



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

**Nineteenth Congress
First Regular Session**

HOUSE BILL NO. 7257



Introduced by Representative Rudys Caesar G. Fariñas I

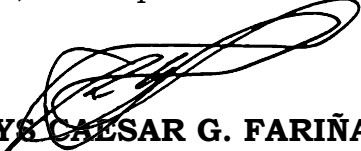
EXPLANATORY NOTE

This bill provides a new charter for the Development Bank of the Philippines. The Bank shall support the government's programs to enable growth and productivity, such as infrastructure, tourism development, agriculture-based entrepreneurial ventures, socially-beneficial programs in education, health care, and socialized housing, and those that support the protection of the environment. However, it must also protect its financial viability from remaining globally competitive and participating in the national goal of attaining meaningful and inclusive economic growth.

The new charter aims to strengthen the DBP's governance structure and operations by clearly delineating its roles, responsibilities, and accountabilities. It will also establish a new governance framework ensuring transparency, accountability, and risk management. Also, the new charter aims to expand the DBP's lending activities, notably to support priority sectors such as infrastructure, agribusiness, social services, micro, small, and medium enterprises (MSMEs), and local government units (LGUs). In addition, this measure empowers the DBP to offer new lending programs and the issuance of new financial instruments that will enable the DBP to provide more flexible and innovative financial services.

This bill ensures that the DBP remains financially sound and sustainable, and this new charter provides a more comprehensive regulatory and supervisory framework by the Bangko Sentral ng Pilipinas (BSP). The law also establishes a risk management framework that will guide the DBP in managing its credit, market, operational, and other risks.

Hence, this representation seeks the passage of this measure.


RUDYS CAESAR G. FARIÑAS I



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**AN ACT
PROVIDING FOR A NEW CHARTER OF THE
DEVELOPMENT BANK OF THE PHILIPPINES,
REPEALING FOR THE PURPOSE EXECUTIVE ORDER NO. 81, AS
AMENDED**

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

1 Section 1. *Title.* – This Act shall be known as “*The New Development Bank*
2 *of the Philippines (DBP) Act*”.

3
4 *Sec 2. Declaration of Policy.* It is the policy of the State to strengthen the
5 powers and functions of the Development Bank of the Philippines, hereinafter
6 referred to as the Bank, as a premier government developmental financial
7 institution that provides developmental financing and banking services
8 necessary in the achievement of sustained economic growth. The State
9 recognizes that the Bank plays an important role in the country’s aspiration to
10 meet the challenges of globalization and the integration of the Association of
11 South East Asian Nations (ASEAN) by assisting Philippine industries and other
12 strategic sectors of the economy and enhancing their capability to compete in
13 the global market.

14
15 The State shall support the Bank in pursuing corporate citizenship
16 programs through initiatives that promote the welfare of the Filipino people,
17 particularly the underprivileged. The Bank shall carry out relevant and
18 meaningful programs through its flagship initiatives in education, health,
19 environmental preservation and social outreach programs.

1
2 *Sec. 3. Name and Corporate Existence.* – The Bank, shall henceforth
3 operate under the provisions of this Act. The Bank shall continue to exist as a
4 body corporate and shall have perpetual existence from the date of effectivity of
5 this Act.
6

7 *Sec. 4. Primary Objective of the Bank.* – As a partner in national
8 development, the Bank shall support the programs of the government that
9 enable growth and productivity such as infrastructure programs, tourism
10 development projects, agriculture-based entrepreneurial ventures, socially-
11 beneficial programs in education, health care, and socialized housing, those that
12 support the protection of the environment, and other public sector programs:
13 *Provided,* That this objective shall be pursued with utmost consideration of the
14 need and responsibility to preserve and protect the financial viability of the Bank
15 while ensuring that it remains globally competitive. As a universal bank, it shall
16 at all times safeguard its financial position in order that it can effectively
17 participate in the accomplishment of the national goal of attaining meaningful
18 and inclusive economic growth.
19

20 *Sec. 5. Corporate Powers.* — In addition to the general powers of a
21 corporation under RA 11232 otherwise known as the “Revised Corporation Code
22 of the Philippines”, the Bank shall have the power to:
23

24 a) Exercise all such powers and services as may be necessary to carry
25 on the business of a universal bank under R.A. 8791 or “The General Banking
26 Law of 2000” subject to the existing rules and regulations of the Monetary Board
27 in order to perform its mandate under this Act;
28

29 b) Accept and manage trust funds and properties and carry on the
30 business of a trust corporation;
31

32 c) Act as official government depository with authority to maintain deposits
33 and deposit substitutes of the national government, its agencies, bureaus and
34 instrumentalities, and government-owned or controlled corporations, and local
35 government units, subject to such rules and regulations as the Monetary Board
36 may prescribe;
37

38 d) Adopt, amend, or change its by-laws; to adopt, alter and use a seal; to
39 lease or own real and personal property and to sell or otherwise dispose of the
40 same; to make contracts; to sue and be sued; and to exercise the general powers
41 of a corporation mentioned in the Revised Corporation Code of the Philippines,
42 including the power to acquire or establish subsidiaries registered with the
43 Securities and Exchange Commission (SEC) and enter into joint venture
44 agreements for purposes of developing or disposing acquired assets and Bank
45 properties, insofar as such powers are not inconsistent or incompatible with the
46 provisions of this Act and banking laws, rules and regulations;
47

1 e) Obtain from the Government Service Insurance System (GSIS) or other
2 reputable insurance companies duly accredited by the appropriate regulatory
3 body, directors, officers and liability insurance coverage, without prejudice to the
4 right of the bank, as may be determined by its board of directors, to put up its
5 own legal insurance fund;

6
7 f) Act as loan or credit facility programs administrator with respect to the
8 loans granted by the national government;

9
10 g) Develop and dispose the Bank's owned properties. To add value to,
11 improve profitability on, and enhance the marketability of bank's owned
12 property, the bank may further develop or renovate the same either with its own
13 capital or through a joint venture arrangement with private companies or
14 individuals, without need of approval by the National Economic Development
15 Authority (NEDA);

16
17 h) Dispose of its acquired assets which shall not be subject to any
18 injunction or restraining order issued by any court, commission, tribunal or
19 office which shall bar, impede or delay the sale and disposition thereof except on
20 questions of ownership and national or public interest; and

21
22 i) Engage in financial leasing of movable and immovable properties in
23 connection with government projects.

24
25 Unless otherwise provided for in this Act, the exercise of the above-
26 mentioned powers shall be subject to applicable laws, as well as regulations
27 promulgated by the *Bangko Sentral ng Pilipinas* (BSP) and other applicable
28 prevailing laws, rules and regulations. The Bank shall observe utmost
29 transparency in dispensing loans and selling of government assets. The Bank
30 must ensure that its resources are not being unduly taken advantage of by its
31 management to favor certain private interests: *Provided, That*, in any case: (a) no
32 grant of loan or disposition of asset shall be implemented by the Bank unless it
33 undergoes the requisite evaluation and approval process; and (b) the file
34 pertaining to the transaction contains a full disclosure of: (i) how the account
35 originated and endorsed to the approving bodies; and (ii) the deliberation made
36 by the approving bodies on the transaction is faithfully recorded and the record
37 of such deliberation and pertinent account files are kept and made available for
38 audit in the future by authorized officials, subject to prevailing laws, rules and
39 regulations on retention and management of public records.

40
41 *Sec. 6. Principal Office, Branches, and other Offices.* – The Bank's principal
42 office and place of business shall be in Metro Manila. It may open and maintain
43 branches and agencies in accordance with existing regulations of the BSP.

1 *Sec. 7. Authorized Capital Stock-Par Value.*— The capital stock of the Bank
2 shall be One hundred billion pesos (₱100,000,000,000.00) to be divided into one
3 billion (1,000,000,000) common shares with par value of One hundred pesos
4 (P100.00) per share, which shall be fully subscribed by the national government.

5
6 The President of the Philippines, may approve the increase of the
7 capitalization of the Bank to be fully subscribed by the national government,
8 upon the recommendation of the Board and the concurrence of the Secretary of
9 Finance, up to such an amount as may be necessary to attain the objectives of
10 this Act.

11
12 *Sec. 8. Voting of Shares.* — The voting power of all the common shares of
13 stock of the Bank shall be vested in the President of the Philippines or to the
14 delegated or authorized representative, subject to prevailing laws, rules and
15 regulations.

16
17 *Sec. 9. Loans and Other Investments.* — Loans and other investments of
18 the Bank shall be subject to the same limits and ceilings imposed on universal
19 banks by the Monetary Board.

20
21 *Sec. 10. Issuance of Bonds, Eligible Capital Instruments, and other*
22 *Securities.* — The Bank may issue all kinds of bonds, notes, debentures, other
23 evidences of indebtedness, derivatives, commodities, negotiable instruments,
24 eligible capital instruments, and other securities, and the renewal or refunding
25 thereof within or outside the Philippines, at such terms, rates, and conditions as
26 the Board may determine, subject to compliance with the provisions of applicable
27 laws, and rules and regulations promulgated by the Monetary Board.

28
29 The Bank shall provide for appropriate reserves for the redemption or
30 retirement of the bonds. These bonds and other obligations shall be redeemable
31 at the option of the Bank at or before maturity and in such manner as may be
32 stipulated therein and shall bear such rate of interest as may be fixed by the
33 Bank.

34
35 Such obligations shall be secured by the assets of the Bank, including the
36 stocks, bonds, debentures, and other securities purchased or held by it under
37 the provisions of this Act. These bonds and debentures may be long-term,
38 medium, or short-term, with fixed interest rate or floating interest rate.

39
40 *Sec. 11. Board of Directors; Composition; Tenure; Per Diems.* — The affairs
41 and business of the Bank shall be directed, and its properties managed and
42 preserved, by a Board of Directors consisting of nine (9) members, headed by the
43 Secretary of Finance as Chairperson. The other members of the board shall be
44 appointed by the President of the Philippines from a shortlist prepared by the
45 Governance Commission for Government –Owned and –Controlled Corporations

(GCG) subject to prior vetting from the BSP and its rules on disqualification, watchlist files and the fit and proper rule, in accordance with the procedure laid down in R.A. No. 10149 otherwise known as the “GOCC Governance Act of 2011”: *Provided, however,* That, the position of Chairperson of the Board and President of the Bank shall not be held by the same person.

The directors must always meet the fit and proper requirements under R.A. No. 8791 and the guidelines of the BSP and the GCG.

The Chairperson shall preside over the meetings of the Board.

The President of the Bank shall be the Vice-Chairperson of the Board. In case the Chairperson is absent or incapacitated, the President shall act as Chairperson. In case of incapacity or absence of both the Chairperson and the Vice-Chairperson, the Board shall designate a temporary chairperson from among its members.

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

At least four (4) of the members of the Board shall come from the private sector. Except for the Chairperson and the President, no incumbent officer or employee of the Bank may be appointed as a member of the Board; nor shall any incumbent director, officer, or employee of any other bank be eligible as a member of the Board.

The President and Chief Executive Officer (CEO) shall be elected annually by the members of the Board in accordance with Section 13 hereof.

The term of office of the President and the members of the Board shall be for a period of one (1) year or until such time as their successors are appointed.

The members of the Board, including the President and CEO, shall receive per diems for every meeting actually attended, and receive such other allowances, incentives and emoluments, including reasonable transportation and representation allowances and performance-based incentives, comparable to those received by directors in private banks of the universal bank category, subject, however, to existing laws and regulations.

1 *Sec. 12. Powers and Duties of the Board of Directors.* — The Board shall
2 have the following duties, powers, and authority:

3
4 a) To formulate policies necessary to carry out effectively the provisions
5 of this Act and to prescribe, amend, and repeal by-laws, rules and regulations
6 for the effective operation of the Bank, and the manner in which the general
7 business of the Bank may be conducted and the powers granted by law to the
8 Bank are exercised;

9
10 b) To approve loans, other credit accommodations and guarantees
11 issued or obtained by the Bank, and prescribe terms and conditions to govern
12 the granting of the foregoing, and engage in such other financial activities under
13 such terms and conditions as it may be deemed necessary, consistent with the
14 provisions of this Act and the existing banking laws and regulations promulgated
15 by the Monetary Board: *Provided, That*, the Board may delegate the authority to
16 approve loans to such officers or committees as may be deemed necessary;

17
18 c) To approve investment activities with terms and conditions
19 beneficial to the Bank and subject to the regulations promulgated by the
20 Monetary Board;

21
22 d) To adopt an annual budget for the effective operation and
23 administration of the Bank;

24 e) To create and establish a "Provident Fund" which shall consist of
25 contributions, made both by the Bank and its officers or employees, to a common
26 fund for the payment of benefits to such officers or employees, or their heirs,
27 under such terms and conditions as the Board may fix;

28
29 f) To compromise or release, in whole or in part, any claim or settled
30 liability to the Bank regardless of the amount involved, under such terms and
31 conditions it may impose to protect the interests of the Bank. This authority to
32 compromise shall extend to claims against the Bank;

33
34 g) To appoint, promote or remove officers from the rank of Vice
35 President or its equivalent, and other more senior officer positions, excluding the
36 Chairperson and the Vice Chairperson: *Provided, That* no person shall be
37 appointed to any executive position in the Bank mentioned in the preceding
38 section unless one is of good moral character, of unquestionable integrity and
39 responsibility, who is of recognized competence in the field of one or more of the
40 following: economics, agriculture, industry, law, banking or finance, accounting,
41 information technology, information security, and possesses demonstrated
42 administrative skill and ability;

1 h) To establish such branches, agencies and other offices which the
2 Board shall determine to be necessary and convenient in accordance with
3 existing rules and regulations of the BSP;

4
5 i) To establish a human resource management system which shall
6 govern the selection, hiring, appointment, transfer, promotion or dismissal of all
7 personnel, and determination of compensation and benefits of all employees,
8 subject to existing laws and regulations such as R. A. No. 10149. Such system
9 shall aim to establish professionalism and excellence at all levels of the Bank in
10 accordance with sound principles of management;

11
12 j) To reorganize the bank personnel as the Board may deem necessary;
13 and to rationalize the organization and structure of the Bank to promote cost-
14 savings and efficiency. The Board is authorized to design and adopt an early
15 retirement or separation incentive plan for the purpose of providing a financial
16 package of benefits, apart from that granted under the GSIS law, due to
17 retrenchment, reorganization, streamlining of its organization, merger with
18 another bank or a similar occurrence to enable its personnel who may or may
19 not yet be qualified for optional retirement under existing retirement laws to
20 retire or be separated from the service with additional financial benefits:
21 *Provided, That* the provisions of the Civil Service Law and its implementing rules
22 shall, at all times, be observed: *Provided, further, That* any separation benefit
23 and incentive which may be granted by the Bank equivalent to at least two
24 months basic salary for every year of service, in addition to those provided under
25 existing laws, for those personnel referred to in this section shall be sourced from
26 the corporate funds of the Bank. This provision shall be subject to applicable
27 existing laws, rules and regulations;

28
29 k) To promote and sponsor the local or foreign training or study of
30 officers and employees in the related fields such as banking, finance, treasury,
31 money market, risk management, information technology and law. Toward this
32 end, the Bank is authorized to defray the costs of such training or study. The
33 Board shall provide rules and regulations to govern the training or study
34 programs of the Bank, subject to applicable existing regulations on training and
35 study, as well as accounting and auditing rules; and

36
37 l) To obtain from GSIS or other reputable insurance companies, duly
38 accredited by the appropriate regulatory body, directors, officers and liability
39 insurance coverage, without prejudice to the right of the Bank, as may be
40 determined by the Board, to put up its own legal insurance fund, subject to the
41 regulations issued by the GCG.

42
43 The Board shall exercise its powers in a manner consistent with the
44 principles of transparency, fairness and accountability.

1 *Sec. 13. President and Chief Executive Officer.* — The President of the Bank
2 shall be the Chief Executive Officer who shall be elected by the Board from among
3 themselves with the written advice and consent of the President of the
4 Philippines. No person shall be appointed President of the Bank unless one is at
5 least forty (40) years of age, of good moral character and reputation, with at least
6 ten (10) year previous experience in banking, and has a reputed proficiency,
7 expertise and recognized competence in banking or financial management.

8
9 The President shall, among other powers and duties, execute, carry out
10 and administer the policies, measures, orders and resolutions approved by the
11 Board; direct and supervise the operation and administration of the Bank; and
12 exercise such other powers and perform such other function or duty as may be
13 directed or assigned by law, regulations, executive issuances or by the Board
14 from time to time.

15
16 The President shall have the following powers and duties:

17
18 (a) To sign and execute all contracts concluded by the Bank and enter
19 into all necessary obligations required or permitted by this Act, upon proper
20 authorization by the Board; and sign all notes, securities certificates, and other
21 major documents of the Bank;

22
23 (b) To exercise, as Chief Executive Officer of the Bank, the powers of
24 control and supervision over decisions and actions of subordinate officers and
25 all other powers that may be granted by the Board;

26
27 (c) To report to the Board the main facts concerning the operations of
28 the Bank and to recommend changes in policies which one may deem advisable;

29
30 (d) To submit an annual report to the President of the Philippines on
31 the result of the operations of the Bank;

32
33 (e) To recommend to the Board the appointment, promotion, or removal
34 of all officers of the Bank, with the rank of at least vice-president or its
35 equivalent;

36
37 (f) To appoint, promote or remove employees and officers below the
38 rank of vice-president or its equivalent: *Provided*, That promotions, transfers,
39 assignments or reassignments of officers and personnel of the Bank are
40 personnel actions deemed made in the interest of the service and not
41 disciplinary, any provision of the Civil Service Law to contrary notwithstanding;
42 and

1 (g) As required by circumstances, to delegate any of the powers, duties
2 or functions to any officer or director of the Bank, with the approval of the Board.

3
4 *Sec. 14. Legal Matters and Cases.* — The Bank shall have its own chief
5 legal counsel as head of the legal department, who shall be appointed by the
6 Board of the Bank upon recommendation of its President. The other members of
7 the legal department shall be appointed in accordance with the Bank's policies
8 on hiring and promotion.

9
10 In appropriate cases, the Bank may avail also of the legal services of any
11 government legal office authorized to render such services to government-owned
12 or controlled corporations.

13
14 Notwithstanding Section 10 of Chapter 3, Title III, Book IV of Executive
15 Order 292, otherwise known as the "Administrative Code of 1987", the Legal
16 Department can also act as the principal law office of the Bank duly authorized
17 to appear in its behalf in any court or quasi-judicial body. The hiring of any
18 external private counsel may be authorized by the Board, upon the
19 recommendation of the chief legal counsel, without need of securing the approval
20 of the Office of the Government Corporate Counsel (OGCC) and the Commission
21 on Audit (COA), any provision of a general or special law to the contrary
22 notwithstanding.

23
24 The Bank may, upon the recommendation of its chief legal counsel,
25 deputize any member of its legal staff to act as special sheriff in foreclosure cases,
26 in the sale or attachment of the debtor's properties and in the enforcement of
27 court writs and processes in cases involving the Bank. The special sheriff of the
28 Bank shall make a report to the proper court after any action taken which shall
29 treat such action as if it were an act of its own sheriffs in all respects.

30
31 The sale of mortgaged properties under the provisions of existing laws or
32 of this Act shall be conducted under the direction of the sheriff of the province
33 or any special sheriff of the Bank, or of a municipal judge or notary public of the
34 city or municipality where the sale is to be made, who shall be entitled to collect
35 the fees provided for in the Rules of Court with respect to sale of properties under
36 execution.

37
38 *Sec. 15. Foreclosure by the Bank.* — Unless warranted by the
39 circumstances as may be determined by the Board or otherwise directed by the
40 President of the Bank or his duly authorized representative for justifiable
41 reasons, the Bank, after the lapse of sixty (60) days from the date the account
42 became past due as defined under the rules and regulations of the BSP, shall
43 immediately foreclose the collaterals and/or securities for any loan, credit,
44 accommodation, and/or guarantees granted by the Bank whenever the
45 arrearages on such account, including accrued interest and other charges,
46 amount to at least twenty percent (20%) of the total outstanding obligations,

1 including interest and other charges, as appearing in the books of account
2 and/or related records of the Bank.

3
4 Upon application of foreclosure of the collateral of delinquent borrowers,
5 whether judicially or extra-judicially, by the Bank, the court and/or officials
6 concerned shall immediately act and give priority to the same and schedule the
7 publication thereof within five (5) days from receipt of the application, the auction
8 sale to be held not later than ten (10) days from date of the last publication. The
9 certificate of sale must be issued on the date of sale and the same must be
10 registered by the Register of Deeds concerned not later than five (5) days after
11 submission of the certificate of sale.

12
13 As a result of foreclosure or any other legal proceedings wherein the
14 properties of the debtor which are foreclosed, attached, or levied upon in
15 satisfaction of a judgment are sold to the Bank, the said properties shall be
16 placed in the possession and control of the Bank, with the assistance of the
17 Philippine National Police whenever necessary. The petition for writ of possession
18 shall be acted upon by the court within fifteen (15) days from the date of filing.

19
20 The Bank is hereby directed to report to the Office of the President of the
21 Philippines any official who delays the proceedings as provided herein or who
22 violates any of the provisions of this section.

23
24 This provision is without prejudice to the right of the Bank to enter into a
25 compromise agreement pursuant to Section 12(f) of this Act.

26
27 *Sec. 16. Right of Redemption.* — Any individual or juridical mortgagor of
28 the Bank whose real property has been judicially sold at public auction, or any
29 individual mortgagor of the Bank whose real property has been extra-judicially
30 sold at public auction shall, within one (1) year counted from the date of
31 registration of the certificate of foreclosure sale with the applicable Register of
32 Deeds, has the right to redeem the real property by paying to the Bank all of the
33 latter's claims as determined by the Bank.

34
35 Notwithstanding the provisions of Act No. 3135 entitled “An Act to Regulate
36 the Sale of Property Under Special Powers Inserting In or Annexed to Real Estate
37 Mortgage”, as amended, juridical mortgagors whose real property has been extra-
38 judicially sold at public auction shall have the right to redeem the property until,
39 but not after the registration of the certificate of foreclosure sale with the
40 applicable Register of Deeds, which registration shall in no case be more than
41 three (3) months from the date of foreclosure, whichever is earlier.

42 The Bank may take possession of the foreclosed property during the
43 redemption period. When the Bank takes possession during such period, it shall
44 be entitled to the fruits of the property with no obligation to account for them,
45 the same being considered compensation for the interest that would otherwise

1 accrue on the account. Neither shall the Bank be obliged to post a bond for the
2 purpose of such possession.

3
4 *Sec. 17. Exemption from Attachment.* — The provisions of any law to the
5 contrary notwithstanding, collaterals, securities on loans or other credit
6 accommodation and guarantees granted by the Bank or its predecessors-in-
7 interest shall not be subject to attachment, execution or any other court process,
8 nor shall they be included in the property of insolvent persons or institutions,
9 unless all debts and obligations of the debtor to the Bank and its predecessors-
10 in-interest have been previously paid, including accrued interest, penalties,
11 collection expenses, and other charges.

12
13 No attachment or execution shall be issued against the Bank or its
14 property before final judgment in any suit, action or proceeding in any court.

15
16 *Sec. 18. Personnel.* — The Board shall provide for an organization and staff
17 of officers and employees of the Bank and establish a bank personnel
18 management system which shall govern the selection, hiring, appointment,
19 transfer, promotion, or dismissal of all bank personnel, including the continuous
20 reorganization thereof.

21
22 The appointments in the Bank, except those which are policy-
23 determining, primarily confidential or highly technical in nature, shall be made
24 only according to the Civil Service Law and regulations: *Provided*, That no
25 qualification or eligibility requirements for positions in the Bank shall be
26 imposed other than those set by the Board: *Provided, further*, That the Monetary
27 Board shall prescribe, pass upon and review the qualifications of individuals
28 appointed as officers and disqualify those found unfit: *Provided, finally*, That the
29 Board or the President in accordance with Sections 12 and 13 of this Act,
30 respectively, may without need of obtaining prior approval from any other
31 government agency, appoint its contractual personnel whose services are
32 deemed necessary in order not to unduly disrupt the operations of the Bank
33 except in the conduct of business involving bank deposits.

34
35 All positions in the bank shall be governed by the compensation and
36 position classification system (CPCS) and qualification standards subject to the
37 approval of the President of the Philippines based on a comprehensive job
38 analysis of actual duties and responsibilities and the compensation plan shall
39 be comparable with the prevailing compensation plans of universal banks in the
40 private sector.

41
42 The Board shall fix the total compensation package and other
43 remunerations and emoluments of bank personnel, including the President and
44 Chief Executive Officer. The total compensation package shall include
45 reasonable allowances, incentives, bonuses, privileges and other benefits,
46 comparable to those given in private banks of the universal bank category, as

1 may be necessary or proper for the effective management, operation and
2 administration of the Bank.

3
4 The Bank's CPCS shall be subject to periodic review by the Board once
5 every two (2) years, without prejudice to yearly merit or increases based on the
6 bank's productivity and profitability. The Bank shall be exempt from all existing
7 laws, rules, and regulations on compensation, position classification and
8 qualification standards.

9
10 The foregoing actions of the Board in the immediately preceding three (3)
11 paragraphs of this section shall be subject to existing laws and regulations, such
12 as R. A. No. 10149.

13
14 No officer or employee of the Bank subject to the Civil Service Law shall be
15 dismissed except for cause as provided by law.

16
17 *Sec. 19. Inhibition from Board Meeting of Member with Personal Interest. —*
18 Whenever any member attending a meeting of the Board of Directors, or any of
19 one's relatives within the fourth civil degree or consanguinity or affinity has a
20 personal or pecuniary interest, directly or indirectly, in any matter in the agenda
21 of the board meeting or in the discussion or resolution of any given matter, said
22 member shall disclose said interest to the Board and shall not participate in the
23 discussion or resolution of the matter and must retire from the meeting during
24 the deliberation thereon. The members of the Board of Directors present in the
25 meeting should still constitute a quorum despite the inhibition of the member
26 with personal or pecuniary interest in any matter, discussion or resolution in
27 the same meeting.

28
29 The minutes of the meeting, which shall note the subject matter, the fact
30 that a member had a personal interest in it, and the withdrawal of the member
31 concerned, may be made available to the public.

32
33 For this purpose, the member of the Board shall, at the beginning of their
34 respective terms, disclose to the Board any and all interests they may have in
35 any corporation, partnership or association and shall, thereafter, disclose to the
36 Board, any change thereto.

37
38 *Sec. 20. Prohibition on Persons with Personal/Pecuniary Interest. —* No
39 member of the Board, officer, attorney, agent, or employee of the Bank shall in
40 any manner, directly participate in the deliberation upon or the determination of
41 any question affecting one's direct personal interest or the personal interests of
42 relatives within the fourth civil degree of consanguinity or affinity, or of any
43 corporation, partnership, or association in which the member has a direct
44 interest. Any person violating the provisions of this section shall be removed from
45 office and shall upon conviction be punished with a fine of not less than Fifty

1 thousand pesos (P50,000) nor more than Two million pesos (P2,000,000) or by
2 imprisonment of not less than two (2) years nor more than ten (10) years, or by
3 both fine and imprisonment at the discretion of the court.

4
5 *Sec. 21. Borrowing by Directors, Officers and Employees; Restriction and*
6 *Limitation.* — No (1) director, officer or employee of the Bank; or (2) any
7 corporation, partnership, or company wherein any member of the Bank's Board
8 of Directors, officer or employee, or their relatives within the first civil degree of
9 consanguinity or affinity is a director, officer or controlling shareholder either
10 directly or indirectly, for one's self or as representative or agent of others, borrow
11 any of the deposits of funds from the Bank, nor shall become a guarantor, or in
12 any manner be an obligor for money borrowed from the Bank or loaned by it:
13 *Provided*, That this prohibition on loans to directors, officers and employees shall
14 not include loans allowed in the form of fringe benefits granted in accordance
15 with rules and regulations as may be prescribed by the Monetary Board:
16 *Provided, further*, That this prohibition shall not apply to loans to corporations
17 wherein the director, officer or employee of the Bank sits on the board of the
18 borrower corporation to represent the interest of the Bank.

19
20 *Sec. 22. Rules and Regulations on Conflict of Interest.* — The Board of
21 Directors is hereby authorized to issue rules and regulations for the purposes of
22 determining and resolving conflict of interest questions, which rules shall, in
23 particular, include the requirement on all officers and employees of the Bank to
24 disclose any shareholdings they, or their relatives within the fourth civil degree
25 of consanguinity or affinity, may have in any corporation, partnership, or
26 company in excess of 2% of the equity of said corporation, partnership, or
27 company or in any related party transactions defined by the Monetary Board of
28 the BSP and the Board of Directors of the Bank.

29
30 *Sec. 23. Prohibition on Officers and Employees of the Bank.* — Except as
31 required by law, or upon order of a court of competent jurisdiction, or the express
32 order of the President of the Philippines or written permission of the client, no
33 officer or employee of the Bank shall reveal nor allow to be examined, inquired
34 or looked into, by any third person, government official, bureau or office any
35 information relative to details of individual accounts or specific banking
36 transactions, condition or business of any of its clients, or funds or properties
37 in the custody of the Bank belonging to private individuals: *Provided*, That in
38 respect to deposits or whatever nature, the provisions of existing law shall apply.

39 This prohibition shall not apply to the exchange of confidential credit
40 information among government financial institutions or among banks, in
41 accordance with established banking practices or as may be allowed by law.

42
43 *Sec. 24. Exaction of Fee, Commission, Gift or Charge.* — No unauthorized
44 fee, commission, gift, or charge of any kind shall be exacted, demanded, or paid,
45 for obtaining loans from the Bank, and any officer, employee, or agent of the
46 Bank found guilty of exacting, demanding, or receiving any fee services in
47 obtaining any service or transaction from the Bank, shall be punished by a fine
48 of not less than Fifty thousand pesos (P50,000) nor more than Two million pesos

1 (P2,000,000), imprisonment for not less than six (6) years and one (1) month nor
2 more than fifteen (15) years, and perpetual disqualification from public office and
3 confiscation or forfeiture in favor of the government of any prohibited interest
4 and unexplained wealth.

5
6 *Sec. 25. Examination of the Bank.* — The Bank shall be subject to
7 supervision and examination by the appropriate department of the BSP, and
8 audit by the COA.

9
10 *Sec. 26. General Penal Provisions.* — Any director, officer or employee of
11 the Bank who violates, or permits any of the officers, employees or agents of said
12 Bank or any other person to violate, any of the provisions of this Act not
13 specifically punished in the preceding sections and any person violating any
14 provision of this Act or aiding and abetting the violation thereof, shall be
15 punished with a fine not less than Fifty thousand pesos (P50,000) nor more than
16 Two million pesos (P2,000,000) or by imprisonment not less than two (2) years
17 nor more than ten (10) years, or both, at the discretion of the court.

18
19 *Sec. 27. Other Liability of Guilty Officer or Employee.* — Any member of the
20 Board of Directors or officer or employee of the Bank who willfully violates any
21 of the provisions of this Act shall, in addition to the criminal and administrative
22 liability resulting from such act, be held liable for any loss or injury suffered by
23 the Bank as a result of such violation.

24
25 *Sec. 28. Liability of Directors, Officers or Partners of Offending Corporation*
26 *or Partnership.* — If the violation of the provisions of this Act is committed by a
27 corporation or partnership, the directors, officers or partners hereof who
28 participated in the violation shall be criminally liable for such violation.

29
30 *Sec. 29. Applicability of Banking Laws.* — The provisions of Republic Act
31 No. 7653, otherwise known as the New Central Bank Act, as amended by R.A.
32 11211, Republic Act No. 8791, and other applicable banking laws, insofar as not
33 in conflict with any provision of this Act, shall apply to the Bank.

34
35 The penal provisions of Section 66 R.A. No. 8791, in relation to secs. 34,
36 35, 36 and 37 of R.A. No. 7653, as amended by R.A. 11211 shall be applicable
37 to directors, officers, employees and borrowers of the Bank.

38
39 *Sec. 30. Separability Clause.* — In the event that any provision of this Act
40 or the applicability of such provisions to any person or circumstances is declared
41 invalid, the remainder of the Act or the application of said provision to other
42 persons or circumstances shall not be affected by such declaration.

1 *Sec. 31. Repealing Clause.* —The provisions of Presidential Decree No. 985,
2 Presidential Decree No. 1597, Republic Act No. 6758, as amended, Joint
3 Resolution No. 4, the provisions of any other law, special charters, executive
4 orders, administrative orders, proclamations, rules and regulations issued
5 pursuant to Executive Order No. 81, as amended, or parts thereof, or any other
6 laws, rules and regulations which may be inconsistent with any of the provisions
7 of this Act, are hereby amended accordingly.

8 Executive Order No. 81, as amended, is hereby repealed.

9 *Sec. 32. Effectivity.* —This Act shall take effect fifteen (15) days after its
10 publication in the *Official Gazette* or in a newspaper of general circulation in the
11 Philippines.

Approved,