

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **7408**



Introduced by **Rep. WOWO FORTES**

EXPLANATORY NOTE

To assist in rebuilding the Philippine economy after World War II, the Rehabilitation Finance Corporation (RFC) was created in 1947. More than a decade later, the RFC was reorganized to establish the Development Bank of the Philippines (DBP) in 1958, shifting from rehabilitation efforts to the acceleration of national development efforts. Since then, the DBP has served as the country's premier development financial institution, with a mandate to provide credit for infrastructure, industry, small and medium enterprises, and other sectors vital to national development.

Under its current charter, the DBP is classified as a development bank and may perform all other functions of a thrift bank. Decades later, the DBP has proven itself to be a crucial partner in nation-building by assisting in the financing of infrastructure projects, thereby accelerating economic progress.

Despite the critical role the DBP plays in supporting our country's national development goals, its current charter, as provided by Executive Order No. 81 of 1986 and amended in 1998 by Republic Act No. 8523, is severely outdated. This effectively limits its operations, such as setting the capital stock of the DBP at Thirty-Five Billion Pesos (P35,000,000,000.00). Moreover, its provisions on corporate governance are not in line with those currently observed.

Therefore, this bill aims to provide a new charter for DBP as it seeks to clarify and expand its mandate, raise its capital stock to Three-Hundred Billion Pesos (P300,000,000,000.00), ensure government representation on its board, and increase the penal provisions on conflict of interest.

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


ATTY. WOWO FORTES
Representative

Second District, Province of Sorsogon

Twentieth Congress of the
Republic of the Philippines
First Regular Session

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **7408**

Introduced by **Rep. WOWO FORTES**

**AN ACT PROVIDING FOR A NEW CHARTER OF THE DEVELOPMENT BANK OF
THE PHILIPPINES, REPEALING FOR THE PURPOSE EXECUTIVE ORDER NO.
81, OTHERWISE KNOWN AS “THE 1986 REVISED CHARTER OF THE
DEVELOPMENT BANK OF THE PHILIPPINES,” AS AMENDED**

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

ARTICLE I. GENERAL PROVISIONS

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

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to strengthen the powers and functions of its premier government developmental financial institution that provides developmental financing and financial services necessary for the achievement of sustained economic growth. The State recognizes the financial institution’s important role in catalyzing economic development through its financing and assistance to strategic sectors of the economy, while ensuring that such development is aligned with environmental sustainability.

Towards this end, the State shall support the financial institution in its pursuit of social progress through initiatives that enhance the welfare of the Filipino people, especially the underprivileged.

SEC. 3. *Name and Corporate Existence.* – The Development Bank of the Philippines, hereinafter referred to as the Bank, shall henceforth operate under the provisions of this Act. The Bank shall continue to exist as a body corporate and shall have perpetual existence from the date of effectivity of this Act. The Governance Commission for Government-Owned or -Controlled Corporations (GCG) shall not be precluded from evaluating the performance and determining the relevance of the Bank as a government-owned or -controlled corporation (GOCC) in accordance with Republic Act No. 10149, otherwise known as the “GOCC Governance Act of 2011”.

SEC. 4. *Primary Objective of the Bank.* – As a government financial institution and partner in national development, the Bank shall support the programs of the government that propel economic growth and increase productivity such as the development of infrastructure, expansion of businesses, especially micro, small, and medium enterprises (MSMEs), promotion of digitalization and information technology, and high-impact programs in education, healthcare, housing, other social services, and those that support the protection of the environment: *Provided*, That this objective shall be pursued with utmost consideration of the need and responsibility to preserve and protect the financial viability of the Bank while ensuring its global competitiveness. It shall at all times safeguard its financial position so that it can effectively participate in attaining the national goal of meaningful and inclusive economic growth. The Bank shall also adopt policies on digitalization to improve operational efficiency and governance while promoting financial inclusion.

The Bank shall serve as a national development policy bank to support and implement government policies on directing financial flows to priority areas, enhancing competition in financial markets, and promoting financial sector development leading to capital allocation improvements, thereby contributing to macroeconomic stability.

SEC. 5. *Principal Office, Branches, and other Offices.* – The Bank's principal office and place of business shall be in Metro Manila. It may open and maintain branches and agencies in accordance with applicable rules and regulations of the Bangko Sentral ng Pilipinas (BSP).

SEC. 6. *Corporate Powers.* – In addition to the general powers of a corporation under Republic Act No. 11232, otherwise known as the "Revised Corporation Code of the Philippines", the Bank shall have the power to:

- (a) Accept deposits allowed under existing laws and BSP regulations, including but not limited to demand, savings, and time deposits;
- (b) Grant loans and other credit accommodations for the establishment, development, or expansion of physical and digital infrastructure, tourism, energy development and distribution, water supply and environmental projects, social services, MSMEs, and agencies of the government, including local government units (LGUs) and GOCCs, among other sectors, and exercise all such powers and services as may be necessary to carry out the business of a bank under Republic Act No. 8791, otherwise known as "The General Banking Law of 2000", subject to the existing rules and regulations of the Monetary Board of the BSP, in order to perform its mandate under this Act;
- (c) Act as official government depository with authority to maintain deposits and deposit substitutes of the National Government, its agencies, bureaus, and instrumentalities, GOCCs, LGUs, and autonomous regions, as well as other territorial and political subdivisions, subject to such rules and regulations as the Monetary Board may prescribe;
- (d) Accept and manage trust funds and properties, and carry on the business of a trust corporation;
- (e) Adopt, amend, or change its by-laws; adopt, alter and use a seal; lease or own real and personal property, and sell or otherwise dispose of the same;

- enter into contracts; sue and be sued; and exercise the general powers of a corporation mentioned in Republic Act No. 11232;
- (f) Obtain Directors' and Officers' Liability Insurance (DOLI) coverage from the Government Service Insurance System (GSIS) or other reputable insurance companies duly accredited by the appropriate regulatory body, without prejudice to the right of the Bank to put up its own legal insurance fund, as may be determined by its Board;
 - (g) Engage in financial leasing of movable and immovable properties in connection with government projects;
 - (h) Hold, purchase, acquire, and own real and personal property; introduce necessary improvements thereon to enhance and develop their social and economic value; and sell, mortgage, or otherwise dispose of the same;
 - (i) Dispose of its acquired assets;
 - (j) Offer and issue common and preferred shares of stock in such manner and in such quantities as approved by the Secretary of Finance, upon the recommendation of the Board, and in accordance with applicable laws, rules, and regulations. The preferred shares shall be non-voting. Other features of preferred shares shall be determined by the Board in accordance with applicable laws and regulations; and
 - (k) Engage internationally recognized auditing firms as the Bank's external auditor to audit its financial statements, in case the Bank issues shares to the public.

Unless otherwise provided in this Act, the exercise of the above-mentioned powers shall be subject to applicable laws, rules, and regulations, including those promulgated by the BSP.

SEC. 7. *Authorized Capital Stock; Par Value.* – The capital stock of the Bank shall be Three hundred billion pesos (P300,000,000,000.00) divided into three billion (3,000,000,000) shares, with a par value of One hundred pesos (P100.00) per share, each, which shall have the following classifications and features:

- (a) Common shares of two billion four hundred million (2,400,000,000), equivalent to two hundred forty billion pesos (P240,000,000,000.00), which shall be fully subscribed by the National Government.
- (b) Preferred shares of six hundred million (600,000,000) equivalent to sixty billion pesos (P60,000,000,000.00) to be made available through public offering: *Provided*, That all preferred shares of stock issued under this Act shall be entitled to the income earned by the Bank on its investment and other operations: *Provided, further*, That the holders of such preferred shares of stock shall not bring derivative suits against the Bank. The preferred shares shall be non-voting, non-convertible and shall have preference over common shares in case of declaration of dividends and liquidation or dissolution of the Bank. Preferred shares may be issued from time to time in one or more series as may be determined by the Board, which shall likewise be authorized to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the issue price, dividend rate and other features as well as other terms and conditions for each such series of shares.

The National Government shall own, at all times, at least seventy percent (70%) of the total outstanding capital stock of the Bank.

Thirty-two billion pesos (P32,000,000,000.00), or ten and 67/100 percent (10.67%) of the authorized capital stock of the Bank, shall be subscribed and fully paid by the National Government: *Provided*, That the Bank may allocate part or all of its unrestricted retained earnings towards increasing the National Government's paid-up capital stock.

When dividends are declared for stockholders, the dividend due to the National Government shall at all times be in proportion to its ownership of the Bank.

SEC. 8. *Investment by Government-Owned or -Controlled Corporations.* – Unless otherwise provided in their respective charters, all GOCCs, including government financial institutions, are authorized to invest in preferred shares of stock of the Bank.

SEC. 9. *Voting of Shares.* – The voting power of all the common shares of stock of the Bank owned and controlled by the National Government shall be vested in the President of the Philippines or in any ex officio member of the Board to the extent of the shareholdings of the National Government in accordance with Republic Act No. 10149.

SEC. 10. *Issuance of Bonds, Eligible Capital Instruments, and other Securities.* – The Bank may issue all kinds of bonds, notes, debentures, other evidence of indebtedness, derivatives, commodities, negotiable instruments, eligible capital instruments, and other securities, and the renewal or refunding thereof within and/or outside the Philippines, at such terms, rates, and conditions as the Board may determine, subject to compliance with the provisions of applicable laws, and rules, and regulations promulgated by the Monetary Board of the BSP.

The Bank shall acquire, assign, or otherwise dispose of marketable securities and other debt instruments which are essential to the effective conduct of its general banking activities.

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

Such obligations shall be secured by the assets of the Bank, including the stocks, bonds, debentures, and other securities purchased or held by it under the provisions of this Act, as may be necessary to ensure the successful issuance of such obligations. These bonds and other obligations may be long-, medium-, or short-term, with a fixed or floating interest rate.

SEC. 11. *Board of Directors, Composition, Tenure, and Per Diems.* – The powers and functions of the Bank shall be vested in and exercised by a Board of Directors, which shall be composed of nine (9) members as follows:

- (a) The Secretary of Finance, who shall be the ex officio Chairperson of the Board;

- (b) The Secretary of the National Economic and Development Authority, as an ex officio member; and
- (c) Four (4) regular directors and three (3) independent directors to be appointed by the President of the Philippines in accordance with the appointment process and the Fit and Proper Rule under Republic Act No. 10149.

The ex officio directors may each designate an alternate, who shall be an official with a rank not lower than Assistant Secretary.

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 and preside over the meetings of the Board. 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 elected or appointed director of the Bank unless such person is a Filipino citizen, of good moral character, and has attained proficiency, expertise, and recognized competence in one (1) or more of the following: banking, finance, economics, law, business management, governance, sustainability, digital transformation, rural economy, co-operation, small-scale industry, information technology, and information security.

Except for the President, no incumbent officer or employee of the Bank may be appointed as a member of the Board; nor shall any incumbent officer 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 other members of the Board shall be for a period of one (1) year or until their qualified successors are appointed.

Appointment to any vacancy shall be only for the unexpired term of the predecessor, pursuant to Republic Act No. 10149.

The compensation, per diems, allowances, incentives, and other benefits for the members of the Board shall be subject to the provisions of Republic Act No. 10149.

SEC. 12. *Powers and Duties of the Board.* – The Board shall have the following duties, powers, and authority:

- (a) Formulate policies necessary to effectively carry out the provisions of this Act and to prescribe, amend, and repeal by-laws, rules, and regulations for the effective operation of the Bank, the conduct of its general business, and the exercise of powers granted by law to the Bank;
- (b) Decide on matters concerning loans, other credit accommodations, and guarantees issued or obtained by the Bank, and prescribe terms and conditions to govern the grant of the foregoing, and engage in such other financial activities under such terms and conditions as it may deem necessary, consistent with the provisions of this Act, banking laws, and regulations promulgated by the Monetary Board: *Provided*, That the Board

- may delegate the authority to approve loans, other credit accommodations, and guarantees to such officers as may be deemed necessary;
- (c) Adopt an annual budget, upon the recommendation of the President, for the effective operation and administration of the Bank;
 - (d) Compromise or release, in whole or in part, any claim or settled liability to the Bank, regardless of the amount involved, under such terms and conditions it may impose to protect the interests of the Bank. This authority to compromise shall extend to claims against the Bank: *Provided*, That the Board may delegate the authority to compromise or release any claim or settled liability to the President or such other officers of the Bank as may be deemed necessary;
 - (e) Establish such branches, agencies, and other offices deemed necessary and convenient in accordance with applicable rules and regulations of the BSP;
 - (f) Notwithstanding any law to the contrary, adopt an organizational structure, staffing pattern, and personnel qualification standards for the Bank, reorganize, rationalize, and restructure the same, or realign the various functions in the Bank to ensure effective accomplishment of its mandate and strategic goals, the alignment of its organizational structure and staffing pattern with industry standards, and its responsiveness to regulatory requirements, subject to the provisions of Republic Act No. 10149, to meet the operational demands, maintain service quality, and support the expansion of the developmental mandate of the Bank;
 - (g) Design, adopt, and revise, as it may deem necessary, an early separation plan for employees of the Bank to ensure the availability of a human resource pool qualified and capable of implementing the Bank's authorities under this Act in a manner responsive and attuned to market developments; and provide incentives for those who shall be separated from the service, subject to the provisions of Republic Act No. 10149;
 - (h) Maintain, manage, and operate the existing "Provident Fund" of the Bank, which shall consist of contributions made both by the Bank and its officers or employees, to a common fund for the payment of benefits to such officers and employees, or their heirs, under such terms and conditions consistent with Republic Act No. 10149; and
 - (i) Perform other functions, duties, and responsibilities necessary, related, and incidental to the above-mentioned powers and functions.

The Board shall exercise its powers in a manner consistent with the principles of transparency, fairness, and accountability: *Provided*, That the Board may delegate its powers to the President as may be deemed necessary.

SEC. 13. *President and Chief Executive Officer.* – The President of the Bank shall be the CEO, who shall be elected annually by the members of the Board from among its ranks. The President and CEO shall be subject to the disciplinary powers of the Board pursuant to the provisions of Republic Act No. 10149. No person shall be appointed President of the Bank unless of good moral character and reputation, with at least ten (10) years of previous experience in banking, and with a reputed proficiency, expertise, and recognized competence in banking or financial management.

The President shall execute, carry out, and administer the policies, measures, orders, and resolutions approved by the Board; direct and supervise the operation

and administration of the Bank; and exercise such other powers and perform such other functions or duties as may be directed or assigned by law, regulations, or executive issuances.

The President shall be assisted by Vice Presidents and other officials. The salary of the President, Vice Presidents, and other officials shall be subject to the provisions of Republic Act No. 10149. During the absence or temporary incapacity of the President, or in case of vacancy or permanent incapacity and pending appointment of a new President, the Board shall designate the Officer-in-Charge of the Bank.

The President shall have the powers and duties to:

- (a) Sign and execute all contracts concluded by the Bank; enter into all necessary obligations required or permitted by this Act; and sign all notes, securities certificates, and other major documents of the Bank;
- (b) Exercise, as CEO of the Bank, the powers of control and supervision over decisions and actions of subordinate officers, and all other powers that may be granted by the Board;
- (c) Report to the Board the main facts concerning the operations of the Bank and recommend changes in policies which are deemed advisable;
- (d) Appoint, promote, or remove employees and officers of the Bank: *Provided*, That promotions, transfers, assignments, or reassignments of officers and personnel of the Bank are personnel actions deemed made in the interest of the service, any provision of the civil service laws to contrary notwithstanding: *Provided, further*, That the appointment, promotion, or removal of officers with a rank of Vice President and above shall be confirmed by the Board;
- (e) Determine the rates of allowances, honoraria, and such other additional compensation of the Bank's technical staff and consultants, subject to the approval of the GCG, as provided under Republic Act No. 10149;
- (f) Submit an annual report to the President of the Philippines and Congress on the results of the operations of the Bank; and
- (g) As required by circumstances, delegate any of the powers, duties, or functions to any officer or director of the Bank.

SEC. 14. *Qualifications of Executive Officers.* – No person shall be appointed to any executive position mentioned in the preceding section unless qualified by the Fit and Proper Rule, in accordance with Republic Act No. 10149 and civil service laws, rules, and regulations: *Provided*, That in determining whether a person is fit and proper for a particular position, the following shall be considered: integrity or probity, physical and mental fitness, relevant education, training, and competencies for the job, such as knowledge and expertise, skills, and diligence to fully carry out responsibilities.

SEC. 15. *Legal Matters and Cases.* – Any provision of existing law or executive order to the contrary notwithstanding, the Bank shall have its own Legal Department, which shall have the power to represent the Bank in cases filed before courts, tribunals, and quasi-judicial bodies, render opinions, and prepare and review contracts/agreements. The Head of the Legal Department shall be appointed by the President.

In appropriate cases, the Bank may also avail of the legal services of external counsel, subject to the approval of the Board and the Office of the Government Corporate Counsel (OGCC): *Provided*, That the present Legal Services Group in the

Bank shall serve as its in-house legal counsel and the principal law office of the Bank.

The Bank may, upon the recommendation of its Legal Department, deputize any member of its legal staff to act as special sheriff in foreclosure cases, in the sale or attachment of the debtor's properties, and in the enforcement of court writs and processes in cases involving the Bank. After any action is taken, the special sheriff of the Bank shall make a report to the proper court, which shall treat such action as if it were an act of its own sheriff in all respects.

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

SEC. 16. *Disposal of Real Estate and other Properties in the Collection of Debt.* – Real estate and other properties acquired by the Bank in the collection of debts or investment by way of foreclosure or other means shall be sold or disposed of in accordance with law, within five (5) years after their respective dates of acquisition.

For this purpose, the Board shall be the appropriate regulatory authority to promulgate the necessary implementing rules and regulations.

SEC. 17. *Exemption from Attachment.* – The provisions of any law to the contrary notwithstanding, collaterals, securities on loans or other credit accommodations and guarantees granted by the Bank or its predecessors-in-interest shall not be subject to attachment, execution, stay order, or any other court process, nor shall they be included in the property of insolvent persons or institutions, unless all debts and obligations of the debtor to the Bank and its predecessors-in-interest have been previously paid, including accrued interests, penalties, collection expenses, and other charges.

SEC. 18. *Right of Redemption.* – Any individual or juridical mortgagor of the Bank whose real property has been judicially sold at public auction, or any individual mortgagor of the Bank whose real property has been extrajudicially sold at public auction shall, within one (1) year from the date of registration of the Certificate of Foreclosure Sale with the applicable Register of Deeds, have the right to redeem the real property by paying to the Bank all of the latter's claims as determined by the Bank.

Notwithstanding the provisions of Act No. 3135, otherwise known as "An Act to Regulate the Sale of Property Under Special Powers Inserted In or Annexed to Real-Estate Mortgages", as amended, juridical mortgagors whose real property has been extrajudicially sold at public auction shall have the right to redeem the property until, but not after, the registration of the Certificate of Foreclosure Sale with the applicable Register of Deeds, which registration shall in no case be more than three (3) months from the date of foreclosure, whichever is earlier.

The Bank may take possession of the foreclosed property during the redemption period. When the Bank takes possession during such period, it shall be entitled to the fruits of the property with no obligation to account for them, the same being

considered compensation for the interest that would otherwise accrue on the account.

The Bank shall not be obliged to post a bond for the purpose of such possession.

SEC. 19. *Human Resource.* – The Board, upon the recommendation of the President and CEO, shall provide for an organizational structure and staffing pattern of officers and employees of the Bank.

All positions in the Bank shall be governed by the provisions of Republic Act No. 10149.

The Bank officers and employees, including all members of the Board, shall not engage, directly or indirectly, in partisan political activities or take part in any election except to vote.

No officer or employee of the Bank shall be dismissed except as provided by law.

SEC. 20. *Environmental, Social, and Governance Principles.* – As an integral part of the National Government, the Bank is inherently mandated to be socially responsible, to act and operate as a good corporate citizen. The Board of the Bank shall recognize and perform obligations of the Bank towards the National Government, as well as investors, if any, together with the employees, suppliers, customers, other stakeholders, and the communities in which it operates.

SEC. 21. *Inhibition from Board Meetings or Members with Personal Interest.* – Whenever any member attending a meeting of the Board, or any of his or her relatives within the second civil degree of consanguinity or affinity has a personal or pecuniary interest, direct or indirect, in any matter in the agenda of the board meeting or in the discussion or resolution of any given matter, the member shall disclose said interest to the Board and shall not participate in the discussion or resolution of the matter and must retire from the meeting during the deliberation thereon. The members of the Board present in the meeting should still constitute a quorum despite the inhibition of the subject member in any matter, discussion, or resolution in the same meeting.

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

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

SEC. 22. *Prohibition on Persons with Personal/Pecuniary Interest.* – No member of the Board, officer, attorney, agent, or employee of the Bank shall, in any manner, directly or indirectly participate in the deliberation or determination of any question affecting his or her direct personal interest or that of relatives within the second civil degree of consanguinity or affinity, or of any corporation, partnership, or association in which the member, officer, attorney, agent, or employee has a direct interest. Any person violating the provision of this section shall be removed from office and shall, upon conviction, be penalized with a fine of not less than Fifty thousand pesos

(P50,000.00) but not more than Two million pesos (P2,000,000.00), imprisonment of not less than two (2) years but not more than ten (10) years, or both, at the discretion of the court.

SEC. 23. *Prohibition Against Owning Stock in or Incurring Indebtedness to the Bank.*

– The Governor of the BSP, all other members of the Monetary Board, and the head of the auditing department of the Bank are hereby prohibited from owning stock in the Bank, or from becoming indebted to the Bank, directly or indirectly.

SEC. 24. *Borrowing by Directors, Officers and Employees; Restriction and Limitation.*

– No (1) director, officer, or employee of the Bank; or (2) corporation, partnership, or company wherein any member of the Bank's Board, its officer, employee, or their relatives within the first civil degree of consanguinity or affinity is a director, officer, or controlling shareholder shall, either directly or indirectly, for one's self or as representative or agent of others, borrow any of the deposits of funds from the Bank, become a guarantor, or in any manner be an obligor for money borrowed from the Bank or loaned by it: *Provided*, That this prohibition on loans to directors, officers, and employees shall not include loans allowed in the form of fringe benefits granted in accordance with rules and regulations as may be prescribed by the Monetary Board: *Provided, further*, That this prohibition shall not apply to loans to corporations, subsidiaries, or affiliates of DBP wherein the director, officer, or employee of the Bank sits on the board of the borrower corporation to represent the interest of the Bank.

SEC. 25. *Rules and Regulations on Conflict of Interest.* – The Board is hereby authorized to issue rules and regulations for determining and resolving conflicts of interest questions. Such rules shall, in particular, include the requirement on all Bank officers and employees to disclose any shareholdings that they, or their relatives within the second civil degree of consanguinity or affinity, may have in any corporation, partnership, or company in excess of two percent (2%) of the equity of said corporation, partnership, or company or in any related party transactions defined by the Monetary Board of the BSP and the Board of the Bank.

SEC. 26. *Prohibition on Officers and Employees of the Bank.* – Except as required by law, upon order of a court of competent jurisdiction, the express order of the President of the Philippines, or the written permission of the client, no officer or employee of the Bank shall reveal nor allow to be examined, inquired, or looked into, by any third person, government official, bureau, or office any information relative to details of individual accounts or specific banking transactions, condition, or business of any of its clients, or funds, or properties belonging to private individuals in the custody of the Bank: *Provided*, That in respect to deposits of whatever nature, the provisions of existing laws shall apply.

This prohibition shall not apply to the exchange of confidential credit information among government financial institutions or among banks, in accordance with applicable laws.

SEC. 27. *Exaction of Fee, Commission, Gift, or Charge.* – No unauthorized fee, commission, gift, or charge of any kind shall be exacted, demanded, or paid, for obtaining loans from the Bank. Any officer, employee, or agent of the Bank found guilty of exacting, demanding, or receiving any service fee for obtaining any service or transaction from the Bank shall be penalized by a fine of not less than Fifty

thousand pesos (P50,000.00) but not more than Two million pesos (P2,000,000.00), imprisonment for a period of not less than six (6) years and one (1) month but not more than fifteen (15) years, perpetual disqualification from public office, and confiscation or forfeiture in favor of the government of any prohibited interest and unexplained wealth.

SEC. 28. *Examination of the Bank.* – The Bank shall be subject to supervision and examination by the appropriate department of the BSP: *Provided*, That in conducting the said examination, the BSP shall duly consider the Bank's risk-taking activities in furtherance of its mandate.

SEC. 29. *General Penal Provisions.* – A director, officer, or employee of the Bank who violates or permits any of its officers, employees, agents, or any other person to violate any provision of this Act not specifically punished in the preceding sections, and any person violating or aiding and abetting the violation of this Act shall be penalized with a fine of not less than Fifty Thousand pesos (P50,000.00) but not more than Two Million pesos (P2,000,000.00), or imprisonment for a period of not less than two (2) years but not more than ten (10) years, or both, at the discretion of the court.

SEC. 30. *Other Liability of Guilty Officer or Employee.* – Any member of the Board, officer or employee of the Bank who willfully violates any of the provisions of this Act shall, in addition to the criminal and administrative liability resulting from such act, be held liable for any loss or injury suffered by the Bank as a result of such violation.

SEC. 31. *Liability of Directors, Officers, or Partners of Offending Corporation or Partnership.* – If the violation of the provisions of this Act is committed by a corporation or partnership, its directors, officers, or partners who participated in the violation shall be criminally liable therefor.

SEC. 32. *Applicability of Banking Laws.* – The provisions of Republic Act No. 7653, otherwise known as the "New Central Bank Act", as amended by Republic Act No. 11211, Republic Act No. 8791, and other applicable banking laws, insofar as they are not in conflict with any provision of this Act, shall apply to the Bank.

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

SEC. 33. *Adoption of By-laws.* – For the adoption of by-laws by the Bank, the approval of the Board shall be necessary, and the by-laws shall be effective only upon the issuance by the BSP and GCG of a certification that the by-laws are in accordance with law.

SEC. 34. *Transitory Provision.* – Nothing in this Act shall operate to abolish the Bank and affect the validity or legality of any right, duty, or obligation created by or in respect of the Bank prior to the effectivity this Act.

Within one hundred eighty (180) days after the effectivity of this Act, the Bank is authorized to reorganize and/or rationalize the Bank's organizational structure to attract new and critical talents to join the Bank's workforce in response to dynamic

industry trends; incentivize early separation of tenured employees and those with medical conditions who will be considered for retirement before the optional retirement age of sixty (60) years old; and improve headcount management and succession planning, subject to the provisions of Republic Act No. 10149 and applicable issuances by the GCG.

Employees who shall retire from the service or are separated therefrom on account of the reorganization of the Bank under the provisions of this Act shall be entitled to all gratuities and benefits provided under existing laws and/or supplementary retirement plans adopted by and effective in the Bank, subject to the provisions of Republic Act No. 10149 and applicable issuances by the GCG.

SEC. 35. *Separability Clause.* – If any provision of this Act is declared invalid or unconstitutional, the remainder hereof not otherwise affected shall remain in full force and effect.

SEC. 36. *Repealing Clause.* – Executive Order No. 81 dated December 3, 1986, otherwise known as “The 1986 Revised Charter of the Development Bank of the Philippines”, as amended, is hereby repealed. All other laws, presidential decrees, executive orders, letters of instruction, proclamations, or administrative regulations that are inconsistent with any of the provisions of this Act, are hereby repealed, amended, or modified accordingly.

SEC. 37. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,