

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

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4283



Introduced by Hon. BEN P. EVARDONE
Lone District, Eastern Samar

EXPLANATORY NOTE

Pursuant to its constitutional mandate to establish an independent central monetary authority, Congress enacted Republic Act (R.A.) No. 7653 (The New Central Bank Act) creating the *Bangko Sentral ng Pilipinas* (BSP) which took over the functions of the old Central Bank. The changes introduced in R.A. No. 7653 were meant to strengthen the BSP and ensure its independence in compliance with the express requirements of the Constitution. More than twenty years after the enactment of R.A. No. 7653, the economic and financial milieu in the Philippines has changed significantly in scale, scope, reach and complexity. There is a need therefore to improve the ability of the BSP to respond to the challenges being faced by the financial system by amending R.A. No. 7653. The amendments shall ensure that the BSP shall remain effective in its conduct of monetary policy and supervision of entities within the financial system.

The bill proposes the following amendments to the BSP Charter:

A. Reinforcing Corporate and Financial Viability

1. Additional BSP capitalization of P150 billion
2. Restoration of tax exemption
3. Flexibility to establish adequate loss allowances and create reserve buffers against future risks and contingencies
4. Revaluation of profits and losses
5. Enhancements to credit operations

B. Strengthening of Monetary Stability Function

1. Restoration of authority to obtain data from any private person/entity
2. Removal of the thresholds in the growth of monetary aggregates and credit as guiding principles in monetary administration
3. Restoration of authority to issue negotiable certificates of indebtedness even during normal times

C. Strengthening of Financial Stability Function

1. Formal recognition of financial stability in BSP mandate
2. Oversight of payment and settlement systems/operators
3. Expansion of supervisory authority to include additional categories of financial institutions
4. Legal protection for BSP officials and staff when performing official duties
5. Lifting of the laws on deposit secrecy with respect to BSP examination
6. Power to examine transactions between a supervised institution and its parent company
7. Imposition of sanctions on transfers and acquisitions of substantial shares of banks and quasi-banks without BSP approval
8. Borrowings of BSP personnel from banks transacted on an arm's length basis
9. Expansion of examination authority to include subsidiaries and affiliates of banks and quasi-banks engaged in allied activities
10. Allow full flexibility to conduct risk-based supervision
11. Consultation with the BSP before licenses of banks and supervised entities may be revoked by other government agencies
12. Placing non-stock savings and loans association under receivership
13. Strengthening of administrative and criminal sanctions
14. Issuance of provisional remedies against BSP action
15. Inclusion of financial stability as guiding principle for BSP credit policies

In order to strengthen the legal framework of central banking and empower BSP to effectively perform its constitutional mandates, the approval of this bill is earnestly sought.


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AN ACT AMENDING REPUBLIC ACT NUMBER 7653,
OTHERWISE KNOWN AS "THE NEW CENTRAL BANK ACT",
AND FOR OTHER PURPOSES

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

1 **SECTION 1.** Section 2 of Republic Act No. 7653, otherwise known as "The
2 New Central Bank Act" is hereby amended to read as follows:

3
4 "SEC. 2. *Creation of the Bangko Sentral.* - There is hereby
5 established an independent central monetary authority, which shall be
6 a body corporate known as the *Bangko Sentral ng Pilipinas*, hereafter
7 referred to as the *Bangko Sentral*.

8
9 "The capital of the *Bangko Sentral* shall be **TWO HUNDRED**
10 **[Fifty]** billion pesos (P[50,]200,000,000,000), to be fully subscribed
11 by the Government of the Republic, hereafter referred to as the
12 Government. ~~[Ten billion pesos (P10,000,000,000) of which]~~ **THE**
13 **UNPAID SUBSCRIPTION** shall be fully paid for by the
14 Government **IN CASH AND/OR GOVERNMENT SECURITIES**
15 **UPON EFFECTIVITY OF THIS ACT. THEREAFTER THE**
16 **ADEQUACY OF THE CAPITALIZATION SHALL BE**
17 **SUBJECT TO REVIEW EVERY FIVE (5) YEARS AND**
18 **ADJUSTED UPON JOINT RECOMMENDATION BY THE**
19 **SECRETARY OF FINANCE, THE SECRETARY OF BUDGET**
20 **AND MANAGEMENT AND THE MONETARY BOARD. THE**
21 **PAYMENT OF ANY UNPAID SUBSCRIPTION AND/OR**
22 **INCREASE IN CAPITALIZATION SHALL BE**
23 **AUTOMATICALLY APPROPRIATED IN THE ANNUAL**
24 **GENERAL APPROPRIATIONS ACT.** ~~[upon the effectivity of this~~
25 ~~Act and the balance to be paid for within a period of two (2) years~~

1 from the effectivity of this Act in such manner and form as the
2 Government, through the Secretary of Finance and the Secretary of
3 Budget and Management, may thereafter determine.]”
4
5

6 **SEC. 2.** Section 3 of the same Act is hereby amended to read as follows:
7

8 “**SEC. 3. Responsibility and Primary Objective.** - The *Bangko*
9 *Sentral* shall provide policy directions in the areas of money,
10 banking, and credit. It shall have supervision over the operations of
11 banks and exercise such regulatory **AND EXAMINATION** powers
12 as provided in this Act and other pertinent laws over the **QUASI-**
13 **BANKING** operations of [~~finance companies and~~] non-bank
14 financial institutions. [~~performing quasi-banking functions, hereafter~~
15 ~~referred to as quasi-banks, and institutions performing similar~~
16 ~~functions]~~ **AS MAY BE DETERMINED BY THE MONETARY**
17 **BOARD, IT SHALL LIKEWISE EXERCISE REGULATORY**
18 **AND EXAMINATION POWERS OVER MONEY SERVICE**
19 **BUSINESSES, CREDIT GRANTING BUSINESSES, AND**
20 **PAYMENT SYSTEM OPERATORS. THE MONETARY**
21 **BOARD IS HEREBY EMPOWERED TO AUTHORIZE**
22 **ENTITIES OR PERSONS TO ENGAGE IN MONEY SERVICE**
23 **BUSINESSES.**
24

25 “The primary objective of the *Bangko Sentral* is to maintain
26 price stability conducive to a balanced and sustainable growth of the
27 economy. It shall also promote and maintain monetary stability and
28 the convertibility of the peso.
29

30 “**THE BANGKO SENTRAL SHALL PROMOTE**
31 **FINANCIAL STABILITY AND CLOSELY WORK WITH**
32 **OTHER RELEVANT BODIES INCLUDING, BUT NOT**
33 **LIMITED TO, THE SECURITIES AND EXCHANGE**
34 **COMMISSION, THE INSURANCE COMMISSION, THE**
35 **PHILIPPINE DEPOSIT INSURANCE CORPORATION AND**
36 **THE NATIONAL GOVERNMENT.**
37

38 “**THE BANGKO SENTRAL SHALL OVERSEE THE**
39 **PAYMENT AND SETTLEMENT SYSTEMS IN THE**
40 **PHILIPPINES, INCLUDING CRITICAL FINANCIAL**
41 **MARKET INFRASTRUCTURES, IN ORDER TO PROMOTE**
42 **SOUND AND PRUDENT PRACTICES CONSISTENT WITH**
43 **THE MAINTENANCE OF FINANCIAL STABILITY.**
44

45 “**IN THE ATTAINMENT OF ITS OBJECTIVES, THE**
46 **BANGKO SENTRAL SHALL PROMOTE BROAD AND**
47 **CONVENIENT ACCESS TO HIGH QUALITY FINANCIAL**
48 **SERVICES AND CONSIDER THE INTEREST OF THE**
49 **GENERAL PUBLIC.”**
50

1
2 SEC. 3. Section 11 of the same Act is hereby amended to read as follows:
3

4 "SEC. 11. *Meetings.* — The Monetary Board shall meet at
5 least once a week. The Board may be called to a meeting by the
6 Governor of the *Bangko Sentral* or by two (2) other members of the
7 Board.
8

9 "The presence of four (4) members shall constitute a quorum:
10 *Provided*, That in all cases the Governor or his duly designated
11 alternate shall be among the four (4).
12

13 "Unless otherwise provided in this Act, all decisions of the
14 Monetary Board shall require the concurrence of at least four (4)
15 members.
16

17 "The *Bangko Sentral* shall maintain and preserve a complete
18 record of the proceedings and deliberations of the Monetary Board,
19 including the tapes and transcripts of the stenographic notes, either in
20 their original form or in microfilm.
21

22 "THE MEETINGS OF THE MONETARY BOARD MAY
23 BE CONDUCTED THROUGH MODERN TECHNOLOGIES
24 SUCH AS, BUT NOT LIMITED TO, TELECONFERENCING
25 AND VIDEOCONFERENCING."
26

27
28 SEC. 4. Section 15(e) of the same Act is hereby amended to read as follows:
29

30 "SEC. 15. *Exercise of Authority.* - In the exercise of its authority, the
31 Monetary Board shall:
32

33 xxx
34

35 "(e) indemnify its members and other officials of the Bangko
36 Sentral, including personnel of the departments performing supervision
37 and examination functions against all costs and expenses reasonably
38 incurred by such persons in connection with any civil or criminal action,
39 suit or proceedings to which he may be, or is, made a party by reason of
40 the performance of his functions or duties, unless he is finally adjudged in
41 such action or proceeding to be liable for [~~negligence or misconduct~~]
42 **WILLFUL VIOLATION OF THIS ACT, PERFORMED IN**
43 **EVIDENT BAD FAITH OR WITH GROSS NEGLIGENCE.**
44

45 "In the event of a settlement or compromise, indemnification shall
46 be provided only in connection with such matters covered by the
47 settlement as to which the *Bangko Sentral* is advised by external counsel
48 that the person to be indemnified did not commit [~~any negligence or~~
49 ~~misconduct~~] **WILLFUL VIOLATION OF THIS ACT, PERFORMED**
50 **IN EVIDENT BAD FAITH OR WITH GROSS NEGLIGENCE.**

1
2 "The costs and expenses incurred in defending the aforementioned
3 action, suit or proceeding may be paid by the Bangko Sentral in advance
4 of the final disposition of such action, suit or proceeding upon receipt of
5 an undertaking by or on behalf of the member, officer, or employee to
6 repay the amount advanced should it ultimately be determined by the
7 Monetary Board that he is not entitled to be indemnified as provided in
8 this subsection."
9

10
11 SEC. 5. Section 16 of the same Act is hereby amended to read as follows:
12

13 "SEC. 16. *Responsibility.* - **THE GENERAL RULE AND THE**
14 **EXCEPTION THEREFROM ON THE LIABILITY OF PUBLIC**
15 **OFFICERS AS PROVIDED IN SECTIONS 38 AND 39 OF**
16 **CHAPTER 9, BOOK 1 OF THE REVISED ADMINISTRATIVE**
17 **CODE OF 1987 SHALL APPLY TO THE** members of the Monetary
18 Board [~~—officials, —examiners, —and —employees~~] **AND OTHER**
19 **PERSONNEL** of the *Bangko Sentral* [~~who willfully violate this Act or~~
20 ~~who are guilty of negligence, abuses or acts of malfeasance or~~
21 ~~misfeasance or fail to exercise extraordinary diligence in the performance~~
22 ~~of his duties shall be held liable for any loss or injury suffered by the~~
23 ~~*Bangko Sentral* or other banking institutions as a result of such violation,~~
24 ~~negligence, abuse, malfeasance, misfeasance or failure to exercise~~
25 ~~extraordinary diligence].~~
26

27 "Similar responsibility shall apply to members **OF THE**
28 **MONETARY BOARD**, ~~officers, —and —employees~~ **AND OTHER**
29 **PERSONNEL** of the *Bangko Sentral* for: (1) the disclosure of any
30 information of a confidential nature, or any information on the discussions
31 or resolutions of the Monetary Board, or about the confidential operations
32 of the *Bangko Sentral*, unless the disclosure is in connection with the
33 performance of official functions with the *Bangko Sentral*, or is with prior
34 authorization of the Monetary Board or the Governor; or (2) the use of
35 such information for personal gain or to the detriment of the Government,
36 the *Bangko Sentral* or third parties: *Provided, however,* That any data or
37 information required to be submitted to the President and/or the Congress,
38 or to be published under the provisions of this Act shall not be considered
39 confidential.
40

41 "THE ABOVE NOTWITHSTANDING, MEMBERS OF
42 THE MONETARY BOARD AND OTHER PERSONNEL OF
43 THE BANGKO SENTRAL SHALL NOT BE SUBJECT TO ANY
44 ACTION, CLAIM OR DEMAND IN CONNECTION WITH
45 ANY ACT DONE OR OMITTED BY THEM IN THE
46 PERFORMANCE OF THEIR DUTIES AND EXERCISE OF
47 THEIR POWERS EXCEPT FOR THOSE ACTIONS AND
48 OMISSIONS DONE IN EVIDENT BAD FAITH OR WITH
49 GROSS NEGLIGENCE. UNLESS THE ACTIONS OR
50 OMISSIONS OF THE BANGKO SENTRAL, MEMBERS OF

1 THE MONETARY BOARD AND ITS OTHER PERSONNEL
2 ARE FINALLY ADJUDGED TO BE IN WILLFUL VIOLATION
3 OF THIS ACT, PERFORMED IN EVIDENT BAD FAITH OR
4 WITH GROSS NEGLIGENCE, THEY ARE HELD FREE AND
5 HARMLESS TO THE FULLEST EXTENT PERMITTED BY
6 LAW FROM ANY LIABILITY, AND THEY SHALL BE
7 INDEMNIFIED FOR ANY AND ALL LIABILITIES, LOSSES,
8 CLAIMS, DEMANDS, DAMAGES, DEFICIENCIES, COSTS
9 AND EXPENSES OF WHATSOEVER KIND AND NATURE
10 THAT MAY ARISE IN CONNECTION WITH THE EXERCISE
11 OF THEIR POWERS AND PERFORMANCE OF THEIR
12 DUTIES AND FUNCTIONS.”

13
14
15 SEC. 6. Section 21 of the same Act is hereby amended to read as follows:
16

17 “SEC. 21. *Deputy Governors.* — The Governor of the *Bangko*
18 *Sentral*, with the approval of the Monetary Board, shall appoint not
19 more than [~~three-(3)~~] **FIVE (5)** Deputy Governors who shall perform
20 duties as may be assigned to them by the Governor and the Board.
21

22 “In the absence of the Governor, a Deputy Governor
23 designated by the Governor shall act as chief executive of the *Bangko*
24 *Sentral* and shall exercise the powers and perform the duties of the
25 Governor. Whenever the [~~Government~~] **GOVERNOR** is unable to
26 attend meetings of government boards or councils in which he is an ex
27 officio member pursuant to provisions of special laws, a Deputy
28 Governor as may be designated by the Governor shall be vested with
29 authority to participate and exercise the right to vote in such
30 meetings.”
31

32
33 SEC. 7. Section 23 of the same Act is hereby amended to read as follows:
34

35 “SEC. 23. *Authority to Obtain Data and Information.* — The
36 *Bangko Sentral* shall have the authority to **REQUIRE** [~~request~~] from
37 **ANY PERSON OR ENTITY, INCLUDING** government offices and
38 instrumentalities, or government-owned or -controlled corporations,
39 any data [~~which it may~~], **FOR STATISTICAL AND POLICY**
40 **DEVELOPMENT PURPOSES** [~~require-for~~] **IN RELATION TO**
41 the proper discharge of its functions and responsibilities,
42 **PROVIDED, THAT DISAGGREGATED DATA GATHERED**
43 **ARE SUBJECT TO PREVAILING CONFIDENTIALITY**
44 **LAWS.** The *Bangko Sentral* through the Governor or in his absence, a
45 duly authorized representative shall have the power to issue a
46 subpoena for the production of the books and records for the aforesaid
47 purpose. Those who refuse the subpoena without justifiable cause, or
48 who refuse to supply the [~~bank~~] **BANGKO SENTRAL** with data
49 [~~requested-or~~] required, shall be subject to punishment for contempt in
50 accordance with the provisions of the Rules of Court.

1
2 Data on individualS AND firms, other than banks, gathered by
3 the [~~Department of Economic Research and other departments or units~~
4 ~~of the~~] *Bangko Sentral* shall not be made available to any person or
5 entity outside of the *Bangko Sentral* whether public or private except
6 under order of the court or under such conditions as may be prescribed
7 by the Monetary Board: *Provided, however,* That the collective data
8 on firms may be released to interested persons or entities: *Provided,*
9 *finally,* That in the case of data on banks, the provisions of Section 27
10 of this Act shall apply.”
11
12

13 **SEC. 8.** Section 25 of the same Act is hereby amended to read as follows:
14

15 “SEC. 25. *Supervision and Examination.* — The *Bangko*
16 *Sentral* shall have supervision over, and conduct [~~periodic~~]
17 **REGULAR** or special examinations of, banking institutions and
18 quasi-banks, including their subsidiaries and affiliates engaged in
19 allied activities.
20

21 “For purposes of this section, a subsidiary means a corporation
22 more than fifty percent (50%) of the voting stock of which is
23 **DIRECTLY OR INDIRECTLY** owned, **CONTROLLED OR**
24 **HELD WITH POWER TO VOTE** by a bank or quasi-bank and an
25 affiliate means a corporation the voting stock of which, to the extent
26 of fifty percent (50%) or less, is owned by a bank or quasi-bank or
27 which is related or linked **DIRECTLY OR INDIRECTLY** to such
28 institution or intermediary through common stockholders or such
29 other factors as may be determined by the Monetary Board.
30

31 “**THE BANGKO SENTRAL SHALL HAVE**
32 **REGULATORY AUTHORITY OVER, AND CONDUCT**
33 **REGULAR OR SPECIAL EXAMINATIONS OF, ENTITIES**
34 **WHICH UNDER THIS ACT OR BY SPECIAL LAWS ARE**
35 **SUBJECT TO ITS JURISDICTION.**
36

37 “**THE BANGKO SENTRAL SHALL ALSO HAVE THE**
38 **POWER TO OBTAIN INFORMATION FROM THE PARENT**
39 **OR OTHER AFFILIATE COMPANIES OF SUPERVISED**
40 **INSTITUTIONS AND EXAMINE TRANSACTIONS BETWEEN**
41 **A SUPERVISED INSTITUTION AND SAID ENTITIES, FOR**
42 **SUPERVISORY PURPOSES.**
43

44 “**A PARENT COMPANY MEANS A CORPORATION**
45 **WHICH OWNS OR HOLDS WITH POWER TO VOTE**
46 **DIRECTLY OR INDIRECTLY THE VOTING STOCK OF A**
47 **SUPERVISED INSTITUTION OF THE BANGKO SENTRAL**
48 **SUFFICIENT TO CONTROL ITS MANAGEMENT AND**
49 **OPERATIONS, SUBJECT TO THE GUIDELINES ISSUED BY**
50 **THE MONETARY BOARD.**

1
2 **“AS USED IN THIS SECTION AND SECTION 25-A,**
3 **AND SUBJECT TO THE GUIDELINES ISSUED BY THE**
4 **MONETARY BOARD, CONTROL EXISTS WHEN THE**
5 **PARENT COMPANY OWNS DIRECTLY OR INDIRECTLY**
6 **MORE THAN ONE HALF OF THE VOTING STOCK OF A**
7 **SUPERVISED INSTITUTION. CONTROL ALSO EXISTS**
8 **EVEN WHEN THE PARENT COMPANY OWNS ONE HALF**
9 **OR LESS OF THE VOTING STOCK OF THE SUPERVISED**
10 **INSTITUTION WHEN: (1) THERE IS POWER OVER MORE**
11 **THAN ONE HALF OF THE VOTING RIGHTS BY PROXY OR**
12 **BY VIRTUE OF AN AGREEMENT WITH OTHER**
13 **INVESTORS WHICH THEREBY ENABLES THE PARENT**
14 **COMPANY TO CAST THE MAJORITY OF VOTES AT**
15 **MEETINGS OF THE STOCKHOLDERS OF THE**
16 **SUPERVISED INSTITUTION OR TO ELECT THE**
17 **MAJORITY OF MEMBERS OF THE BOARD OF DIRECTORS**
18 **OF THE SUPERVISED INSTITUTION, OR (2) THERE IS**
19 **POWER TO DETERMINE THE FINANCIAL AND**
20 **OPERATING POLICIES OF THE SUPERVISED**
21 **INSTITUTION, OR OTHER SIMILAR ARRANGEMENTS.**
22

23 “The department heads and the examiners of the supervising
24 and/or examining departments are hereby authorized to administer
25 oaths to any director, officer, or employee of any institution under
26 their respective supervision or subject to their examination, [and] to
27 compel the presentation of all books, documents, papers or records
28 necessary in their judgment to ascertain the facts relative to the true
29 condition of any institution as well as the books and records of
30 persons and entities relative to or in connection with the operations,
31 activities or transactions of the institution under examination, AND
32 TO INQUIRE INTO BANK DEPOSITS AND INVESTMENT
33 ACCOUNTS IN THE COURSE OF AN EXAMINATION IN
34 ORDER TO ASCERTAIN COMPLIANCE WITH THE LAWS
35 AND BANKING REGULATIONS, OR IN CASES WHERE
36 THERE IS REASONABLE GROUND TO BELIEVE THAT A
37 FRAUD, IRREGULARITY OR UNLAWFUL ACTIVITY HAS
38 BEEN OR IS BEING COMMITTED AND THAT IT IS
39 NECESSARY TO LOOK INTO THE DEPOSIT OR
40 INVESTMENT TO ESTABLISH SUCH FRAUD,
41 IRREGULARITY OR UNLAWFUL ACTIVITY. [~~subject to the~~
42 ~~provision of existing laws protecting or safeguarding the secrecy or~~
43 ~~confidentiality of bank deposits as well as investments of private~~
44 ~~persons, natural or juridical, in debt instruments issued by the~~
45 ~~Government.]~~
46

47 “No restraining order or injunction shall be issued by the court
48 enjoining the *Bangko Sentral* from examining any institution subject
49 to supervision or examination by the *Bangko Sentral*, unless there is
50 convincing proof that the action of the *Bangko Sentral* is plainly

1 arbitrary and made in bad faith and the petitioner or plaintiff files with
2 the clerk or judge of the court in which the action is pending a bond
3 executed in favor of the *Bangko Sentral*, in an amount to be fixed by
4 the court. The provisions of Rule 58 of the New Rules of Court insofar
5 as they are applicable and not inconsistent with the provisions of this
6 section shall govern the issuance and dissolution of the restraining
7 order or injunction contemplated in this section.”
8
9

10 SEC. 9. A new section entitled Section 25-A is hereby included in the same
11 Act to read as follows:
12

13 “SEC. 25-A. *AUTHORITY TO APPROVE TRANSFER OF*
14 *SHARES - TRANSFERS OR ACQUISITIONS, OR A SERIES*
15 *THEREOF, OF AT LEAST TEN PERCENT (10%) OF THE*
16 *VOTING SHARES IN BANKS OR QUASI-BANKS SHALL*
17 *REQUIRE THE PRIOR APPROVAL OF THE BANGKO*
18 *SENTRAL. THE SELLING OR CONVEYING STOCKHOLDER*
19 *SHALL SUBMIT SUCH TRANSFER OR ACQUISITION FOR*
20 *APPROVAL BY THE BANGKO SENTRAL WITHIN SUCH*
21 *PERIOD AS MAY BE PRESCRIBED BY THE MONETARY*
22 *BOARD. IN APPROVING SUCH TRANSFERS OR*
23 *ACQUISITIONS, REGARD SHALL BE GIVEN BY THE*
24 *BANGKO SENTRAL TO THE FITNESS OF THE INCOMING*
25 *STOCKHOLDERS AS MAY BE INDICATED IN THEIR*
26 *INTEGRITY, REPUTATION AND FINANCIAL CAPACITY.*
27 *WITHOUT BANGKO SENTRAL APPROVAL, NO SUCH*
28 *TRANSFER OR ACQUISITION SHALL HAVE LEGAL*
29 *EFFECT NOR SHALL THE SAME BE RECOGNIZED IN THE*
30 *BOOKS OF THE INSTITUTION OR BY ANY GOVERNMENT*
31 *AGENCY, AND THE TRANSFEROR-STOCKHOLDERS*
32 *SHALL REMAIN ACCOUNTABLE AND RESPONSIBLE*
33 *THEREFOR. TRANSFER OF ACTUAL CONTROL OR*
34 *MANAGEMENT OF THE INSTITUTION TO THE NEW*
35 *STOCKHOLDERS OR THEIR REPRESENTATIVES PRIOR*
36 *TO BANGKO SENTRAL APPROVAL SHALL MAKE THE*
37 *TRANSFEROR, THE TRANSFEREE AND ANY PERSON*
38 *RESPONSIBLE THEREFOR LIABLE UNDER SECTIONS 36*
39 *AND 37 OF THIS ACT. NOTWITHSTANDING ANY*
40 *PROVISION OF LAW TO THE CONTRARY, THE BANGKO*
41 *SENTRAL MAY SHARE WITH THE PHILIPPINE DEPOSIT*
42 *INSURANCE CORPORATION ANY INFORMATION THAT*
43 *THE BANGKO SENTRAL MAY OBTAIN PERTAINING TO*
44 *TRANSFER OR ACQUISITION OF SHARES OR SERIES OF*
45 *TRANSFERS OR ACQUISITION OF SHARES IN BANKS AND*
46 *QUASI-BANKS.”*
47
48

49 SEC. 10. Section 27 (d) of the same Act is hereby amended to read as
50 follows:

1
2 “SEC. 27. *Prohibitions.* – In addition to the prohibitions found
3 in Republic Act Nos. 3019 and 6713, personnel of the *Bangko Sentral*
4 are hereby prohibited from:

5
6 XXX

7
8 “(d) borrowing from any institution subject to supervision or
9 examination by the *Bangko Sentral* [~~shall be prohibited~~] unless said
10 borrowing[s-are] **IS TRANSACTED ON AN ARM’S LENGTH**
11 **BASIS** [~~adequately secured~~], fully disclosed to the Monetary Board,
12 and shall be subject to such rules and regulations as the Monetary
13 Board may prescribe[: ~~Provided, however, That personnel of the~~
14 ~~supervising and examining departments are prohibited from borrowing~~
15 ~~from a bank under their supervision and examination~~]. xxx”
16

17
18 **SEC. 11.** Section 28 of the same Act is hereby amended to read as follows:
19

20 “SEC. 28. *Examination and Fees.* — The supervising and
21 examining department head, personally or by deputy, shall examine
22 the [books] **OPERATIONS** of every bank[ing] **AND QUASI-**
23 **BANK, INCLUDING THEIR SUBSIDIARIES AND**
24 **AFFILIATES ENGAGED IN ALLIED ACTIVITIES, AND**
25 **OTHER ENTITIES WHICH UNDER THIS ACT OR SPECIAL**
26 **LAWS ARE SUBJECT TO BANGKO SENTRAL SUPERVISION,**
27 **IN ACCORDANCE WITH THE GUIDELINES SET BY THE**
28 **MONETARY BOARD TAKING INTO CONSIDERATION**
29 **SOUND AND PRUDENT PRACTICES.** [~~once in every twelve (12)~~
30 ~~months, and at such other times as the Monetary Board by an~~
31 ~~affirmative vote of five (5) members, may deem expedient and to~~
32 ~~make a report on the same to the Monetary Board:] *Provided,* That~~
33 there shall be an interval of at least twelve (12) months between
34 [annual] **REGULAR examinations; PROVIDED, FURTHER,**
35 **THAT THE MONETARY BOARD, BY AN AFFIRMATIVE**
36 **VOTE OF AT LEAST FIVE (5) MEMBERS, MAY AUTHORIZE**
37 **A SPECIAL EXAMINATION IF THE CIRCUMSTANCES**
38 **WARRANT.**
39

40 “The **INSTITUTION** [bank] concerned shall afford to the
41 head of the appropriate supervising and examining departments and to
42 his authorized deputies full opportunity to examine its books **AND**
43 **RECORDS**, cash and [available] assets and general condition **AND**
44 **REVIEW ITS SYSTEMS AND PROCEDURES** at any time during
45 **BUSINESS** [banking] hours when requested to do so by the *Bangko*
46 *Sentral*: *Provided, however,* That none of the reports and other papers
47 relative to such examinations shall be open to inspection by the public
48 except insofar as such publicity is incidental to the proceedings
49 hereinafter authorized or is necessary for the prosecution of violations
50 in connection with the business of such institutions.

1
2 ~~“[Banking and quasi-banking institutions which are subject to~~
3 ~~examination by the *Bangko Sentral*]~~ **SUPERVISED**
4 **INSTITUTIONS** shall pay to the *Bangko Sentral*, **NO LATER**
5 **THAN MAY 31 OF EACH YEAR** ~~[within the first thirty (30) days~~
6 ~~of each year]~~, an annual **SUPERVISION** fee ~~[in an amount equal to a~~
7 ~~percentage,]~~ as may be prescribed by the Monetary Board. ~~[of its~~
8 ~~average total assets during the preceding year as shown on its end-of-~~
9 ~~month balance sheets, after deducting cash on hand and amounts due~~
10 ~~from banks, including the *Bangko Sentral* and banks abroad.]~~ **IN**
11 **DETERMINING THE AMOUNT OF THE ANNUAL**
12 **SUPERVISION FEE, THE MONETARY BOARD SHALL**
13 **CONSIDER THE COSTS OF SUPERVISION.”**
14

15
16 **SEC. 12.** A new section entitled Section 28-A is hereby included in the same
17 Act to read as follows:
18

19 **“SEC. 28-A. BANGKO SENTRAL COORDINATION. –**
20 **THE SUSPENSION OR REVOCATION OF ANY**
21 **GOVERNMENT LICENSE NECESSARY FOR THE**
22 **OPERATION OF A *BANGKO SENTRAL*-SUPERVISED**
23 **ENTITY MUST BE DONE ONLY WITH PRIOR**
24 **CONSULTATION WITH THE *BANGKO SENTRAL*.”**
25

26
27 **SEC. 13.** Section 30 of the same Act is hereby amended to read as follows:
28

29 **“SEC. 30. *Proceedings in Receivership and Liquidation.* -**
30 **Whenever, upon report of the head of the supervising or examining**
31 **department, the Monetary Board finds that a bank or quasi-bank:**
32

33 **“(a) HAS NOTIFIED THE BANGKO SENTRAL OR**
34 **PUBLICLY ANNOUNCED A UNILATERAL CLOSURE, OR**
35 **HAS BEEN DORMANT FOR AT LEAST SIXTY (60) DAYS OR**
36 **IN ANY MANNER HAS SUSPENDED THE PAYMENT OF ITS**
37 **DEPOSIT/DEPOSIT SUBSTITUTE LIABILITIES, OR is unable**
38 **to pay its liabilities as they become due in the ordinary course of**
39 **business: *Provided*, That this shall not include inability to pay caused**
40 **by extraordinary demands induced by financial panic in the banking**
41 **community;**
42

43 **“(b) has insufficient realizable assets, as determined by the**
44 ***Bangko Sentral*, to meet its liabilities; or**
45

46 **“(c) cannot continue in business without involving probable**
47 **losses to its depositors or creditors; or**
48

1 “(d) has willfully violated a cease and desist order under
2 Section 37 that has become final, involving acts or transactions which
3 amount to fraud or a dissipation of the assets of the institution;
4

5 in which cases, the Monetary Board may summarily and without need
6 for prior hearing forbid the institution from doing business in the
7 Philippines and **IN THE CASE OF BANKS**, designate the Philippine
8 Deposit Insurance Corporation (PDIC) as receiver [~~of the banking~~
9 ~~institution~~] **AND DIRECT THE PDIC TO PROCEED WITH THE**
10 **LIQUIDATION OF THE CLOSED BANK PURSUANT TO**
11 **THIS SECTION AND THE RELEVANT PROVISIONS OF**
12 **REPUBLIC ACT NO. 3591, AS AMENDED. THE MONETARY**
13 **BOARD SHALL NOTIFY IN WRITING THE BOARD OF**
14 **DIRECTORS OF THE CLOSED BANK OF ITS DECISION.**
15

16 ~~“[For a quasi-bank, any person of recognized competence in~~
17 ~~banking or finance may be designated as receiver.]~~
18

19 ~~“[The receiver shall immediately gather and take charge of all~~
20 ~~the assets and liabilities of the institution, administer the same for the~~
21 ~~benefit of its creditors, and exercise the general powers of a receiver~~
22 ~~under the Revised Rules of Court but shall not, with the exception of~~
23 ~~administrative expenditures, pay or commit any act that will involve~~
24 ~~the transfer or disposition of any asset of the institution: *Provided,*~~
25 ~~That the receiver may deposit or place the funds of the institution in~~
26 ~~nonspeculative investments. The receiver shall determine as soon as~~
27 ~~possible, but not later than ninety (90) days from takeover, whether~~
28 ~~the institution may be rehabilitated or otherwise placed in such a~~
29 ~~condition so that it may be permitted to resume business with safety to~~
30 ~~its depositors and creditors and the general public: *Provided,* That any~~
31 ~~determination for the resumption of business of the institution shall be~~
32 ~~subject to prior approval of the Monetary Board.]~~
33

34 ~~“[If the receiver determines that the institution cannot be~~
35 ~~rehabilitated or permitted to resume business in accordance with the~~
36 ~~next preceding paragraph, the Monetary Board shall notify in writing~~
37 ~~the board of directors of its findings and direct the receiver to proceed~~
38 ~~with the liquidation of the institution. The receiver shall:]~~
39

40 ~~“[1. file *ex parte* with the proper regional trial court, and~~
41 ~~without requirement of prior notice or any other action, a petition for~~
42 ~~assistance in the liquidation of the institution pursuant to a liquidation~~
43 ~~plan adopted by the Philippine Deposit Insurance Corporation for~~
44 ~~general application to all closed banks. In case of quasi-banks, the~~
45 ~~liquidation plan shall be adopted by the Monetary Board. Upon~~
46 ~~acquiring jurisdiction, the court shall, upon motion by the receiver~~
47 ~~after due notice, adjudicate disputed claims against the institution,~~
48 ~~assist the enforcement of individual liabilities of the stockholders,~~
49 ~~directors and officers, and decide on other issues as may be material to~~

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

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

16
17 “The actions of the Monetary Board taken under this section or
18 under Section 29 of this Act shall be final and executory, and may not
19 be restrained or set aside by the court except on petition for *certiorari*
20 on the ground that the action taken was in excess of jurisdiction or
21 with such grave abuse of discretion as to amount to lack or excess of
22 jurisdiction. The petition for *certiorari* may only be filed by the
23 stockholders of record representing the majority of the capital stock
24 within ten (10) days from receipt by the board of directors of the
25 institution of the order directing receivership, liquidation or
26 conservatorship. The designation of a conservator under Section 29 of
27 this Act or the appointment of a receiver under this section shall be
28 vested exclusively with the Monetary Board. Furthermore, the
29 designation of a conservator is not a precondition to the designation of
30 a receiver.

31
32 **“THE AUTHORITY OF THE MONETARY BOARD TO**
33 **SUMMARILY AND WITHOUT NEED FOR PRIOR HEARING**
34 **FORBID THE BANK OR QUASI-BANK FROM DOING**
35 **BUSINESS IN THE PHILIPPINES AS PROVIDED ABOVE**
36 **MAY ALSO BE EXERCISED OVER NON-STOCK SAVINGS**
37 **AND LOAN ASSOCIATIONS, BASED ON THE SAME**
38 **APPLICABLE GROUNDS. FOR QUASI-BANKS AND NON-**
39 **STOCK SAVINGS AND LOAN ASSOCIATIONS, ANY**
40 **PERSON OF RECOGNIZED COMPETENCE IN BANKING,**
41 **CREDIT OR FINANCE MAY BE DESIGNATED BY THE**
42 **BANGKO SENTRAL AS A RECEIVER.”**

43
44
45 **SEC. 14.** Section 31 of the same Act is hereby deleted.

46
47 “~~[SEC. 31. *Distribution of Assets.*—In case of liquidation of~~
48 ~~a bank or quasi bank, after payment of the cost of proceedings,~~
49 ~~including reasonable expenses and fees of the receiver to be allowed~~
50 ~~by the court, the receiver shall pay the debts of such institution, under~~

1 order of the court, in accordance with the rules on concurrence and
2 preference of credit as provided in the Civil Code.]”
3
4

5 SEC. 15. Section 32 of the same Act is hereby deleted.
6

7 “~~[SEC. 32. *Disposition of Revenues and Earnings.* — All~~
8 ~~revenues and earnings realized by the receiver in winding up the~~
9 ~~affairs and administering the assets of any bank or quasi-bank within~~
10 ~~the purview of this Act shall be used to pay the costs, fees and~~
11 ~~expenses mentioned in the preceding section, salaries of such~~
12 ~~personnel whose employment is rendered necessary in the discharge~~
13 ~~of the liquidation together with other additional expenses caused~~
14 ~~thereby. The balance of revenues and earnings, after the payment of~~
15 ~~all said expenses, shall form part of the assets available for payment to~~
16 ~~creditors.]”~~
17
18

19 SEC. 16. Section 34 of the same Act is hereby amended to read as follows:
20

21 “SEC. 34. *Refusal to Make Reports or Permit Examination.* —
22 Any officer, owner, agent, manager, director or officer-in-charge of
23 any institution ~~[subject to the supervision or examination by the~~
24 ~~*Bangko Sentral* within the purview of this act]~~ who, being required in
25 writing by the Monetary Board or by the head of the supervising and
26 examining department **WITHIN THE PURVIEW OF THIS ACT**
27 **AND RELEVANT LAWS** willfully refuses to file the required report
28 or permit any lawful examination into the affairs of such institution
29 shall be punished by a fine of not less than fifty thousand pesos
30 (P50,000) nor more than ~~[one hundred thousand pesos (P100,000)]~~
31 **TWO MILLION PESOS (P2,000,000)** or by imprisonment of not
32 less than one (1) year nor more than five (5) years, or both, ~~[in]~~ **AT**
33 the discretion of the court.
34

35 **“THIS SHALL ALSO APPLY TO THE OFFICER,**
36 **OWNER, AGENT, MANAGER, DIRECTOR OR OFFICER-IN-**
37 **CHARGE OF THE AFFILIATE COMPANY/IES AND PARENT**
38 **COMPANY OF A BANK OR QUASI-BANK, AS WELL AS THE**
39 **AFFILIATES OF SUCH PARENT COMPANY, WHOSE**
40 **TRANSACTIONS ARE SUBJECT TO EXAMINATION UNDER**
41 **THIS LAW.”**
42
43

44 SEC. 17. Section 35 of the same Act is hereby amended to read as follows”
45

46 “SEC. 35. *False Statement.* — The willful making of a false or
47 misleading statement on a material fact to the Monetary Board or to
48 the examiners of the *Bangko Sentral* shall be punished by a fine of not
49 less than One hundred thousand pesos (P100,000) nor more than ~~[Two~~
50 ~~hundred thousand pesos (P200,000)]~~ **TWO MILLION PESOS**

(P2,000,000), or by imprisonment of not more than (5) years, or both, at the discretion of the court.”

SEC. 18. Section 36 of the same Act is hereby amended to read as follows:

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

“Whenever **AN ENTITY UNDER BANGKO SENTRAL SUPERVISION** [~~a bank or quasi-bank~~] persists in carrying on its business in an unlawful or unsafe manner, the Board may, without prejudice to the penalties provided in the preceding paragraph of this Section and the administrative sanctions provided in Section 37 of this Act, take action under Section 30 of this Act.

“**THE BANGKO SENTRAL MAY GRANT INFORMER’S REWARD TO ANY PERSON, EXCEPT AN OFFICER OR EMPLOYEE OF THE BANGKO SENTRAL OR OF ANY INTELLIGENCE OR LAW ENFORCEMENT AGENCY, INCLUDING THE RELATIVES OF SUCH OFFICER OR EMPLOYEE WITHIN THE THIRD DEGREE OF CONSANGUINITY OR AFFINITY, WHO VOLUNTARILY GIVE DEFINITE INFORMATION NOT YET IN THE POSSESSION OF THE BANGKO SENTRAL LEADING TO THE: (A) ARREST OF BANK DIRECTORS OR OFFICERS AND/OR BSP PERSONNEL FOR VIOLATION OF THIS ACT OR ANY BANKING AND OTHER LAWS IMPLEMENTED OR ENFORCED BY THE BANGKO SENTRAL, OR FOR VIOLATION OF OTHER PENAL LAWS COMMITTED IN CONNECTION WITH THEIR EMPLOYMENT OR FUNCTIONS; OR (B) FILING OF CRIMINAL CHARGES AGAINST ANY PERSON FOR VIOLATION OF SECTION 50 OF THIS ACT.**

1 **“THE MONETARY BOARD IS HEREBY**
2 **AUTHORIZED TO PROMULGATE THE IMPLEMENTING**
3 **GUIDELINES FOR THE GRANT OF INFORMER’S REWARD,**
4 **WHICH IN NO CASE SHALL EXCEED ONE MILLION**
5 **PESOS (P1,000,000.00). SAID GUIDELINES MAY PROVIDE**
6 **FOR ADDITIONAL QUALIFICATIONS AND**
7 **DISQUALIFICATIONS OF INFORMANTS AS WELL AS THE**
8 **FORM AND MINIMUM CONTENT OF THE INFORMATION**
9 **GIVEN.**

10
11 **“THE CASH REWARD OF INFORMERS SHALL BE**
12 **SUBJECT TO APPLICABLE WITHHOLDING TAXES.”**
13

14
15 **SEC. 19.** Section 37 of the same Act is hereby amended to read as follows:
16

17 **“SEC. 37. *Administrative Sanctions on [Banks and Quasi-***
18 ***Banks]* SUPERVISED ENTITIES.** — Without prejudice to the
19 criminal sanctions against the culpable persons provided in Sections
20 34, 35, and 36 of this Act, the Monetary Board may, at its discretion,
21 impose upon any bank, ~~[or]~~ quasi-bank, **INCLUDING THEIR**
22 **SUBSIDIARIES AND AFFILIATES ENGAGED IN ALLIED**
23 **ACTIVITIES, OR OTHER ENTITY WHICH UNDER THIS**
24 **ACT OR SPECIAL LAWS ARE SUBJECT TO THE BANGKO**
25 **SENTRAL SUPERVISION, AND/OR** their directors, officers
26 ~~[and/or]~~ **EMPLOYEES**, for any willful violation of its charter or by-
27 laws, willful delay in the submission of reports or publications thereof
28 as required by law, rules and regulations; any refusal to permit
29 examination into the affairs of the institution; any willful making of a
30 false or misleading statement to the Board or the appropriate
31 supervising and examining department or its examiners; any willful
32 failure or refusal to comply with, or violation of, any banking law or
33 any order, instruction or regulation issued by the Monetary Board, or
34 any order, instruction or ruling by the Governor; or any commission of
35 irregularities, and/or conducting business in an unsafe or unsound
36 manner as may be determined by the Monetary Board, the following
37 administrative sanctions, whenever applicable:
38

39 **“(a) fines in amounts as may be determined by the Monetary**
40 **Board to be appropriate, but in no case to exceed [Thirty thousand**
41 **pesos (P30,000)] ONE MILLION PESOS (P1,000,000.00) FOR**
42 **EACH TRANSACTIONAL VIOLATION OR ONE HUNDRED**
43 **THOUSAND PESOS (P100,000.00) PER CALENDAR [a]day for**
44 **[each] violationS OF A CONTINUING NATURE,** taking into
45 consideration the attendant circumstances, such as the nature and
46 gravity of the violation or irregularity and the size of the
47 **INSTITUTION, [bank or quasi-bank] PROVIDED: THAT IN**
48 **CASE PROFIT IS GAINED OR LOSS IS AVOIDED AS A**
49 **RESULT OF THE VIOLATION, A FINE NO MORE THAN**

1 **THREE (3) TIMES THE PROFIT GAINED OR LOSS**
2 **AVOIDED MAY ALSO BE IMPOSED;**

3
4 “(b) suspension of rediscounting privileges or access to
5 *Bangko Sentral* credit facilities;

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

9
10 “(d) suspension of interbank clearing privileges; and/or

11
12 “(e) **SUSPENSION OR** revocation of quasi-banking **OR**
13 **OTHER SPECIAL** licenses.

14
15 “Resignation or termination from office shall not exempt such
16 director, officer **OR EMPLOYEE** from administrative or criminal
17 sanctions.

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

30
31 “The above administrative sanctions need not be applied in the
32 order of their severity.

33
34 “Whether or not there is an administrative proceeding, if the
35 institution and/or the directors, officers [~~and~~]or **EMPLOYEES**
36 concerned continue with or otherwise persist in the commission of the
37 indicated practice or violation, the Monetary Board may issue an order
38 requiring the institution and/or the directors, officers [~~and~~]or
39 **EMPLOYEES** concerned to cease and desist from the indicated
40 practice or violation, and may further order that immediate action be
41 taken to correct the conditions resulting from such practice or
42 violation. The cease and desist order shall be immediately effective
43 upon service on the respondents.

44
45 “The respondents shall be afforded an opportunity to defend
46 their action in a hearing before the Monetary Board or any committee
47 chaired by any Monetary Board member created for the purpose, upon
48 request made by the respondents within five (5) days from their
49 receipt of the order. If no such hearing is requested within said period,
50 the order shall be final. If a hearing is conducted, all issues shall be

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

3
4 “The Governor is hereby authorized, at his discretion, to
5 impose upon ~~[banking institutions]~~, **BANKS AND QUASI-BANKS,**
6 **INCLUDING THEIR SUBSIDIARIES AND AFFILIATES**
7 **ENGAGED IN ALLIED ACTIVITIES, AND OTHER ENTITIES**
8 **WHICH UNDER THIS ACT OR SPECIAL LAWS ARE**
9 **SUBJECT TO *BANGKO SENTRAL* SUPERVISION** for any
10 failure to comply with the requirements of law, Monetary Board
11 regulations and policies, and/or instructions issued by the Monetary
12 Board or by the Governor, fines not in excess of ~~[Ten thousand pesos~~
13 ~~(P10,000)]~~ **ONE HUNDRED THOUSAND PESOS (P100,000.00)**
14 **FOR EACH TRANSACTIONAL VIOLATION OR THIRTY**
15 **THOUSAND PESOS (P30,000.00) PER CALENDAR [a] day for**
16 ~~[each]~~ **violationS OF A CONTINUING NATURE,** the imposition of
17 which shall be final and executory until reversed, modified or lifted by
18 the Monetary Board on appeal.”
19

20
21 **SEC. 20.** A new section entitled Section 38-A is hereby included in the same
22 Act to read as follows:
23

24 **“SEC. 38-A. ISSUANCE OF INJUNCTIVE RELIEF**
25 **AGAINST *BANGKO SENTRAL* ACTIONS. – NO COURT,**
26 **OTHER THAN THE COURT OF APPEALS AND THE**
27 **SUPREME COURT, SHALL ISSUE ANY TEMPORARY**
28 **RESTRAINING ORDER, PRELIMINARY INJUNCTION OR**
29 **PRELIMINARY MANDATORY INJUNCTION AGAINST THE**
30 ***BANGKO SENTRAL* FOR ANY ACTION UNDER THIS ACT.**
31

32 **“ANY RESTRAINING ORDER OR INJUNCTION**
33 **ISSUED IN VIOLATION OF THIS SECTION IS VOID AND OF**
34 **NO FORCE AND EFFECT.**
35

36 **“THE PROVISIONS OF THE RULES OF COURT ON**
37 **INJUNCTIONS INsofar AS THESE ARE APPLICABLE AND**
38 **NOT INCONSISTENT WITH THE PROVISIONS OF THIS**
39 **ACT SHALL GOVERN THE ISSUANCE AND DISSOLUTION**
40 **OF RESTRAINING ORDERS OR INJUNCTIONS AGAINST**
41 **THE *BANGKO SENTRAL*.”**
42

43
44 **SEC. 21.** Section 39 of the same Act is hereby amended as follows:
45

46 **“SEC. 39. *Reports and Publications.* - The *Bangko Sentral***
47 **shall publish a general balance sheet showing the volume and**
48 **composition of its assets and liabilities as of the last working day of**
49 **the month within ~~[sixty-(60)]~~ **NINETY (90)** days after the end of**
50 **each month, WHICH MAY BE REASONABLY EXTENDED BY**

1 **THE BANGKO SENTRAL AS WARRANTED.** [~~except for the~~
2 ~~month of December, which shall be submitted within ninety (90) days~~
3 ~~after the end thereof.~~]
4

5 “The **Monetary** Board shall publish and submit the following
6 reports to the President and to the Congress:
7

8 “(a) not later than ninety (90) days after the end of each
9 quarter, an analysis of economic and financial developments,
10 including the condition of net international reserves and monetary
11 aggregates;
12

13 “(b) within ninety (90) days after the end of the year,
14 **WHICH MAY BE REASONABLY EXTENDED BY THE**
15 **BANGKO SENTRAL AS WARRANTED**, the preceding year's
16 budget and profit and loss statement of the Bangko Sentral showing in
17 reasonable detail the result of its operations;
18

19 “(c) one hundred twenty (120) days after the end of each
20 semester, a review of the state of the financial system; and
21

22 “(d) as soon as practicable, abnormal movements in
23 monetary aggregates and the general price level, and, not later than
24 seventy-two (72) hours after they are taken, remedial measures in
25 response to such abnormal movements.”
26
27

28 **SEC. 22.** Section 40 of the same Act is hereby amended as follows:
29

30 “SEC. 40. *Annual Report.* - Before the end of [~~March~~]
31 **JUNE** of each year, the *Bangko Sentral* shall publish and submit to the
32 President and the Congress an annual report on the condition of the
33 *Bangko Sentral* including a review of the policies and measures
34 adopted by the Monetary Board during the past year and an analysis of
35 the economic and financial circumstances which gave rise to said
36 policies and measures.
37

38 “The annual report shall also include a statement of the
39 financial condition of the *Bangko Sentral* and a statistical appendix
40 which shall present, as a minimum, the following data:
41

42 “(a) the monthly movement of monetary aggregates and
43 their components;
44

45 “(b) the monthly movement of purchases and sales of
46 foreign exchange and of the international reserves of the Bangko
47 Sentral;
48

49 “(c) the balance of payments of the Philippines;
50

1 “(d) monthly indices of consumer prices and of import and
2 export prices;

3 “(e) the monthly movement, in summary form, of exports
4 and imports, by volume and value;

5 “(f) the monthly movement of the accounts of the *Bangko*
6 *Sentral* and of other banks;

7 “(g) the principal data on government receipts and
8 expenditures and on the status of the public debt, both domestic and
9 foreign; and

10 “(h) the texts of the major legal and administrative measures
11 adopted by the Government and the Monetary Board during the year
12 which relate to the functions or operations of the *Bangko Sentral* or of
13 the financial system.

14 “The *Bangko Sentral* shall publish another version of the
15 annual report in terms understandable to the layman.

16 ~~“(Failure to comply with the reportorial requirements pursuant
17 to this article without justifiable reason as may be determined by the
18 Monetary Board shall cause the withholding of the salary of the
19 personnel concerned until such requirements are complied with.)”~~

20
21
22
23
24
25
26
27
28 **SEC. 23.** Section 43 of the same Act is hereby amended as follows:

29 “SEC. 43. *Computation of Profits and Losses.* — Within the
30 first ~~[thirty (30)]~~ **SIXTY (60)** days following the end of each year, the
31 *Bangko Sentral* shall determine its net profits or losses. ~~[In the~~
32 ~~calculation of net profits, the *Bangko Sentral* shall make adequate~~
33 ~~allowance or establish adequate reserves for bad and doubtful~~
34 ~~accounts]~~ **NOTWITHSTANDING ANY PROVISION OF LAW**
35 **TO THE CONTRARY, THE NET PROFIT OF THE BANGKO**
36 **SENTRAL SHALL BE DETERMINED AFTER ALLOWING**
37 **FOR EXPENSES OF OPERATION, ADEQUATE**
38 **ALLOWANCES AND PROVISIONS FOR BAD AND**
39 **DOUBTFUL DEBTS, DEPRECIATION IN ASSETS, AND**
40 **SUCH ALLOWANCES AND PROVISIONS FOR**
41 **CONTINGENCIES OR OTHER PURPOSES AS THE**
42 **MONETARY BOARD MAY DETERMINE IN ACCORDANCE**
43 **WITH PRUDENT FINANCIAL MANAGEMENT AND**
44 **EFFECTIVE CENTRAL BANKING OPERATIONS.”**

45
46
47
48 **SEC. 24.** A new section entitled Section 43-A is hereby included in the same
49 Act to read as follows:
50

1 “SEC. 43-A. *BANGKO SENTRAL RESERVE FUND.* -
2 THE *BANGKO SENTRAL* SHALL ESTABLISH A RESERVE
3 FUND TO MITIGATE FUTURE RISKS AND
4 CONTINGENCIES INHERENT IN CARRYING OUT THE
5 *BANGKO SENTRAL*-MANDATED FUNCTIONS AS CENTRAL
6 MONETARY AUTHORITY. THE RESERVE FUND SHALL
7 CONSIST OF FLUCTUATION RESERVE, CONTINGENCY
8 RESERVE AND SUCH OTHER RESERVES AS THE
9 MONETARY BOARD DEEMS PRUDENT OR NECESSARY.

10
11 “THE FLUCTUATION RESERVE SHALL COVER
12 LOSSES FROM EXCHANGE RATE AND PRICE
13 VOLATILITY AND SHALL BE DERIVED FROM THE NET
14 PROFITS BEFORE DISTRIBUTION, AS PROVIDED UNDER
15 SECTION 44 OF THIS ACT.”

16
17
18 SEC. 25. Section 45 of the same Act is hereby amended to read as follows:

19
20 “SEC. 45. *Revaluation Profits and Losses.* — **UNREALIZED**
21 profits or losses arising from any revaluation of the *Bangko Sentral's*
22 ~~[net]~~ assets ~~[or]~~, liabilities **OR DERIVATIVE INSTRUMENTS**
23 **DENOMINATED** in ~~[gold-or]~~ foreign currencies with respect to the
24 **MOVEMENTS OF PRICES AND EXCHANGE RATES FROM**
25 **THIRD CURRENCIES TO** Philippine peso shall not be included in
26 the computation of the annual profits and losses of the *Bangko*
27 *Sentral*. Any profits or losses arising in this manner shall be offset by
28 any amounts which, as a consequence of such revaluations, are owed
29 by the Philippines to any international or regional intergovernmental
30 financial institution of which the Philippines is a member or are owed
31 by these institutions to the Philippines. Any remaining
32 **UNREALIZED** profit or loss shall be carried in aN ~~[special-frozen]~~
33 account which shall be named "Revaluation of International Reserve
34 (RIR)", and the net balance of which shall appear either among the
35 liabilities or among the assets of the *Bangko Sentral*, depending on
36 whether the revaluations have produced net profits or net losses.

37
38 “The ~~[Revaluation of International Reserve]~~ **RIR** account shall
39 be ~~[neither]~~ credited ~~[nor]~~ **OR** debited **FOR THE PERIODIC**
40 **REVALUATION AS AUTHORIZED IN THIS SECTION AND**
41 **TO REFLECT THE CORRESPONDING ADJUSTMENT**
42 **RESULTING TO REDUCTION IN THE *BANGKO SENTRAL'S***
43 **NET FOREIGN ASSETS, LIABILITIES AND FOREIGN**
44 **CURRENCY-DENOMINATED DERIVATIVE INSTRUMENTS.**
45 **THE RIR SHALL BE ADJUSTED AND RECOGNIZED IN THE**
46 **INCOME STATEMENT UPON SALE OF GOLD AND**
47 **FOREIGN SECURITIES, OR WHEN THE FOREIGN**
48 **CURRENCY IS REPATRIATED TO LOCAL CURRENCY OR**
49 **IS USED TO PAY FOREIGN OBLIGATIONS, OR UPON**
50 **MATURITY OF A FOREIGN CURRENCY-DENOMINATED**

1 **FORWARD OR OPTION CONTRACT INVOLVING THE**
2 **PHILIPPINE PESO.** ~~[for any purposes other than those specifically~~
3 ~~authorized in this section.]”~~
4
5

6 **SEC. 26.** Section 61 of the same Act is hereby amended to read as follows:
7

8 “SEC. 61. *Guiding Principle.* — **THE MONETARY**
9 **BOARD SHALL REGULARLY ASSESS PRICE**
10 **DEVELOPMENTS AND OUTLOOK AND, BASED ON ITS**
11 **ANALYSIS AND EVALUATION OF INFLATIONARY**
12 **PRESSURES, USE ITS POLICY INSTRUMENTS TO ATTAIN**
13 **AND MAINTAIN PRICE STABILITY.** ~~[The Monetary Board shall~~
14 ~~endeavor to control any expansion or contraction in monetary~~
15 ~~aggregates which is prejudicial to the attainment or maintenance of~~
16 ~~price stability.]”~~
17
18

19 **SEC. 27.** Section 63 of the same Act is hereby amended to read as follows:
20

21 “SEC. 63. *Action when Abnormal Movements Occur in the*
22 ~~*[Monetary Aggregates, Credit, Or] Price Level.*~~ — Whenever
23 abnormal movements in the ~~[monetary aggregates, in credit, or in]~~
24 prices endanger the stability of the Philippine economy or important
25 sectors thereof, the Monetary Board shall:
26

27 “(a) take such remedial measures as are appropriate and within
28 the powers granted to the Monetary Board and the *Bangko Sentral*
29 under the provisions of this Act; and
30

31 “(b) submit to the President of the Philippines and the
32 Congress, and make public, a detailed report which shall include, as a
33 minimum, a description and analysis of:
34

35 “(1) the causes of the rise or fall of ~~[the monetary~~
36 ~~aggregates, of credit or of]~~ prices;
37

38 “(2) the extent to which the changes in ~~[the monetary~~
39 ~~aggregates, in credit, or in]~~ prices have been reflected in
40 changes in the level of domestic output, employment, wages
41 and economic activity in general, and the nature and
42 significance of any such changes; and
43

44 “(3) the measures which the Monetary Board has taken
45 and the other monetary, fiscal or administrative measures
46 which it recommends to be adopted.
47

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

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

9
10 “The Monetary Board shall continue to submit periodic reports
11 to the President of the Philippines and to Congress until it considers
12 that the ~~[monetary, credit or]~~ price disturbances have disappeared or
13 have been adequately controlled.”

14
15
16 **SEC. 28.** Section 81 of the same Act is hereby amended to read as follows:

17
18 “SEC. 81. *Guiding Principles.* — The rediscounts, discounts,
19 loans and advances which the *Bangko Sentral* is authorized to extend
20 to banking institutions, under the provisions of the present article of
21 this Act shall be used to influence the volume of credit consistent with
22 the objective of price stability **AND MAINTENANCE OF**
23 **FINANCIAL STABILITY.**”

24
25
26 **SEC. 29.** Section 84 of the same Act is hereby amended to read as follows:

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

37
38 “The Monetary Board may, at its discretion, likewise authorize
39 the *Bangko Sentral* to grant emergency loans or advances to banking
40 institutions, even during normal periods, for the purpose of assisting a
41 bank in a precarious financial condition or under serious financial
42 pressures brought by unforeseen events, or events which, though
43 foreseeable, could not be prevented by the bank concerned: *Provided,*
44 *however,* That the Monetary Board has ascertained that the bank is not
45 insolvent and has the assets defined hereunder to secure the advances:
46 *Provided, further,* That a concurrent vote of at least five (5) members
47 of the Monetary Board is obtained.

48
49 “The amount of any emergency loan or advance shall not
50 exceed the sum of fifty percent (50%) of total deposits and deposit

1 substitutes of the banking institution, and shall be disbursed in two (2)
2 or more tranches. The amount of the first tranche shall be limited to
3 twenty-five percent (25%) of the total deposit and deposit substitutes
4 of the institution and shall be secured by (A) government securities,
5 **(B) ACCEPTABLE GUARANTEES BACKED UP BY THE**
6 **NATIONAL GOVERNMENT OR ITS SECURITIES;** (C) ~~[to the~~
7 ~~extent of their applicable loan values and]~~ other unencumbered first
8 class collaterals and **(D) OTHER KINDS OF COLLATERALS AS**
9 **MAY BE AUTHORIZED BY THE MONETARY BOARD IN**
10 **ACCORDANCE WITH SOUND RISK MANAGEMENT**
11 **PRINCIPLES** ~~[which the Monetary Board may approve]:~~ *Provided,*
12 That if as determined by the Monetary Board, the circumstances
13 surrounding the emergency warrant a loan or advance greater than the
14 amount provided hereinabove, the amount of the first tranche may
15 exceed twenty-five percent (25%) of the bank's total deposit and
16 deposit substitutes if the same is adequately secured by ~~[applicable~~
17 ~~loan values of government securities and unencumbered first class~~
18 ~~collaterals]~~ **ANY OF THE COLLATERALS SET FORTH**
19 **ABOVE AS** approved by the Monetary Board, and the principal
20 stockholders of the institution furnish an acceptable undertaking to
21 indemnify and hold harmless from suit a conservator whose
22 appointment the Monetary Board may find necessary at any time.

23
24 "Prior to the release of the first tranche, the banking institution
25 shall submit to the *Bangko Sentral* a resolution of its board of
26 directors authorizing the *Bangko Sentral* to evaluate other assets of the
27 banking institution certified by its external auditor to be good and
28 available for collateral purposes should the release of the subsequent
29 tranche be thereafter applied for.

30
31 "The Monetary Board may, by a vote of at least five (5) of its
32 members, authorize the release of a subsequent tranche on condition
33 that the principal stockholders of the institution:

34
35 "(a) furnish an acceptable undertaking to indemnify and hold
36 harmless from suit a conservator whose appointment the Monetary
37 Board may find necessary at any time; and

38
39 "(b) provide acceptable security which, in the judgment of the
40 Monetary Board, would be adequate to supplement, where necessary,
41 the assets tendered by the banking institution to collateralize the
42 subsequent tranche.

43
44 "In connection with the exercise of these powers, the
45 prohibitions in Section 128 of this Act shall not apply insofar as it
46 refers to acceptance as collateral of shares and their acquisition as a
47 result of foreclosure proceedings, including the exercise of voting
48 rights pertaining to said shares: *Provided, however,* That should the
49 *Bangko Sentral* acquire any of the shares it has accepted as collateral
50 as a result of foreclosure proceedings, the *Bangko Sentral* shall

1 dispose of said shares by public bidding within one (1) year from the
2 date of consolidation of title by the *Bangko Sentral*.

3
4 “Whenever a financial institution incurs an overdraft in its
5 account with the *Bangko Sentral*, the same shall be eliminated within
6 the period prescribed in Section 102 of this Act.”
7

8
9 **SEC. 30.** A new section entitled Section 88-A is hereby included in the same
10 Act to read as follows:
11

12 **“SEC. 88-A. EXEMPTION OF COLLATERALS FROM**
13 **ATTACHMENTS, EXECUTIONS AND OTHER RESTRICTIONS.**
14 **– COLLATERALS ON LOANS AND ADVANCES GRANTED**
15 **BY THE *BANGKO SENTRAL*, WHETHER OR NOT THE**
16 **INTEREST OF THE *BANGKO SENTRAL* IS REGISTERED,**
17 **SHALL NOT BE SUBJECT TO ATTACHMENT, EXECUTION**
18 **OR ANY OTHER COURT PROCESS OR ADMINISTRATIVE**
19 **RESTRICTIONS ON LAND USE, NOR SHALL THEY BE**
20 **INCLUDED IN THE PROPERTY OF INSOLVENT PERSONS**
21 **OR INSTITUTIONS.”**
22

23
24 **SEC. 31.** A new section entitled Section 88-B is hereby included in the same
25 Act to read as follows:
26

27 **“SEC. 88-B. DEPUTIZATION OF LEGAL STAFF IN**
28 **CASE OF FORECLOSURES. – IN CASE OF AN**
29 **EXTRAJUDICIAL FORECLOSURE OF MORTGAGE IN**
30 **CONNECTION WITH LOANS AND ADVANCES UNDER THIS**
31 **ARTICLE, THE *BANGKO SENTRAL* MAY DEPUTIZE ANY**
32 **OF ITS LAWYERS TO CONDUCT THE PUBLIC AUCTION**
33 **PURSUANT TO ACT NO. 3135, AS AMENDED.**
34

35 **“LIKEWISE, IN CASE OF A JUDICIAL**
36 **FORECLOSURE IN CONNECTION WITH LOANS AND**
37 **ADVANCES UNDER THIS ARTICLE, THE *BANGKO***
38 ***SENTRAL* MAY, WITH THE APPROVAL OF THE COURT,**
39 **DEPUTIZE ANY OF ITS LAWYERS TO ACT AS SPECIAL**
40 **SHERIFF IN THE SALE OF A DEBTOR’S PROPERTIES AND**
41 **IN THE ENFORCEMENT OF COURT WRITS AND**
42 **PROCESSES RELATED THERETO. THE SPECIAL SHERIFF**
43 **OF THE *BANGKO SENTRAL* SHALL MAKE A REPORT TO**
44 **THE PROPER COURT AFTER ANY ACTION HAS BEEN**
45 **TAKEN BY HIM, WHICH COURT SHALL TREAT SUCH**
46 **ACTION AS IF IT WERE AN ACT OF ITS OWN SHERIFF IN**
47 **ALL RESPECTS.**
48

49 **“NO RESTRAINING ORDER OR INJUNCTION SHALL**
50 **BE ISSUED BY THE COURT ENJOINING THE *BANGKO***

1 *SENTRAL* FROM PROCEEDING WITH THE FORECLOSURE
2 OF THE MORTGAGE UNLESS A BOND IS POSTED IN
3 FAVOR OF THE *BANGKO SENTRAL* IN AN AMOUNT
4 EQUIVALENT TO THE TOTAL CLAIM OF THE *BANGKO*
5 *SENTRAL*. THE RESTRAINING ORDER OR INJUNCTION
6 SHALL BE REFUSED OR, IF GRANTED, SHALL BE
7 DISSOLVED UPON FILING BY THE *BANGKO SENTRAL* OF
8 A BOND, WHICH SHALL BE IN THE FORM OF A *BANGKO*
9 *SENTRAL* CHECK, IN AN AMOUNT TWICE THE AMOUNT
10 OF THE ORIGINAL BOND POSTED CONDITIONED THAT
11 THE *BANGKO SENTRAL* WILL PAY THE DAMAGES WHICH
12 THE PARTY MAY SUFFER BY THE REFUSAL OR
13 DISSOLUTION OF THE INJUNCTION. THE PROVISIONS OF
14 THE RULES OF COURT ON INJUNCTIONS INsofar AS
15 THEY ARE APPLICABLE AND NOT INCONSISTENT WITH
16 THE PROVISIONS OF THIS SECTION SHALL GOVERN THE
17 ISSUANCE AND DISSOLUTION OF THE RESTRAINING
18 ORDER OR INJUNCTION CONTEMPLATED IN THIS
19 SECTION.”
20

21
22 SEC. 32. A new section entitled Section 88-C is hereby included in the same
23 Act to read as follows:
24

25 “SEC. 88-C. *RIGHT OF REDEMPTION OF*
26 *FORECLOSED REAL PROPERTY; RIGHT OF POSSESSION*
27 *DURING REDEMPTION PERIOD.* – IN THE EVENT OF
28 FORECLOSURE, WHETHER JUDICIALLY OR
29 EXTRAJUDICIALLY, THE MORTGAGOR, WHO IS A
30 NATURAL PERSON, SHALL HAVE THE RIGHT TO
31 REDEEM THE PROPERTY WITHIN ONE (1) YEAR FROM
32 THE DATE OF FORECLOSURE SALE. IN CASE THE
33 MORTGAGOR IS A JURIDICAL PERSON, THE
34 MORTGAGOR SHALL HAVE THE RIGHT TO REDEEM THE
35 PROPERTY SOLD IN A JUDICIAL FORECLOSURE SALE
36 WITHIN ONE (1) YEAR FROM THE DATE OF
37 FORECLOSURE SALE; PROVIDED, THAT IN CASE OF AN
38 EXTRAJUDICIAL FORECLOSURE, NOTWITHSTANDING
39 ACT NO. 3135, THE MORTGAGOR SHALL HAVE THE
40 RIGHT TO REDEEM THE PROPERTY SOLD WITHIN
41 NINETY (90) DAYS FROM THE FORECLOSURE SALE BUT
42 NOT LATER THAN THE REGISTRATION OF THE
43 CERTIFICATE OF FORECLOSURE SALE. REDEMPTION
44 SHALL BE EFFECTED BY PAYING THE PRINCIPAL,
45 INTERESTS, CHARGES, COMMISSIONS AND ALL CLAIMS
46 OF WHATEVER NATURE OF THE *BANGKO SENTRAL*
47 OUTSTANDING AND DUE AS OF THE DATE OF
48 FORECLOSURE SALE, INCLUDING ALL COSTS AND
49 OTHER EXPENSES INCURRED BY REASON OF THE
50 FORECLOSURE SALE AND CUSTODY OF THE PROPERTY.

1
2 **“THE *BANGKO SENTRAL*, AS PURCHASER IN THE**
3 **FORECLOSURE SALE AND WITHOUT NEED OF POSTING**
4 **A BOND, MAY TAKE POSSESSION OF THE FORECLOSED**
5 **PROPERTY DURING THE REDEMPTION PERIOD. THE**
6 ***BANGKO SENTRAL* SHALL BE ENTITLED TO THE FRUITS**
7 **OF THE PROPERTY, THE SAME TO BE APPLIED AGAINST**
8 **THE REDEMPTION PRICE.”**
9

10
11 **SEC. 33.** A new section entitled Section 88-D is hereby included in the same
12 Act to read as follows:
13

14 **“SEC. 88-D. *UNSECURED BANGKO SENTRAL CLAIMS.***
15 **– ALL UNSECURED CLAIMS OF THE *BANGKO SENTRAL***
16 **SHALL BE CONSIDERED PREFERRED CREDITS SIMILAR**
17 **TO TAXES DUE TO THE NATIONAL GOVERNMENT IN**
18 **THE ORDER OF PREFERENCE UNDER ARTICLE 2244 OF**
19 **THE NEW CIVIL CODE.”**
20

21
22 **SEC. 34.** A new section entitled Section 89-A is hereby included in the same
23 Act to read as follows:
24

25 **“SEC. 89-A. *FINANCIAL FACILITIES FOR ISLAMIC***
26 ***BANKS.* - THE *BANGKO SENTRAL* MAY, TAKING INTO**
27 **CONSIDERATION THE PECULIAR CHARACTERISTICS OF**
28 **ISLAMIC BANKING, FORMULATE RULES AND**
29 **REGULATIONS FOR THE EXTENSION OF FINANCIAL**
30 **FACILITIES TO ISLAMIC BANKS PROVIDED SUCH**
31 **EXPOSURES SHALL BE PROPERLY SECURED.”**
32

33
34 **SEC. 35.** A new section entitled Section 89-B is hereby included in the same
35 Act to read as follows:
36

37 **“SEC. 89-B. *LOANS TO THE PHILIPPINE DEPOSIT***
38 ***INSURANCE CORPORATION.* – THE *BANGKO SENTRAL*,**
39 **PURSUANT TO ITS MANDATE OF MAINTAINING**
40 **FINANCIAL STABILITY, MAY LEND FUNDS TO THE**
41 **PHILIPPINE DEPOSIT INSURANCE CORPORATION FOR**
42 **INSURANCE PURPOSES AND IN CASES OF FINANCIAL**
43 **ASSISTANCE THAT THE LATTER IS AUTHORIZED TO**
44 **EXTEND UNDER SECTION 22(E) OF REPUBLIC ACT NO.**
45 **3591, AS AMENDED. NOTWITHSTANDING SECTION 23 OF**
46 **REPUBLIC ACT NO. 3591, AS AMENDED, THE MONETARY**
47 **BOARD SHALL PRESCRIBE INTEREST RATES AND SUCH**
48 **OTHER TERMS AND CONDITIONS OF THE LOAN.”**
49
50

1 **SEC. 36.** Section 92 of the same Act is hereby amended to read as follows:

2
3 “SEC. 92. *Issue and Negotiation of Bangko Sentral*
4 *Obligations.* — In order to provide the *Bangko Sentral* with effective
5 instruments for open market operations, the *Bangko Sentral* may,
6 subject to such rules and regulations as the Monetary Board may
7 prescribe and in accordance with the principles stated in Section 90 of
8 this Act, issue, place, buy and sell freely negotiable evidences of
9 indebtedness of the *Bangko Sentral*. [~~Provided, That issuance of such~~
10 ~~certificates of indebtedness shall be made only in cases of~~
11 ~~extraordinary movement in price levels.~~] Said evidences of
12 indebtedness may be issued directly against the international reserve
13 of the *Bangko Sentral* or against the securities which it has acquired
14 under the provisions of Section 91 of this Act, or may be issued
15 without relation to specific types of assets of the *Bangko Sentral*.

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

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

30
31
32 **SEC. 37.** Section 95 of the same Act is hereby amended to read as follows:

33
34 “SEC. 95. *Definition of Deposit Substitutes.* — The term
35 “deposit substitutes” is defined as an alternative form of obtaining
36 funds from the public, other than deposits, through the issuance,
37 endorsement, or acceptance of debt instruments for the borrower's
38 own account, for the purpose of relending or purchasing of receivables
39 and other obligations. These instruments may include, but need not be
40 limited to, bankers acceptances, promissory notes, participations,
41 certificates of assignment and similar instruments with recourse, and
42 repurchase agreements. **THE PHRASE ‘OBTAINING FUNDS**
43 **FROM THE PUBLIC’ SHALL MEAN BORROWING FROM**
44 **TWENTY (20) OR MORE LENDERS AT ANY ONE TIME,**
45 **AND, FOR THIS PURPOSE, “LENDERS” SHALL REFER TO**
46 **INDIVIDUALS AND CORPORATE ENTITIES THAT ARE**
47 **NOT ACTING AS FINANCIAL INTERMEDIARIES, SUBJECT**
48 **TO THE SAFEGUARDS AND REGULATIONS ISSUED BY**
49 **THE MONETARY BOARD.** The Monetary Board shall determine
50 what specific instruments shall be considered as deposit substitutes for

1 the purposes of Section 94 of this Act: *Provided, however,* That
2 deposit substitutes of commercial, industrial and other non-financial
3 companies for the limited purpose of financing their own needs or the
4 needs of their agents or dealers shall not be covered by the provisions
5 of Section 94 of this Act.”
6
7

8 **SEC. 38.** Section 101 of the same Act is hereby amended to read as follows:
9

10 “SEC. 101. *Reserve Deficiencies.* - Whenever the reserve
11 position of any bank or quasi-bank, computed in the manner specified
12 in the preceding section of this Act, is below the required minimum,
13 the bank or quasi-bank shall pay the *Bangko Sentral* [~~one-tenth of one~~
14 ~~percent (1/10 of 1%) per day on the amount of the deficiency or the~~
15 ~~prevailing ninety one day treasury bill rate plus three percentage~~
16 ~~points, whichever is higher]~~ **MONETARY PENALTY AS MAY BE**
17 **PRESCRIBED BY THE MONETARY BOARD:** *Provided,*
18 *however,* That banks and quasi-banks shall ordinarily be permitted to
19 offset any reserve deficiency occurring on one or more days of the
20 week with any excess reserves which they may hold on other days of
21 the same week and shall be required to pay the penalty [~~only on the~~
22 ~~average daily deficiency during the week]~~ **IN ACCORDANCE**
23 **WITH THE MECHANISM APPROVED BY THE MONETARY**
24 **BOARD.** In cases of abuse, the Monetary Board may deny any bank
25 or quasi-bank the privilege of offsetting reserve deficiencies in the
26 aforesaid manner.
27

28 “If a bank or quasi-bank chronically has a reserve deficiency,
29 the Monetary Board may limit or prohibit the making of new loans or
30 investments by the institution and may require that part or all of the
31 net profits of the institution be assigned to surplus.
32

33 “The Monetary Board may modify or set aside the reserve
34 deficiency penalties provided in this section, for part or the entire
35 period of a strike or lockout affecting a bank or a quasi-bank as
36 defined in the Labor Code, or of a national emergency affecting
37 operations of banks or quasi-banks, **OR IN SUCH OTHER**
38 **INSTANCES WHERE THE GRANT OF WAIVER OF**
39 **PENALTIES IS DETERMINED BY THE MONETARY BOARD**
40 **TO BE JUSTIFIABLE.** The Monetary Board may also modify or set
41 aside reserve deficiency penalties for rehabilitation program of a
42 bank.”
43
44

45 **SEC. 39.** Section 104 of the same Act is hereby amended to read as follows:
46

47 “SEC. 104. *Guiding Principle.* — The Monetary Board shall
48 use the powers granted to it under this Act to ensure that the supply,
49 availability and cost of money are in accord with the needs of the
50 Philippine economy and that bank credit is not granted for speculative

1 purposes prejudicial to the national interests. Regulations on bank
2 operations shall be applied to all banks of the same category, **AS**
3 **MAY BE DEFINED BY THE MONETARY BOARD**, uniformly
4 and without discrimination.”

5
6
7 **SEC. 40.** Section 108 of the same Act is hereby amended to read as follows:

8
9 “SEC. 108. *Minimum Capital Ratios.* — The Monetary Board
10 may prescribe minimum **RISK-BASED CAPITAL ADEQUACY**
11 ratios **BASED ON INTERNATIONALLY ACCEPTED**
12 **STANDARDS** [~~which the capital and surplus of the banks must bear~~
13 ~~to the volume of their assets, or to specific categories thereof,~~] and
14 may alter said ratios whenever it deems necessary. **IN THE**
15 **EXERCISE OF ITS AUTHORITY UNDER THIS SECTION,**
16 **THE MONETARY BOARD MAY REQUIRE BANKS TO HOLD**
17 **CAPITAL BEYOND THE MINIMUM REQUIREMENTS**
18 **COMMENSURATE TO THEIR RISK PROFILE.”**

19
20
21 **SEC. 41.** Section 113 of the same Act is hereby amended to read as follows:

22
23 “SEC. 113. *Official Deposits.* — The *Bangko Sentral* shall be
24 the official depository of the Government, its political subdivisions
25 and instrumentalities as well as of government-owned or -controlled
26 corporations. ~~and, a~~ As a general policy, their cash balances should be
27 deposited with the *Bangko Sentral*, with only minimum working
28 balances to be held by government-owned banks and such other banks
29 **LICENSED TO OPERATE** [~~incorporated~~] in the Philippines as the
30 Monetary Board may **AUTHORIZE**. [~~designate, subject to such rules~~
31 ~~and regulations as the Board may prescribe: Provided, That such~~
32 ~~banks may hold deposits of the political subdivisions and~~
33 ~~instrumentalities of the Government beyond their minimum working~~
34 ~~balances whenever such subdivisions and instrumentalities have~~
35 ~~outstanding loans with said banks.~~]

36
37 “The *Bangko Sentral* may **ACCEPT DEPOSITS AND** pay
38 interest on **SUCH deposits AND OTHER SIMILAR**
39 **PLACEMENTS** of the Government or of its political subdivisions
40 and instrumentalities, banks **AND OTHER BANGKO SENTRAL-**
41 **SUPERVISED INSTITUTIONS.”**

42
43
44 **SEC. 42.** Section 123 of the same Act is hereby amended to read as follows:

45
46 “SEC. 123. *Financial Advice on Official Credit Operations.* —
47 Before undertaking any credit operation abroad, the Government,
48 through the Secretary of Finance, shall request the opinion, in writing,
49 of the Monetary Board on the monetary implications of the
50 contemplated action. Such opinions must similarly be requested by all

1 political subdivisions and instrumentalities of the Government before
2 any credit operation abroad is undertaken by them.
3

4 "The opinion of the Monetary Board shall be based on the gold
5 and foreign exchange resources and obligations of the nation and on
6 the effects of the proposed operation on the balance of payments and
7 on monetary aggregates.
8

9 "Whenever the Government, or any of its political
10 subdivisions or instrumentalities, contemplates borrowing within the
11 Philippines, the prior opinion of the Monetary Board shall likewise be
12 requested in order that the Board may render an opinion on the
13 probable effects of the proposed operation on monetary aggregates,
14 the price level, and the balance of payments.
15

16 **"A CREDIT OPERATION OR BORROWING AS
17 PROVIDED HEREIN MAY TAKE THE FORM OF
18 DIFFERENT CREDIT FACILITIES SUCH AS BUT NOT
19 LIMITED TO A SINGLE LOAN, SERIES OF LOANS UNDER
20 A BORROWING PROGRAM, OR CREDIT LINES. NO
21 PRIOR MONETARY BOARD OPINION SHALL BE
22 REQUIRED FOR INDIVIDUAL DRAWDOWNS OR
23 BORROWINGS WITHIN APPROVED CREDIT LINES OR
24 BORROWING PROGRAMS."**
25

26
27 **SEC. 43.** Section 125 of the same Act is hereby amended to read as follows:
28

29 "SEC. 125. *Tax Exemptions.* — The *Bangko Sentral* shall be
30 exempt ~~for a period of five (5) years from the approval of this Act~~
31 from all national, provincial, municipal and city taxes, fees, charges
32 and assessments.
33

34 "The exemption authorized in the preceding paragraph of this
35 section shall apply to all property of the *Bangko Sentral*, to the
36 resources, receipts, expenditures, profits and income of the *Bangko*
37 *Sentral*, as well as to all contracts, deeds, documents and transactions
38 related to the conduct of the business of the *Bangko Sentral*: *Provided,*
39 *however,* That said exemptions shall apply only to such taxes, fees,
40 charges and assessments for which the *Bangko Sentral* itself would
41 otherwise be liable, and shall not apply to taxes, fees, charges, or
42 assessments payable by persons or other entities doing business with
43 the *Bangko Sentral*: *Provided, further,* That foreign loans and other
44 obligations of the *Bangko Sentral* shall be exempt, both as to principal
45 and interest, from any and all taxes if the payment of such taxes has
46 been assumed by the *Bangko Sentral*.
47

48
49 **SEC. 44.** Section 128 of the same Act is hereby amended to read as follows:
50

1 “SEC. 128. *Prohibitions.* — The *Bangko Sentral* shall not
2 acquire shares of any kind or accept them as collateral, and shall not
3 participate in the ownership or management of any enterprise, either
4 directly or indirectly: [-] **PROVIDED, THAT THIS**
5 **PROHIBITION SHALL NOT APPLY WHENEVER THE**
6 **MONETARY BOARD, BY A VOTE OF AT LEAST FIVE (5) OF**
7 **ITS MEMBERS, (1) DEEMS AN ACQUISITION OR**
8 **INVESTMENT TO BE NECESSARY TO QUALIFY OR AS**
9 **REQUIRED FOR MEMBERSHIP IN INTERNATIONAL AND**
10 **REGIONAL ORGANIZATIONS OR (2) DETERMINES THAT**
11 **INVESTING IN AND/OR OPERATING AN ENTERPRISE**
12 **WILL BE CONSISTENT WITH THE EFFECTIVE**
13 **FULFILLMENT OF ITS MANDATE AND WILL NOT**
14 **CONSTITUTE ANY CONFLICT OF INTEREST.**

15
16 “The *Bangko Sentral* shall not engage in development banking
17 or financing: *Provided, however,* That outstanding loans obtained or
18 extended for development financing shall not be affected by the
19 prohibition of this section.”
20
21

22 **SEC. 45. *Repealing Clause.*** All provisions of existing laws, orders, rules and
23 regulations, or parts thereof which are in conflict or inconsistent with the provisions
24 of this Act are hereby repealed, amended or modified accordingly.
25
26

27 **SEC. 46. *Separability Clause.*** If any provision or section of this Act is held to
28 be unconstitutional or invalid, the other provisions or sections hereof, which are not
29 affected thereby shall continue to be in full force and effect.
30
31

32 **SEC. 47. *Effectivity.*** This Act shall take effect fifteen (15) days following its
33 publication in the *Official Gazette* or in a newspaper of general circulation in the
34 Philippines.