inspection by the Department of Supervision and Examination of the Central Bank in accordance with Republic Act Numbered Two hundred sixty-five and Republic Act Numbered Three hundred thirty-seven.

Section 16. Prohibition against owning stock in or incurring indebtedness to the Bank. The Secretary of Finance, the Governor of the BSP, all other members of the Monetary Board, and the Chief of the Auditing Department of the Bank are hereby prohibited from owning stock in the Bank, or from becoming indebted to said Bank, directly or indirectly.

Section 17. Acquisition and Disposal of Real Estate. The Bank is hereby authorized to purchase and own such real estate as may be necessary for the purpose of carrying on its business. It is also authorized to hold such real estate as it may find necessary to acquire in the collection of debts due to the said Bank or to its branches, but real estate acquired in the collection of debts shall be sold by the Bank within five (5) years after the date of its acquisition.

Section 18. Prohibition against charging fees in securing loans — Penalties for violation. No fee, charge or commission in any form shall be exacted, demanded, or paid, for obtaining loans, directly or indirectly, by any director, officer, employee, or agent of the Bank. Any director, officer, employee or agent so

exacting, demanding or receiving any fee for his service or for the use of his influence in obtaining a loan shall be punished.

Section 19. Allocation of Net Profits. At the close of each calendar year, the Bank shall determine the net result of its operations, in the calculation of which, adequate allowances shall be made for probable losses, and the net profit arrived there at shall be distributed as follows:

a. Twenty (20%) per cent of such net profit shall accrue to the reserve account: Provided, That should the accumulated reserves equal to or in excess of the authorized capital of the Bank, the twenty per cent herein authorized to be accumulated shall be distributed under the subsection immediately following;

b. From the remaining eighty (80%) per cent of the net profit shall be deducted the guaranteed earning of the preferred shares of stock owned by individual teachers, their widows, orphans or compulsory heirs: Provided, That the share in the net profits corresponding to the government corporations and financial institution mentioned in Section

(b.1 to b3) hereof shall first be applied in payment of their capital stock subscriptions, until such shares shall have been fully paid.

Section 20. Government Depository - The Secretary of Education, the Secretary of Finance, the National Treasurer and their authorized representatives, city and municipal treasurers, as well as official custodians of public funds or those belonging to government owned or controlled corporations are hereby authorized, if they so desire, to make and actually maintain deposits of any government corporate funds with the Bank, which is hereby declared to be a government depository.

Section 21. Articles of Incorporation. This Act, upon its approval, shall be deemed and accepted for all legal intents and purposes as the "**Teachers Bank of the Philippines**".

Section 22. Separability and Repealing Clauses. Any provision of this Act considered contrary or inconsistent with the provisions of the Revised Bangko Sentral ng Pilipinas Law and other pertinent laws are hereby modified accordingly.

Section 23. Implementing Rules and Regulations. - The Council in consultation with all appropriate government agencies and non-government organizations shall formulate and issue the necessary rules and regulations for the implementation of this Act within ninety (90) days after the effectivity of this Act.

Section 24. Effectivity Clause. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.