



Republic of the Philippines
House of Representatives
Quezon City



EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 6977

Introduced by REPRESENTATIVE ERIC L. OLIVAREZ

EXPLANATORY NOTE

One of the most damaging effects of the COVID-19 pandemic is the decline in the economy of the country. The pandemic caused a huge halt on the economic activities that damaged numerous businesses and industries. Considering that financial institutions play a huge part in the development of the country, it is only necessary that their financial health be protected.

This bill aims to extend support to financial institutions in order to be given an avenue to improve their financial stability and in effect become channels for a holistic economic upsurge for our country. Furthermore, this bill proposes the enactment of the Financial Institution Strategic Transfer Law which is designed to rectify the injurious effects of the COVID-19 pandemic by assisting in the resolution of their bad debt and management of non-performing assets.

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

Eric L. Olivarez
ERIC OLIVAREZ



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1
2 **"THE PHILIPPINE BANKING INDUSTRY RESILIENCY ACT**
3 **AGAINST COVID-19 PANDEMIC"**
4

5 *Be it enacted in the Senate and the House of Representatives of the*
6 *Republic of the Philippines in Congress assembled:*

7 **SECTION 1. Short Title** - This Act shall be known as the "*Financial*
8 *Institutions Strategic Transfer (FIST) Law*".

9 **SECTION 2. Declaration of Policy.** – It is hereby the declared policy
10 of State to:

- 11 a. Develop and maintain a sound financial sector for the country;
12 b. Address the non-performing asset problems of the financial sector;
13 c. Encourage public and private sector investments in non-performing
14 assets;
15 d. Eliminate existing barriers in the acquisition of non-performing assets;
16 e. Help in the rehabilitation of distressed businesses with the end in view
17 of contributing to economic value added; and

- 1 f. Improve the liquidity of the financial system which can be harnessed to
2 propel economic growth and maintain financial stability.

3 **SECTION 3. *Definition of Terms.*** – For purposes of this Act, the term:

- 4 a. “*Approval Certificate*” shall mean the certificate of approval or authority
5 issued by the Commission to an application by a Financial Institutions
6 Strategic Transfer Corporation (FISTC) to issue Investment Unit
7 Instruments (IUIs) pursuant to the provisions of this Act.
- 8 b. “*Approved Plan*” shall mean an FISTC Plan for which an Approval
9 Certificate has been issued by the Commission.
- 10 c. “*BSP*” shall refer to the Bangko Sentral ng Pilipinas.
- 11 d. “*Commission*” refers to the Securities and Exchange Commission
12 (SEC).
- 13 e. “*Financial Institutions or FIs*” shall mean credit-granting institutions
14 which shall be limited to the following:
- 15 i. The BSP;
- 16 ii. A bank as defined under Republic Act No. 8791, also known as
17 “*The General Banking Law of 2000*”;
- 18 iii. A financing house as defined under Republic Act No. 8556 also
19 known as “*The Financing Company Act of 1998*”;
- 20 iv. An investment house as defined in Presidential Decree No. 129
21 also known as “*The Investment Houses Law*”;
- 22 v. A lending company as defined under Republic Act No. 9474
23 also known as “*Lending Company Regulation Act of 2007*”;
- 24 vi. Government Financial institutions (GFIs) which for purposes of
25 this Act refers to the National Home Mortgage Finance
26 Corporation (NHMFC), Philippine Guarantee Corporation
27 (PGC), Home Development Mutual Fund (HDMF), Social
28 Security System (SSS), Government Service Insurance
29 System (GSIS), Small Business Corporation (SBC), National
30 Housing Authority (NHA), and such other government-owned

1 and controlled corporations as may be included by the
2 Secretary of Finance; and

3 vii. Other institutions licensed by the BSP to perform (i) quasi-
4 banking functions and (ii) credit-granting activities including, but
5 not limited to, non-stock savings and loan associations,
6 pawnshops, and non-bank credit card issuers.

7 f. "*FISTC*" shall mean the Financial Institutions Strategic Transfer
8 Corporation created pursuant to the provisions of this Act.

9 g. "*FISTC Plan*" shall refer to the plan submitted to the Commission for
10 its approval as pre-requisite to the issuance of an IUI.

11 h. "*Investment Unit Instruments or IUIs*" shall refer to participation
12 certificates, debt instruments, or similar instruments issued by the FISTC and
13 subscribed by permitted investors as provided in Section 11 hereof, pursuant
14 to an approved plan.

15 *Provided*, that these shall not include the instruments to be issued by
16 the FISTC to the selling FIs as full or partial settlement of the non-
17 performing assets transferred to the said FISTC:

18 *Provided, further*, that such issuances of the FISTC shall not be
19 considered as deposit substitutes:

20 *Provided, finally*, that these shall not form part of the capital stock of
21 FISTC.

22 i. "*Non-Performing Assets or NPAs*" shall consist of the Non-Performing
23 Loans and Real and Other Properties Acquired (ROPA) by FIs.

24 j. "*Non-Performing Loans or NPLs*" refer to secured or unsecured loans,
25 receivables, and other financial assets of similar nature, including
26 restructured loans which are considered credit-impaired as defined in the
27 Implementing Rules and Regulations (IRR).

28 k. "*Real and Other Properties Acquired or ROPAs*" shall refer to real and
29 other properties, other than those used for operating purposes or held for
30 investment, acquired by an FI in settlement of loans and receivables
31 including real properties, shares of stocks, and security interest which have
32 been acquired by way of dation in payment (*dacion en pago*) or judicial or

1 extra-judicial foreclosure or execution of judgment or enforcement of security
2 interest.

3 I. *"True Sale"* shall refer to a sale wherein the selling FI transfers or sells
4 its NPAs without recourse for cash or property to an FISTC, without prejudice
5 to the FI and FISTC agreeing on sharing of profits and subject to the following
6 results:

7 i. The transferor transfers full legal and beneficial title to and
8 relinquishes effective control over the transferred NPAs; and

9 ii. The transferred NPAs are legally isolated and put beyond the
10 reach of the transferor and its creditors:

11 *Provided*, That the transferring FI shall not have direct or indirect
12 management of the transferee FISTC:

13 *Provided, further*, That the selling FI does not have ownership of more
14 than ten percent (10%) in the transferee FISTC.

15 **SECTION 4. *Financial Institutions Strategic Transfer Corporation***
16 **(FISTC).** – An FISTC is a stock corporation organized in accordance with
17 Republic Act No. 11232, otherwise known as *"The Revised Corporation*
18 *Code of the Philippines"*, and the rules promulgated by the Commission for
19 purposes of registering the FISTC:

20 *Provided*, that if the FISTC will acquire land, at least sixty percent
21 (60%) of its outstanding capital stock shall be owned by Philippine nationals
22 pursuant to Republic Act No. 7042, as amended, otherwise known as the
23 *"Foreign Investments Act"*. BSP, GFIs and GOCCs may create an FISTC
24 subject to their respective charters and the approval of the Governance
25 Commission for Government Owned or Controlled Corporations.

26 *Provided, further*, that the limitations under Section 3(I) of this Act shall
27 not apply to BSP and such GFIs or GOCCs.

28 **SECTION 5. *Powers of an FISTC.*** – An FISTC shall have the
29 following powers:

30 a. Invest in or acquire NPAs or FIs;

- b. Engage third parties to manage, operate, collect, and dispose of NPAs acquired from an FI;
- c. Rent, lease, hire subject to security interest, mortgage, transfer, sell, exchange, usufruct, secure, securitize, collect rents and profits, and other similar acts concerning its NPAs acquired from an FI;
- d. In case of NPLs, to restructure debt, condone debt, and undertake other restructuring-related activities. In restructuring debt, the FISTC may reduce the principal, interest rates, and the period for calculating the interest, extend the time for debt repayment or relax the conditions for debt repayment, agree to the conversion of the borrower's debt to equity in the borrower's business, and agree to a transfer of assets or claims from the borrower to repay the debt or dispose of some of the borrower's property or claims to third persons;
- e. Take, transfer or buy shares issued by the borrower subject to the provisions of the Revised Corporation Code of the Philippines in respect of the rights of the shareholders of the borrower company, and apply any other measures or restructuring techniques with the approval of the Commission;
- f. Enter into dation in payment (*dacion en pago*) arrangements, foreclose, judicially or extra-judicially, and other forms of debt settlement involving NPLs;
- g. Spend funds to renovate, improve, complete, or alter its NPA acquired from an FI;
- h. Issue equity or participation certificates or other forms of IUIs for the purpose of acquiring, managing, improving and disposing of its NPAs acquired from an FI;
- i. Borrow money and issue other instruments of indebtedness for the purpose of paying operational and administrative costs;
- j. Guarantee credit and accept or intervene for honor the bills of borrowers;

1 k. Advance funds to borrowers where required by an acquired asset
2 or any debt restructuring agreement pursuant thereto, or under
3 any court order or rehabilitation plan; and

4 l. Engage the services of a third-party asset servicing company for
5 the collection and receipt of the debt payments for debts under
6 debt restructuring or business reorganization, management and
7 disposition of assets of the FISTC in accordance with the rules,
8 procedures, and conditions prescribed by the Commission or by
9 the courts. Except in the case of ROPAs whose redemption
10 periods have already expired, the FISTC shall notify the borrower
11 and all persons holding prior encumbrances upon the properties
12 or a part thereof or are actually holding the same adversely to
13 the borrower within fifteen (15) days from the date of the
14 appointment of the said servicing company.

15 **SECTION 6. *Period for Filing of Application.*** – Applications for the
16 establishment and registration of an FISTC shall be filed with the
17 Commission not beyond eighteen (18) months from the date of effectivity of
18 the IRR promulgated pursuant to Section 23 of this Act:

19 *Provided, that the Secretary of Finance may extend the period by a*
20 *maximum of eighteen (18) months.*

21 Entities created under Republic Act No. 9182, as amended, are
22 qualified to avail of the privileges and incentives under this Act, subject to
23 compliance with the requirements prescribed in the IRR and the regulations
24 that may be issued by the Commission.

25 **SECTION 7. *Capitalization of an FISTC.*** - An FISTC shall have
26 adequate minimum capitalization in such amount as may be prescribed by
27 the Commission.

28 **SECTION 8. *Submission of FISTC Plan.*** – After the establishment of
29 an FISTC pursuant to Section 4 hereof, an FISTC Plan shall be submitted to
30 the Commission for approval which shall include the following:

31 a. Investment policies of FISTC;

32 b. Contribution plan including the amounts and drafts of subscription
33 documents;

- c. Features of the IUIs including the specific amount issued and/or to be issued;
- d. Rights of the holders of the IUIs;
- e. Draft agreements for the appointment of trustees and agents with respect to the IUIs and the NPLs acquired from an FI;
- f. Name of the external auditor of the FISTC;
- g. Roles and responsibilities of the trustees, advisors, loan servicers and property managers;
- h. Draft form of financial reports of the FISTC;
- i. Details of distribution policies;
- j. Methods for the increase and decrease of future fund contribution;
- k. Methods for the alteration or modification of the approved FISTC Plan;
- l. Methods for the liquidation and distribution of assets to the holders of IUIs;
- m. Details of credit enhancements like guarantees or standby letters of credit or advances that may be extended to the FISTC by an entity which shall not be the selling FI, its parent, subsidiaries or affiliates; and
- n. Such other documents or information as may be required by the Commission.

SECTION 9. Approval. - Upon approval of the FISTC Plan, the Commission shall issue an Approval Certificate stating that the application has been approved and that the IUIs may be issued.

SECTION 10. Issuance of IUIs – The FISTC may be allowed to issue IUIs subject to the rules and regulations the Commission is herein mandated to promulgate.

1 **SECTION 11. *Permitted Investors.*** - Any person may acquire or hold
2 IUIs in an FISTC in the minimum amount of TEN MILLION PESOS
3 (Php10,000,000.00):

4 *Provided,* that an FISTC shall not be authorized to acquire the IUIs of
5 another FISTC:

6 *Provide, further,* that the parent, subsidiaries, affiliates or stockholders,
7 directors, officers or any related interest shall not acquire or hold, directly or
8 indirectly, the IUIs of the FISTC that acquired the NPAs of the FI.

9 **SECTION 12. *Notice and Manner of Transfer of Assets.*** -

10 a. No transfer of NPLs to an FISTC shall take effect unless the FI
11 concerned shall give prior notice to the borrowers of the NPLs and
12 all persons holding prior encumbrances upon the assets mortgaged
13 or subject to security interest. Such notice shall be in writing and
14 made in accordance with the Rules of Civil Procedure, as amended,
15 and the IRR, at their last known address on file with the FI.

16 b. The transfer of NPAs from an FI to an FISTC shall be subject to
17 prior certification of eligibility as NPA by the appropriate regulatory
18 authority having jurisdiction over its operations which shall issue its
19 certification within forty-five (45) days from the date of application
20 by the FI for eligibility.

21 c. After the sale or transfer of the NPLs, the transferring FI shall inform
22 the borrower in writing at the last known address of the fact of the
23 sale or transfer of the NPLs.

24 **SECTION 13. *Nature of Transfer.*** - All sales or transfers of NPAs to
25 an FISTC shall be in the nature of a true sale after proper notice in
26 accordance with the procedure as provided for in Section 12, without need
27 for the borrower's consent.

28 *Provided,* that GFIs' and GOCCs' disposition of assets shall be
29 covered by the special rules in the IRR.

30 *Provided, further,* that after the sale, the FISTC shall assume all rights
31 and obligations of the transferring FI.

1 **SECTION 14. Issuance of Injunctive Relief Against Transfer of**
2 **Assets.** – No court, other than the Court of Appeals and the Supreme Court,
3 shall issue any temporary restraining order, preliminary injunction,
4 preliminary mandatory injunction, status quo order, stay order,
5 commencement order, or any other issuance of injunctive relief against the
6 transfer of NPAs from the FI to an FISTC, and from an FISTC to a third party,
7 or dation in payment (*dacion en pago*) by the borrower or by a third party in
8 favor of an FI or in favor of an FISTC, or judicial or extrajudicial foreclosure
9 sales or execution sales of the FI or FISTC, or collateral in settlement of
10 NPLs.

11 Any restraining order, injunction, status quo order, stay order,
12 commencement order, or any other issuance of injunctive relief issued in
13 violation of this section is void and of no force and effect.

14 The provisions of the Rules of Court on injunctions, insofar as these
15 are applicable and not inconsistent with the provisions of this Act shall
16 govern the issuance and dissolution of restraining orders, injunctions, status
17 quo orders or stay orders against said transfers.

18 **SECTION 15. Tax Exemptions and Fee Privileges.** – Any existing
19 law to the contrary notwithstanding, the transfer of NPAs from the FI to an
20 FISTC, and from an FISTC to a third party or dation in payment (*dacion en*
21 *pago*) by the borrower or by a third party in favor of an FI or in favor of an
22 FISTC shall be exempt from the following taxes:

- 23 a. Documentary stamp tax on the abovementioned transfer of NPAs
24 and dation in payment (*dacion en pago*) as may be imposed under
25 Title VII of the National Internal Revenue Code of 1991, as
26 amended by Republic Act No. 10963, otherwise known as the Tax
27 Reform for Acceleration and Inclusion (TRAIN) Act;
- 28 b. Capital gains tax imposed on the transfer of lands and/or other
29 assets treated as capital assets as designed under Section 39(A)(1)
30 of the National Internal Revenue Code of 1997 as amended;
- 31 c. Creditable withholding income taxes imposed on the transfer of land
32 and/or buildings treated as ordinary assets pursuant to Revenue
33 Regulation No. 2-98, as amended;

1 d. Value-added tax on the transfer of NPAs as may be imposed under
2 Title IV of the National Internal Revenue Code of 1997, as
3 amended, or gross receipts tax under Title V of the same Code,
4 whichever is applicable pursuant to regulations of the Bureau of
5 Internal Revenue (BIR).

6 The abovementioned transfers shall also be subject to the
7 following, in lieu of the applicable fees:

- 8 i. Fifty percent (50%) of the applicable registration and
9 transfer of fees on the transfer of real estate mortgage and
10 security interest to and from the FISTC, as imposed in
11 accordance with the existing circulars of the Land
12 Registration Authority (LRA);
- 13 ii. Fifty percent (50%) of the filing fees for any foreclosure
14 initiated by the FISTC in relation to an NPA acquired from
15 an FI, as prescribed by the Rules of Court; and
- 16 iii. Fifty percent (50%) of the land registration fees prescribed
17 under the existing circulars of the LRA.

18 All sales or transfers of NPAs from the FIs to an FISTC or
19 transfers from the FIs to an FISTC or transfers by way of dation in
20 payment (*dacion en pago*) by the borrower or by a third party to the
21 FI shall be entitled to the privileges enumerated herein for a period
22 of no more than two (2) years from the date of effectivity of the IRR:
23 *Provided*, that the Secretary of Finance may extend the period by
24 a maximum of two (2) years.

25 Transfers from an FISTC to a third party of NPAs acquired by
26 the FISTC within such two-year period, or within such extended
27 period, or transfers by way of dation in payment (*dacion en pago*)
28 by a borrower to the FISTC shall enjoy the privileges enumerated
29 herein for a period of not more than five (5) years from the date of
30 acquisition by the FISTC: *Provided*, that Secretary of Finance may
31 extend such five-year period by a maximum of five (5) years:
32 *Provided, further*, that properties acquired by an FISTC from GFIs
33 or GOCCs which are devoted to socialized or low-cost housing
34 shall not be converted to other uses.

1 The abovementioned tax exemptions, incentives, and fee
2 privileges given to FIs and FISTC at the various stages of the
3 transactions under this Section shall likewise be extended to any
4 individual in accordance with the IRR: *Provided*, that:

- 5 i. The transaction is limited to a single family residential unit
6 ROPA or NPL secured by real estate mortgage on a
7 residential unit;
- 8 ii. There shall only be one transaction consisting of one
9 residential unit per individual;
- 10 iii. The two-year transfer period, including its extension, and
11 the five-year entitlement period granted to NPA, as may be
12 extended by the Secretary of Finance, shall also apply to
13 said single family residential unit.

14 **SECTION 16. Additional Tax Exemptions and Fee Privileges.** – To
15 encourage the infusion of capital and/or financial assistance by the FISTC
16 for the purpose of rehabilitating the borrower's business, the following
17 additional tax exemptions and privileges shall be enjoyed:

- 18 a. The FISTC shall be exempt from income tax on net interest income,
19 documentary stamp tax and mortgage registration fees on new
20 loans in excess of existing loans extended to borrowers with NPLs
21 which have been acquired by the FISTC.
- 22 b. In case of capital infusion by the FISTC to the borrower with NPLs,
23 the FISTC shall also be exempt from the documentary stamp tax.

24 *Provided*, that the abovementioned tax exemptions and fee privileges
25 shall apply for a period of not more than five (5) years from the date of
26 acquisition of NPLs by the FISTC:

27 *Provided, further*, that the Secretary of Finance may extend the period
28 by a maximum of five (5) years.

29 **SECTION 17. Privileges of Participating FIs.** –

- 30 a. Any loss that is incurred by the FI as a result of the transfer of NPAs
31 shall be treated as ordinary loss:

1 *Provided*, that the accrued interest and penalties shall not be
2 included as loss on said loss carry over from operations subject to
3 the provisions of the National Internal Revenue Code of 1997 on
4 net operating loss carry-over (NOLCO), except that the loss
5 incurred by the FI from the transfer of NPAs within the two-year
6 period from the effectivity of the IRR may be carried over for a period
7 of five (5) consecutive taxable years immediately following the year
8 of such loss:

9 *Provided, further*, that for purposes of corporate gain or loss,
10 the carry-over shall be subject to pertinent laws:

11 *Provided, finally*, that the tax savings derived by FIs from the
12 NOLCO shall not be made available for dividend declaration but
13 shall be retained as a form of capital build-up. The BIR shall issue
14 the applicable rules and regulations to effectively implement the
15 provisions of this Section.

- 16 b. The regulatory authority concerned shall promulgate the necessary
17 rules and regulations governing the treatment of any loss of the FIs
18 in the books of account as a result of the transfer of the NPAs.
- 19 c. In the case of non-bank GFIs and GOCCs enumerated in Section 3
20 hereof, the Department of Finance (DOF), in consultation with the
21 Commission on Audit (COA), shall promulgate the necessary rules
22 and regulations governing the treatment of any loss in their books
23 of account as a result of the transfer of their NPAs.

24 **SECTION 18. Abuse of Tax Exemptions and Privileges.** – Any
25 person, natural or juridical, who benefits from the tax exemptions and
26 privileges herein granted, when such person is not entitled thereto, shall be
27 subject to the penalties provided in Section 26 hereof. In addition, the
28 offender shall refund to the government double the amount of the tax
29 exemptions and privileges availed of under this Act, plus interest of twelve
30 percent (12%) per annum from the date prescribed for its payment until the
31 full payment thereof.

32 **SECTION 19. Consumer Protection Mechanism.** – The FISTC shall
33 set up an appropriate consumer protection mechanism as may be prescribed
34 in the IRR issued by the appropriate regulatory authority.

1 **SECTION 20. *Redemption Periods.*** – The redemption periods
2 allowed to borrowers of banks under Section 47 of Republic Act No. 8791,
3 also known as “The General Banking Law of 2000”, the Rules of Court, as
4 well as other relevant laws for non-bank borrowers shall be applicable.

5 **SECTION 21. *Books of Accounts and Records.*** – The FISTC shall
6 set and keep accurate accounts and internal financial controls and shall
7 appoint an external auditor acceptable to the Commission in this regard. The
8 Commission, the BSP, and the BIR may look into the books of accounts and
9 records of the FISTC at any time.

10 **SECTION 22. *Reports.*** – The Commission, the regulatory authorities,
11 and the BIR shall prescribe the submission of reports from the FISTC and
12 the FIs for the proper implementation of this Act.

13 **SECTION 23. *Implementing Rules and Regulations.*** – Within thirty
14 (30) days from the effectivity of this Act, the Commission, jointly with the
15 BSP, the DOF, and the BIR, shall promulgate the necessary IRR for the
16 effective implementation of this Act:

17 *Provided, that the Commission, BSP, DOF and BIR may issue*
18 *separate regulations that will apply exclusively to the institutions under their*
19 *respective jurisdiction. In drafting their separate regulations, the appropriate*
20 *regulatory authorities may grant incentives and privileges as may be allowed*
21 *by their respective charters and by this Act.*

22 **SECTION 24. *Oversight Committee.*** – There is hereby created an
23 Oversight Committee to oversee, monitor, and evaluate the implementation
24 of this Act. The Oversight Committee shall be composed of three (3)
25 members each from the House of Representatives (HOR) and from the
26 Senate. The members of the HOR shall come from the Committee on Banks
27 and Financial Intermediaries while the members of the Senate shall come
28 from the Committee on Banks, Financial Institutions and Currencies. The
29 Oversight Committee shall be co-chaired by the Chairpersons of the HOR
30 Committee on Banks and Financial Intermediaries and the Senate
31 Committee on Banks, Financial Institutions and Currencies.

32 **SECTION 25. *Primary Implementing Agency.*** – The Commission
33 shall be the primary implementing agency of this Act and for its effective

1 implementation, it shall have the authority to enlist the assistance of any
2 branch, department, bureau, office, agency or instrumentality of the
3 government, including GOCCs and GFIs which may include the use and
4 transfer of its personnel, facilities and resources.

5 **SECTION 26. *Penalties.*** – Any person who violates any of the
6 provisions of this Act, or any person who, in a registration statement, notice,
7 certification or plan filed under this Act, makes any untruthful statement of a
8 material fact or omits to state any material fact required to be stated therein,
9 shall, upon, conviction, suffer a fine of not less than ONE HUNDRED
10 THOUSAND PESOS (Php100,000.00) or not more than TWO MILLION
11 PESOS (Php2,000,000.00) or imprisonment of not less than six (6) years or
12 more than twelve (12) years, or both, at the discretion of the court, without
13 prejudice to the penalties provided under Section 18 hereof and other
14 applicable laws.

15 If the offender is a corporation, association, partnership or any juridical
16 person, the penalty shall be imposed upon the responsible officers, as the
17 case may be, who participated in the commission of the crime or who shall
18 have knowingly permitted or failed to prevent its commission.

19 If the offender is a juridical person, other than a bank or financial
20 institution supervised by the BSP, the court may order the suspension or
21 revocation of license.

22 If the offender is an alien, he shall, in addition to the penalties herein
23 prescribed, be deported without further proceedings after serving the
24 penalties herein prescribed.

25 If the offender is a public official or employee, he shall, in addition to
26 the penalties prescribed herein, suffer absolute or temporary disqualification
27 from government or public office, as the case may be.

28 **SECTION 27. *Applicability Clause.*** – The provisions of this Act shall
29 be applicable to assets that have become non-performing as of December
30 31, 2020: *Provided*, that the Secretary of Finance may extend the said period
31 by a maximum of two (2) years.

1 **SECTION 28. *Conscience Clause.*** – Nothing in this Act shall be
2 construed to condone or exempt from any liability any person responsible
3 for acts or omissions constituting unsound business practices or
4 mismanagement.

5 **SECTION 29. *Use of Registration Fees.*** – To carry out the purposes
6 of this Act, the Commission shall retain and use all fees paid to it relative to
7 the establishment of an FISTC in addition to its annual budget and to what
8 is provided for under Section 75 of the Securities Regulation Code.

9 **SECTION 30. *Separability Clause.*** – If any provision of this Act is
10 held unconstitutional or invalid, all other provisions not affected thereby shall
11 remain valid.

12 **SECTION 31. *Repealing Clause.*** – Republic Act No. 9182, as
13 amended by Republic Act No. 9343, otherwise known as 'The Special
14 Purpose Vehicle (SPV) Act of 2002,' is hereby repealed. All laws, decrees,
15 executive orders, rules and regulations or part thereof, which are
16 inconsistent with this Act, are hereby repealed, amended or modified
17 accordingly.

18 **SECTION 32. *Effectivity.*** – This Act shall take effect immediately
19 upon its publication in the Official Gazette or in a newspaper of general
20 circulation.

21 **Approved.**