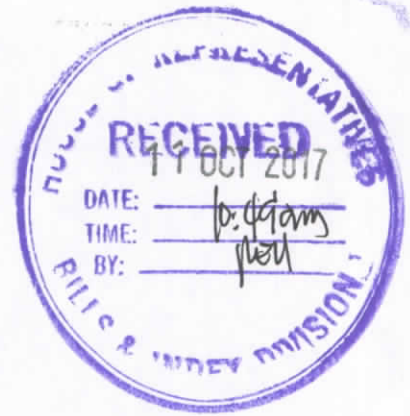


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **6599**



Introduced by Representative Michael L. Romero

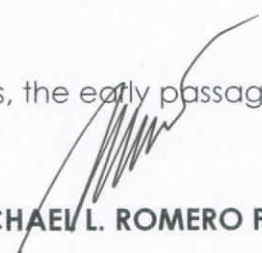
EXPLANATORY NOTE

The Republic of the Philippines shall maintain a **central monetary authority** that shall function and operate as an independent and accountable body corporate in the discharge of its mandated responsibilities concerning money, banking and credit. In line with this policy, and considering its unique functions and responsibilities, the central monetary authority established under this Act, shall enjoy fiscal and administrative autonomy.

There is hereby established an independent central monetary authority, which shall be a body corporate known as the **Bangko Sentral ng Pilipinas**, hereafter referred to as the Bangko Sentral.

This House Bill seeks to provide stiffer policy directions in the areas of money, banking, and credit. To foster supervision over the operations of banks and exercise such regulatory powers as provided and other pertinent laws over the operations of finance companies and non-bank financial institutions performing quasi-banking functions, hereafter referred to as quasi-banks, and institutions performing similar functions.

Thus, the early passage of this bill is earnestly requested.



MICHAEL L. ROMERO Ph.D.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **6599**

Introduced by Representative Michael L. Romero

AN ACT

AMENDING REPUBLIC ACT NO. 7653, OTHERWISE KNOWN AS "**THE NEW CENTRAL BANK ACT**", TO FOSTER THE PRIMARY OBJECTIVE OF THE BANGKO SENTRAL TO MAINTAIN PRICE STABILITY CONDUCTIVE TO A BALANCED AND SUSTAINABLE GROWTH OF THE ECONOMY, TO PROMOTE AND MAINTAIN MONETARY STABILITY AND THE CONVERTIBILITY OF THE PESO, AND FOR OTHER PURPOSES

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

SECTION 1.

Section 34 of article IV of Republic Act No. 7653 is hereby amended to read as follows:

Section 34. *Refusal to Make Reports or Permit Examination* - Any officer, owner, agent, manager, director or officer-in-charge of any institution subject to the supervision or examination by the Bangko Sentral within the purview of this Act who, being required in writing by the Monetary Board or by the head of the

supervising and examining department willfully refuses to file the required report or permit any lawful examination into the affairs of such institution shall be punished by a fine of not less than One hundred thousand pesos (**₱100,000.00**) nor more than Two hundred thousand pesos (**₱200,000.00**) or by imprisonment of not less than two (**2**) years nor more than six (**6**) years, or both, in the discretion of the court.

SECTION 2.

Section 35 of article IV of Republic Act No. 7653 is hereby amended to read as follows:

Section 35. False Statement - The willful making of a false or misleading statement on a material fact to the Monetary Board or to the examiners of the Bangko Sentral shall be punished by a fine of not less than Two hundred thousand pesos (**₱200,000.00**) nor more than Four hundred thousand pesos (**₱400,000.00**), or by imprisonment of not less than (5) years, or both, at the discretion of the court.

SECTION 3.

Section 36 of article IV of Republic Act No. 7653 is hereby amended to read as follows:

Section 36. Proceedings Upon Violation of This Act and Other Banking Laws, Rules, Regulations, Orders or Instructions - Whenever a bank or quasi-bank, 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 One hundred thousand pesos (**P100,000.00**) nor more than Four hundred thousand pesos (**P400,000.00**) or by imprisonment of not less than three (**3**) years nor more than ten (10) years, or both, at the discretion of the court.

Whenever 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.

SECTION 4.

Section 37 of article IV of Republic Act No. 7653 is hereby amended to read as follows:

Section 37. Administrative Sanctions on Banks and Quasi-banks -

Without prejudice to the criminal sanctions against the culpable persons provided in Sections 34, 35, and 36 of this Act, the Monetary Board may, at its discretion, impose upon any bank or quasi-bank, their directors and/or officers, for any willful violation of its charter or by-laws, willful delay in the submission of reports or publications thereof as required by law, rules and regulations; any refusal to permit examination into the affairs of the institution; any willful making of a false or misleading statement to the Board or the appropriate supervising and examining department or its examiners; any willful failure or refusal to comply with, or violation of, any banking law or any order, instruction or regulation issued

by the Monetary Board, or any order, instruction or ruling by the Governor; or any commission of irregularities, and/or conducting business in an unsafe or unsound manner as may be determined by the Monetary Board, the following administrative sanctions, whenever applicable:

- (a) fines in amounts as may be determined by the Monetary Board to be appropriate, but in no case to exceed Fifty thousand pesos (**₱50,000.00**) a day for each violation, taking into consideration the attendant circumstances, such as the nature and gravity of the violation or irregularity and the size of the bank or quasi-bank;
- (b) suspension of rediscounting privileges or access to Bangko Sentral credit facilities;
- (c) suspension of lending or foreign exchange operations or authority to accept new deposits or make new investments;
- (d) suspension of interbank clearing privileges; and/or
- (e) revocation of quasi-banking license.

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

The Monetary Board may, whenever warranted by circumstances, preventively suspend any director or officer of a bank or quasi-bank pending an investigation:

Provided, That should the case be not finally decided by the Bangko Sentral within a period of Ninety (**90**) days after the date

of suspension, said director or officer shall be reinstated in his position:

Provided, further, That when the delay in the disposition of the case is due to the fault, negligence or petition of the director or officer, the period of delay shall not be counted in computing the period of suspension herein provided.

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

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

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

The Governor is hereby authorized, at his discretion, to impose upon banking institutions, for any failure to comply with the requirements of law, Monetary Board regulations and policies, and/or instructions issued by the Monetary Board or by the Governor, fines not in excess of Thirty thousand pesos **(P30,000.00)** a day for each violation, the imposition of which shall be final and executory until reversed, modified or lifted by the Monetary Board on appeal.

SECTION 5. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the IRR or such other period as may be determined, to comply with the requirements of this Act.

SECTION 6. IMPLEMENTING RULES AND REGULATIONS. – The departments and agencies charged with carrying out the provisions of this Act shall, within sixty **(60)** days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 7. REPEALING CLAUSE. – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 8. SEPARABILITY CLAUSE. – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 9. EFFECTIVITY CLAUSE. – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,