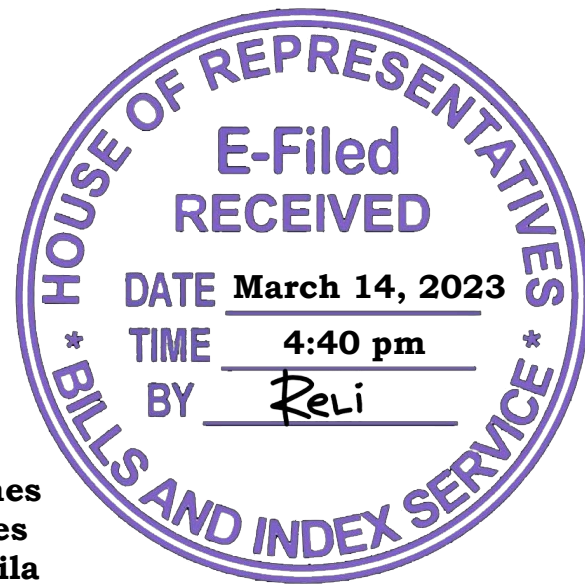




**Republic of the Philippines
House of Representatives
Quezon City, Metro Manila**

**Nineteenth Congress
First Regular Session**

HOUSE BILL NO. 7588



Introduced by Representative Rudys Caesar G. Fariñas I

EXPLANATORY NOTE

This proposed measure requires bank directors and officers to undergo training on banking and good governance. The amendment to the General Banking Law shall be on Section 16, or the Fit and Proper Rule, where the Monetary Board shall prescribe, pass upon and review the qualifications and disqualifications of individuals elected or appointed bank directors or officers and disqualify those found unfit. The amendment mandates the training of nominees for bank directors and officers on the following matters:

- a. Good Governance;
- b. Banking Rules And Regulations;
- c. Bank Compliance;
- d. Risk Management And Oversight; And
- e. Internal Audit.

Banks shall also identify and include other areas of training that improve the capacity of bank directors and officers.

Hence, the passage of this measure is sought.


RUDYS CAESAR G. FARIÑAS I



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

**Nineteenth Congress
First Regular Session**

HOUSE BILL NO. 7588

Introduced by Representative Rudys Caesar G. Fariñas I

**AN ACT
REQUIRING BANK DIRECTORS AND OFFICERS TO UNDERGO TRAINING ON
BANKING AND GOOD GOVERNANCE FOR SAFE AND SOUND
ADMINISTRATION OF BANKS, AMENDING FOR THE PURPOSE REPUBLIC
ACT NO. 8791, AS AMENDED, OTHERWISE KNOWN AS “THE GENERAL
BANKING LAW OF 2000”**

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

1 SECTION 1. Section 16 of Republic Act No. 8791, as amended, is hereby
2 amended to read as follows:

3
4 “SEC. 16. Fit and Proper Rule. – To maintain the quality of bank management
5 and afford a better protection to depositors and the public in general, the
6 Monetary Board shall prescribe, pass upon and review the qualifications and
7 disqualifications of individuals elected or appointed bank directors or officers
8 and disqualify those found unfit.
9

10 After due notice to the board of directors of the bank, the Monetary Board
11 may disqualify, suspend or remove any bank director or officer who commits
12 or omits an act which render him unfit for the position.
13

14 In determining whether the individual is fit and proper to hold the position of
15 a director or officer of a bank, regard shall be given to his integrity, experience,
16 education, training, and competence.
17

18 BEFORE ASSUMING THE POSITION OF BANK DIRECTOR OR OFFICER, THE
19 ELECTED OR APPOINTED NOMINEE MUST COMPLETE A TRAINING ON
20 BANKING AND GOOD GOVERNANCE CONDUCTED BY BSP OR TRAINING
21 CENTER ACCREDITED BY BSP WHICH INCLUDES:
22

23 a. GOOD GOVERNANCE;

- b. BANKING RULES AND REGULATIONS;
- c. BANK COMPLIANCE;
- d. RISK MANAGEMENT AND OVERSIGHT; AND
- e. INTERNAL AUDIT.

EACH BANK MUST ALSO REQUIRE INCUMBENT DIRECTORS OR OFFICERS TO ATTEND THE TRAINING PERIODICALLY TO ADVANCE THEIR SKILLS.

BANKS MUST ESTABLISH AND MAINTAIN A POLICY FOR THE TRAINING OF BANK DIRECTORS OR OFFICERS INCLUDING ITS IMPLEMENTING PROCEDURES. THE POLICY MAY IDENTIFY AND INCLUDE OTHER TRAINING AREAS THAT ENHANCE THE CAPABILITY OF BANK DIRECTORS OR OFFICERS.”

SEC. 2. Within sixty (60) days from the effectivity of this Act, the Governor of Bangko Sentral, in consultation with the Secretary of Finance, shall issue the necessary rules and regulations for the effective implementation of this Act.

SEC. 3. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,