



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

Seventeenth Congress
Third Regular Session

House Bill No. **8742**



Introduced by HON. AMIHILDA J. SANGCOPAN of Anak Mindanao
(AMIN) Party-List

EXPLANATORY NOTE

The Philippines is a pioneer in Islamic Finance with the establishment of the Philippine Amanah Bank in 1973 by Presidential Decree 264. It is one of the oldest Islamic banks in the world. The Al-Amanah Islamic Investment Bank of the Philippines (AAIIBP), a subsidiary of the Development Bank of the Philippines, is the only Islamic bank in the country. Since the creation of the Al-Amanah Bank over 40 years ago, there are no other Islamic banks established in the Philippines thereby ceasing its leadership in Islamic finance in the region.

Undeniably, the operations of Islamic financial institutions worldwide is growing in number to over 75 countries from an initial of 30. Locally, the AAIIBP is drawing interest from the national government considering the priority given to Mindanao in terms of the socio-economic agenda of the administration. Moreover, the rebuilding of the war-devastated Marawi, the only Islamic City in the Country, needs an enormous amount of financial resources.

Finally, with the economic integration of the Association of Southeast Asian Nations (ASEAN) whereby member nations have established the framework for integration of their financial and banking markets thru qualified ASEAN banks (QABs), it is high time to take bold steps in order to encourage and enable local banks to enhance their capabilities in Islamic banking and finance toward regional competitiveness.

With the scheduled implementation of the ASEAN integration, the Philippines can harness greater economic opportunities in pushing for Islamic Finance and to complement Halal as a tool to achieve inclusive growth. Philippine

legislators and economic managers must work hand in hand to look at Islamic Finance and support it as a source of productive and ethical investments. Access to Islamic funds is also a political solution, paving the way for greater participation of Muslim Filipinos to nation-building, benefitting the whole Filipino nation.

With the Roadmap for the Al-Amanah Islamic Investment Bank in mind, this bill hopes to address the scarcity of resources; inadequacy of technical knowledge; poor appreciation of the general public on Islamic Finance even the Muslim communities in Mindanao; lack of government infrastructure to implement Islamic banking; identification of possible tie-ups with foreign Islamic countries and banks.

In view of the foregoing, the immediate passage of this bill is urgently sought.



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"AN ACT STRENGTHENING THE AL-AMANAH ISLAMIC BANK AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6848, OTHERWISE KNOWN AS THE CHARTER OF THE AL-AMANAH ISLAMIC INVESTMENT BANK OF THE PHILIPPINES, AND AUTHORIZING ITS CONDUCT OF ISLAMIC BANKING AND INVESTMENT."

Part I – ISLAMIC BANKING SYSTEM AND ITS PURPOSE

Section 1. Title. - This Act shall be known and cited as the Al-Amanah Islamic Bank of the Philippines Act of 2018

Section 2. Declaration of Policy. - The State, in *Section 20, Article II* of the Constitution, encourages private enterprise and provides incentives to needed investments. Further, the Constitution demands that the use of property bears a social function so that the consequences in law must also be defined by policy objectives related to property rights in productive enterprises. Toward this end, the Government, recognizing the role of Filipino-Muslim communities in nation building by allowing them to freely participate in financing and investments in accordance with the requirements of their religion, has committed itself to the establishment of an Islamic bank which shall operate within a legal framework that will permit its investors or participants the rights to equitable and beneficial share in the profits realized from financing productive activities and other operations.

Section 3. Name, Domicile, and Place of Business. - There is hereby created the Al-Amanah Islamic Investment Bank of the Philippines, which shall be hereinafter called the Al-Amanah Islamic Bank, and specifically known as "AIB". Its principal domicile and place of business shall be in Zamboanga City, Philippines.

Section 4. Definition of Terms. - For the purposes of this Act, the following terms shall be defined as follows:

- (a) *AIB* means the bank created under this Act and referred to as either "the AIB" or "the Bank";
- (b) *Islamic banking business* means banking business which conducts its transactions in accordance with the principles of Shari'ah, and whose aims and operations do not involve interest (*riba*), uncertainty in subject matter and contractual term (*gharar*), and gambling (*maysir*) which are prohibited by the Islamic Shari'ah principle;
- (c) *Shari'ah* has the meaning assigned to it by Islamic law and jurisprudence as expounded by authoritative sources; in the context of this Act, it is construed by reference to pertinent Quranic ordinances and applicable rules in Islamic jurisprudence on business transactions;
- (d) *Riba* has the meaning assigned to it by Islamic law and jurisprudence as expounded by authoritative sources. In the context of banking activities, the term includes the receipt and payment of interest in the various types of lending and borrowing and in the exchange of currencies on forward basis;
- (e) *Zakat* has the meaning assigned to it by Islamic law and jurisprudence as expounded by authoritative sources; in the context of this Act, it represents an annual "ithe" payable by the Bank on behalf of its shareholders and investors in compliance with Islamic Shari'ah's principles;
- (f) *Current account liabilities* in relation to Islamic banking services means the total deposits at the bank which are repayable on demand;
- (g) *Savings account liabilities* in relation to Islamic banking services means the total deposits at the Islamic Bank which normally require the presentation of passbooks or such other legally acceptable documents in lieu of passbooks as approved by the Bangko Sentral ng Pilipinas for deposit or withdrawal of money;
- (h) *Investment account liabilities* in relation to Islamic banking services means the total deposit liabilities at the AIB in respect of funds placed by a depositor with that bank for a fixed period of time under an agreement to share the profits and losses of that bank on the investment of such funds;

(i) *Other deposit liabilities* in relation to AIB means the deposit liabilities at that bank other than savings account, investment account, current account liabilities and deposit liabilities from any other licensed bank;

(j) *Participation* in relation to Islamic banking and commercial operations means any agreement or arrangement under which the mode of joint investments or specific transactions shall not involve the element of interest charge other than as percentage share in profits and losses of business;

(k) *Share* means share in the capital of the Bank and includes a stock, except where a distinction between stock and share is expressed or implied;

(l) *Mudarabah* refers to the partnership contract between the capital provider and an entrepreneur (mudarib) whereby the capital provider would contribute capital to an enterprise or activity that is to be managed by the entrepreneur. Profits generated by that enterprise or activity are shared in accordance with the percentage agreed by the parties in the contract, while losses are to be borne solely by the capital provider unless the losses are due to misconduct, negligence, or breach of contracted terms by the entrepreneur;

(m) *Musharakah* refers to a partnership contract or joint venture agreement in which the partners agree to contribute capital to an enterprise, whether existing or new. Profits generated by that enterprise are shared in accordance with the percentage specified in the musharakah contract, while losses are shared in proportion to each partner's share of capital;

(n) *Tafukul* refers to a Shari'ah-compliant insurance mechanism employing, among others, mutual guarantee in return for the commitment to donate an amount in the form of a specified contribution to the participants' risk fund, whereby a group of participants agree among themselves to support one another jointly for the losses arising from specified risks;

(o) *Haram* is an Arabic term meaning "forbidden". Haram is anything that is prohibited by the faith. Its antonym is halal;

(p) *Halal* is an Arabic word meaning lawful or permitted;

Section 5. Purpose and Basis. – The primary purpose of establishing and institutionalizing the AIB shall be to promote and accelerate the socio-economic development of the nation by performing banking, financing, and investment operations and by establishing and participating in agricultural, commercial, and industrial ventures, in accordance with the precepts and principles of Islam.

All business dealings and activities of the AIB shall be subject to the basic principles and rulings of Shari'ah aligned with Section 2 of this Act.

Section 6. *The Powers of the AIB.* – The AIB, upon its organization, shall be a body corporate and shall have the powers:

- (a) To prescribe its by-laws and operating policies;
- (b) To adopt, alter, and use a corporate seal;
- (c) To enter into and deliver contracts, and to sue and be sued;
- (d) To borrow money; own real or personal property and introduce improvements thereon, and to sell, mortgage, or otherwise dispose of the same;
- (e) To employ such officers and personnel, preferably from the qualified Muslim sector, as may be necessary to carry out Islamic banking business;
- (f) To establish such branches and agencies in provinces and cities in the Philippines, particularly where Muslims are predominantly located, and such other offices in other areas in the country or abroad as may be necessary to carry out its Islamic banking business;
- (g) To perform Islamic banking and finance services;
- (h) With prior approval of the Monetary Board ("MB") of the BangkoSentral ng Pilipinas ("BSP"), to issue investment participation certificates, *sukuk*, and other Shari'ah compliant funding instruments to be used by the Bank in its operations or capital notes;
- (i) To invest in equities of the following allied undertakings:
 - (i) Warehousing companies;
 - (ii) Leasing companies;
 - (iii) Storage companies;
 - (iv) Safe deposit box companies;
 - (v) Companies engaged in the management of mutual funds but not in the mutual funds themselves; and
 - (vi) Such other similar activities as the Monetary Board of the BangkoSentral ng Pilipinas has declared or may declare as appropriate from time to time, subject to existing limitations imposed by law.
- (j) With prior MB approval, to invest in equities of the Shari'ah compliant undertakings that directly support the delivery of Islamic banking and financing services;
- (k) To act as an official government depository, or its branches, subdivisions, and instrumentalities and of government-owned or controlled corporations, particularly those doing business in the autonomous region;
- (l) The AIB shall exercise all the powers and perform all the services of a bank, except as otherwise prohibited by this Act;
- (m) Notwithstanding the provisions of any law to the contrary, the AIB is hereby authorized to operate an Investment House pursuant to Presidential Decree No. 129, as amended, and as a Venture Capital

Corporation, pursuant to Presidential Decree No. 1688 and, by virtue thereof, carry on the following types of commercial operations:

(i) The AIB may have a direct interest as a shareholder, partner, owner or any other capacity in any commercial, industrial, agricultural, real estate, or development project under *mudarabah* form of partnership or *musharaka* joint venture agreement or by decreasing participation, or otherwise invest under any of the various contemporary Islamic financing techniques or modes of investment for profit sharing;

(ii) The AIB may carry on commercial operations for the purpose of realizing its investment banking objectives by establishing enterprises or financing existing enterprises, or otherwise by participating in any way with other companies, institutions or banks performing activities similar to its own or which may help accomplish its objectives in the Philippines or abroad, under any of the contemporary Islamic financing techniques or modes of investment for profit sharing; and

(iii) The AIB may perform all business ventures and transactions as may be necessary to carry out the objectives of its charter within the framework of the Islamic Bank's financial capabilities and technical considerations prescribed by law and convention: *Provided*, that these shall not involve any *riba* or other activities prohibited by the Islamic Shari'ah principles.

(n) To exercise the powers granted under this Charter and such incidental powers as may be necessary to carry on its business, and to exercise further the general powers mentioned in the Corporation Code of the Philippines and the General Banking Law, insofar as they are not inconsistent or incompatible with the provisions of this Charter.

PART II - PROVISIONS GOVERNING THE AL-AMANAH ISLAMIC INVESTMENT BANK

Section 7. Authorized Capital Stock. - The authorized capital stock of the AIB shall be ten (10) billion pesos (P10,000,000,000.00) divided into one hundred million shares with par value of one hundred pesos each. *Provided*, that sixty million shares thereof shall be subscribed and paid by the National Government as paid up capital through the Bangsamoro Autonomous Region pursuant to Section 6, paragraphs c) and k), Article XII of Republic Act No. 11054. *Provided* further that, such paid up capital shall be automatically infused to the Bank immediately after the effectivity of this Act.

Section 8. Classification of Shares. - The Bank's authorized capital stock shall have the following classifications and features in relation to its Islamic banking operations:

- (a) *Series "A"* shares shall be comprised of sixty million shares equivalent to six billion pesos to be subscribed and paid by the National Government through its present stockholders - the Development Bank of the Philippines and/or such other financial entities as the National Government may designate.
- (b) *Series "B"* shall be comprised of ten million shares equivalent to one billion pesos to be made available for subscription by Filipino individuals and institutions.
- (c) *Series "C"* shares shall be comprised of thirty million shares equivalent to three billion pesos to be made available for subscription by Filipino and foreign individuals and/or institutions or entities.

Anyone of the shareholders may exercise its pre-emptive right to consolidate ownership of the outstanding shares as hereinafter increased: *Provided*, that the common shares of the AIB which have been issued and outstanding shall form part of its increased capitalization, subject to the concurrence of its existing shareholder. The AIB is authorized to reacquire its common shares that are held privately. The AIB may take the necessary steps to have its *Series "B"* and *Series "C"* shares listed in any duly registered stock exchange.

Section 9. Board of Directors; Composition, Tenure, and Per Diems. - Unless otherwise provided in this Act, the corporate powers of AIB shall be exercised, its business directed and its properties managed and preserved by a Board of Directors consisting of at least five (5) but not more than nine (9) members, to be appointed by the President of the Philippines. The Chairman of the Board and the President of the Bank shall likewise be appointed by the President of the Philippines from among the members of the Board of Directors; *Provided*, that the position of Chairman of the Board and President of the Bank shall not be held by the same person. The term of office of the Chairman, President, and 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 shall preside at meetings of the Board and of the stockholders.

The President of the AIB shall be the 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.

Appointed members of the Board of Directors shall be subject to the fit and proper rule of the Bangko Sentral ng Pilipinas and to other qualification requirements as prescribed by the Good Governance Commission for Government-Owned and Controlled Corporations ("GCG") and the Monetary Board. The per diems and other financial remuneration of the Board of Directors of AIB shall be subject to the rules and regulations prescribed by the GCG.

The Board of Directors shall convene at the principal office at least once every month upon due notice by the Chairman or, whenever the need arises, upon the request of three (3) members of the Board of Directors. The Board may convene outside the AIB's principal office as the members shall determine in the bylaws of AIB. AIB shall designate the required number of independent directors under existing banking laws and regulations.

Section 10. Powers of the Board. - The Board of Directors shall be the governing body of AIB and shall have the broadest powers to manage the AIB, except such matters as are expressly reserved by the shareholders at the general shareholders meeting.

The Board shall adopt policy guidelines necessary to carry out effectively the provisions of this Act as well as internal rules and regulations necessary and affecting the conduct of its business, expenditures, and all matters in connection and relating to administration and management including office functions, personnel organization, functions and duties, salary, and other incentives and emoluments authorized by law.

The Board of Directors shall have the power to appoint managers, hire and authorize agents, legal representatives and technical consultants, subject to the requirements and rules of the Commission on Audit.

The Board shall cause the preparation of AIB's financial statements according to generally accepted accounting principles established and appropriate for Islamic banking. Copies of the audited financial statements shall be provided to the shareholders before the date of the general meeting.

The Board is authorized to establish a personnel welfare fund for the benefit of all officers and permanent employees of the Bank. Members of the Board may likewise enroll in said welfare fund; *Provided*, that they are not appointed to the governing board or become officers or personnel of the Personnel Provident Fund ("PPF") and that they may avail of the benefits or product under the PPF but proportionate to their enrollment and contribution; *Provided further*, that AIB does not share with respect to their monthly contributions.

The Board is likewise authorized to defray the costs of study, at home or abroad of outstanding employees of the AIB, of promising university graduates or of any other qualified persons who shall be determined by proper competitive examinations. The Board of Directors shall prescribe rules and regulations to govern the training program of the AIB.

Section 11. *Shari'ah Advisory Council (SAC); Creation, Composition, Qualification, Election, Term, Functions, and Limitations.* - To ensure its compliance with Shari'ah principles, the AIB shall constitute an Shari'ah Advisory Council ("SAC") composed of not more than five (5) but not less than three (3) members.

As minimum qualification requirements, all persons to be appointed as members of the SAC must be Islamic scholars and jurists of Islamic comparative law and majority must have obtained a degree or have at least three (3) years work experience and proficiency in Islamic banking and finance.

The members shall be elected for a term of not more than three (3) years at a general shareholders meeting from the list of nominees submitted by the Board. AIB shall include in its by-laws the internal procedures, limitations, detailed functions, and relevant framework that will be implemented in the fulfillment of functions and mandate of the SAC.

The SAC shall give advice and undertake reviews pertaining to the application of Islamic principles and Shari'ah rulings on AIB's transaction, including its Islamic products, and shall provide inputs on the development and improvement of Islamic banking products.

Any or all of the members may be invited by the BOD in the regular or special meetings to expound on his/their views on matters of Islamic Shari'ah affecting a particular transaction but shall not be entitled to vote on the question presented before the Board.

Section 12. *Meetings.* -The general shareholders meeting shall convene annually at the latest and within six (6) months following the end of the financial year of AIB at the place, date, and time fixed in the notice for the meeting. The attendance of shareholders representing at least sixty per centum (60%) of the capital of the AIB shall constitute a quorum to do business. The purpose, date, place, the manner of giving notice, and other matters relating to the holding of the general shareholders meeting shall be provided for in the by-laws of AIB in conformity with Section 32 of this Act, subject to the applicable provisions of the Corporation

Code of the Philippines. Likewise, other meetings necessary in the efficient conduct of business of the AIB shall be provided for in the by-laws of the Bank.

Section 13. – *The President, other Officers and Employees.* - The President shall be the chief executive officer of AIB who shall be appointed by the President of the Republic of the Philippines. He shall be the Vice-Chairman of the Board of Directors and can be replaced only upon assumption of his successor duly appointed. All other officers and employees of the Islamic Bank shall be appointed by the Board of Directors and shall be subject to Civil Service Rules.

The AIB President shall, among others, execute and administer the policies, measures, orders, and resolutions approved by the Board of Directors, in particular, he/she shall have the power and duty: to execute all contracts on behalf of AIB and to enter into all necessary obligations by this Charter required or permitted; to report to the Board the main facts concerning the operations of the AIB during regular meetings. He may call for special board meetings on matters affecting the operation of the Bank or its business which require immediate action and its disposal can be made only by the Board.

Section 14. *Employee Share Schemes.* - The Board of Directors may adopt an employee profit sharing scheme under the following:

- (a) Any arrangement under which the directors, officers and employees receive, in addition to their salaries and wages a share, fixed beforehand, in the profits realized by the AIB or by affiliate companies of the AIB to which the profit sharing scheme relates; and
- (b) Any arrangement under which AIB facilitates the acquisition by its directors, officers and employees of common shares of stock either as share-incentives, share-bonus options, or any other share-saving schemes as the Board of Directors may determine.

No scheme shall be approved by the Board under this Section unless it is satisfied that the participant in the profit sharing scheme is bound by a contract with the AIB by virtue of which an appropriation of shares has been made for the purpose. The shares so purchased or appropriated shall be deposited in escrow with the AIB.

The AIB shall then constitute the trustees of an approved scheme, whose functions with respect to the common shares held by them are regulated by Chapter IX of the General Banking Law of 2000 and other pertinent laws. The terms of the approved scheme shall be embodied in a deed of instrument as the Board may require.

Section 15. *Investment of Funds.* - The AIB shall have the capacity of agent or attorney and shall act with full authority on behalf of the group of depositors in general in investing their co-mingled deposits and shall ensure a degree of liquidity to be determined by the Board to meet the current obligations of the Islamic Bank, including drawings from savings accounts and current accounts: *Provided*, that such degree of liquidity shall be subject to the reserve requirement as may be determined by the BangkoSentral ng Pilipinas. The Board shall determine the period for an investment participation account. Investment of funds shall be undertaken by the AIB acting on behalf of the group of depositors or investors in selected areas of investment under such terms and conditions as the Board may determine by way of *mudarabah* or other forms of joint investment permitted by Islamic Shari'ah principle.

Section 16. *Incentives to Islamic Banking.* - Subject to the provisions of *Section 72* of the *New Central Bank Act (R. A. No. 7653)* covering "Emergency Restrictions on Exchange Operations," the provisions of the Omnibus Investment Code on the basic rights and guarantees of investors are made applicable to the commercial operations of the Islamic Bank in respect to repatriation or remittance of profits from investments, and to protection against nationalization, sequestrations, or expropriation proceedings. Any proceeding of judicial or administrative seizure may not be taken against the said property or investment except upon a final court judgment.

Section 17. *Current Accounts of Islamic Banks.* - The BSP is authorized to open current accounts for Islamic banks for settlement and other purposes under such rules and regulations as the Monetary Board may prescribe: *Provided*, that the BSP may charge administrative and other fees for the maintenance of such facilities as may be allowed under Shari'ah principles.

Section 18. *Capital Funds Requirement.* - AIB shall maintain its combined capital accounts in proportion to its assets as prescribed by the General Banking Law and subject to the rules and regulations, as well as compliance and monitoring requirements of the BangkoSentral ng Philippines.

Section 19. *Grants and Donations.* - AIB shall accept grants, donations, endowments, and subsidies, or funds and/or property offered by individuals and organizations, who may earmark such grants for a specific purpose or for such other purposes beneficial to the Muslim communities, without prejudice to the general objectives of AIB.

The financial statement and books of accounts of such funds shall be maintained separately but may be supplemented to the AIB's balance sheet.

Under special circumstances in which the Board considers it advisable to promote or facilitate Islamic banking business and commercial operations, the AIB may seek financing from governments, organizations, individuals, or banks always without prejudice to Section 5 of this Charter.

AIB may also become a depository of institutions who are allowed and authorized to receive *zakat* or *ithe*. Subject to AMLC requirements, AIB, before allowing such institution to open an account, shall refer to its own SAC to determine the competence, qualification and reputation of the institution. Independent of AIB's compliance with AMLC, the AIB, to ensure its Shari'ah compliance, may also conduct a regular background information check on the institution at any time during the life of the depository and may submit the result thereof to the SAC for its review and recommendation.

Section 20. Accounting Period. - The Financial Year of the AIB shall be based on the Gregorian calendar, but the corresponding Islamic Hijra date shall be mentioned on all correspondences, contracts, printed materials, forms, and records of the AIB. The accounting period shall commence from the first day of January and close at the end of December of each year.

Section 21. Tax Neutrality. - The Government shall endeavour to achieve neutral tax treatment between Islamic banking transactions and equivalent conventional banking transactions. The Secretary of Finance, upon the recommendation of the Commissioner of the Bureau of Internal Revenue ("BIR"), pursuant to its rule-making power, shall issue policies and guidelines to implement tax neutrality conducive to the growth of Islamic banking and finance in the country.

Section 22. Exemption from Customs Duties. - Following the effectivity of this Act, all importations by the Bank of machinery, equipment, and computers, and accompanying spare parts, as may be necessary or incidental to its operation, shall be exempt from customs duties and compensating taxes payable thereon: *Provided*, however, that the same shall not be disposed of domestically unless payment is made of all duties thereof at the tariff rates and according to their condition at the time of disposal and upon compliance with all import and exchange procedures.

Section 23. Non-Applicability of Selected Acts. - In order to achieve the international and domestic objectives of Islamic banking business, the provisions of the following acts and laws shall not apply to the AIB to the extent as herein rendered inoperative:

- (a) The provisions of the BankoSentral ng Pilipinas and the General Banking Act, with particular reference to the determination of bank interest rates,

loans, and discounts, and any interest-bearing instruments or charge: *Provided*, that nothing contained herein shall be construed to impair the powers of the BangkoSentral ng Pilipinas to supervise and regulate the activities of the AIB; and

(b) The provision of Republic Act Numbered Three Thousand Five Hundred Ninety-one (R.A. 3591), as amended, and all laws, regulating insurance companies: *Provided*, however, that nothing contained herein shall preclude the AIB from the establishment of contemporary Islamic *tafakul* (solidarity services) free of *riba* premiums or interests.

Section 24. Terms of Legal Existence. - The legal existence of the AIB shall be for a period of fifty (50) years, from the date of the approval of this Act, renewable upon resolution of the general shareholders meeting called for said purpose.

At the expiration of the AIB's corporate existence or in the event of its dissolution before this date, the general shareholders meeting shall, upon the request of the Board of Directors, define the method of dissolution as provided for in its by-laws.

Section 25. Application of the Islamic Shari'ah. - The Monetary Board of the BangkoSentral ng Pilipinas shall formulate the necessary rules and regulations to carry out the provisions of this Charter for the purpose of providing adequate credit facilities primarily to the Filipino-Muslims and supervise the operation of the AIB in accordance with the universal principles of the Islamic Shari'ah.

Section 26. Penalties for Violation. - Any person who violates or permits the violation of any provision of this Act shall be punished by a fine not exceeding Two Hundred Thousand pesos (P200,000.00) or an imprisonment of not more than five (5) years, or both at the discretion of the court.

Section 27. Reorganization of the Bank. - The AIB shall commence its reorganization within six (6) months from the date this Act takes effect. The present personnel complement of the Philippine Amanah Bank shall in the interim continue to discharge their respective functions. Officials and personnel whose services may be dispensed with as a result of this reorganization shall be paid the usual gratuities to which they may be entitled.

Section 28. Supervision and Regulation by the BangkoSentral ng Pilipinas. - The AIB shall be under the supervision and regulation of the BangkoSentral ng Pilipinas. All provisions of this Act, subject to applicability of Islamic Shari'ah principles, shall be subject to all banking and pertinent laws of the Philippines and BangkoSentral Rules and Regulations which shall include proper safeguards

to depositors and investors in the investments, partnerships, agencies and other operation of the bank.

Section 29. *Privatization.* - Nothing in this Act shall be construed as to preclude the AIB from privatization.

In the event of privatization, the Bank shall be registered with the Securities and Exchange Commission ("SEC"), and shall be subject to applicable provisions of the Corporation Code of the Philippines, in addition to the rules and regulations of the BSP and other government regulatory agencies. The AIB shall automatically cease to exist upon its registration under the SEC.

Section 30. *Statutory Articles of Incorporation.* - This Act, upon its effectivity, shall be deemed accepted for all legal intents and purposes as the Statutory Articles of Incorporation of the AIB; and that notwithstanding the provisions of any existing law to the contrary, the AIB shall be deemed registered and duly authorized to do business and operate as an Islamic Bank as of the date of approval of this Act.

Section 31. *The By-laws.* - Within sixty (60) days upon effectivity of this Act, the by-laws of the AIB for its organizational, functional, and operational government and procedure shall be adopted by affirmative vote at the general shareholders meeting representing a majority of all subscribed capital stock entitled to vote, subject to certification by the Monetary Board pursuant to Section 14 of the General Banking Law of 2000.

The by-laws, duly certified by the Monetary Board as aforesaid, shall be signed by the shareholders voting for them and shall be kept in the principal office of the AIB, subject to the inspection of the shareholders during office hours, and a copy thereof, duly certified by a majority of the directors and countersigned by the Corporate Secretary of the AIB, shall be filed and registered with the SEC.

Section 32. *Separability Clause.* - If any of the provisions of this Act is declared invalid, the other provisions not affected thereby shall remain in full force and effect.

Section 33. *Repealing Clause.* - All laws, presidential decrees, executive orders, rules and regulations, and other issuances, or any parts thereof, inconsistent with this Act, are hereby repealed, modified, or amended accordingly.

Section 34. *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.

Approved,