



HOUSE OF REPRESENTATIVES

H. No. 6707

BY REPRESENTATIVES ROMUALDEZ (F.M.), ROMUALDEZ (A.J.), ACIDRE, TIENG, EMANO, VILLAFUERTE (M.L.), VILLAFUERTE (V.R.L.), HORIBATA, RIDON, LUISTRO, ROMUALDO, YULO, REVILLA (B.), MERCADO-REVILLA, REVILLA (R.J.), ROMUALDEZ (Y.M.), DY (F.), MARCOS, ALBANO, PUNO, ARENAS, GARCIA (K.H.), ROMAN, ANGELES, GONZALES (A.M.), DEL MAR, RIVERA, TARRIELA, ADIONG, ANG, ORETA, BOCOBO, SALCEDA, LACSON, VILLARICA, RODRIGUEZ (E.), CUA, ESPARES, LABADLABAD, PADIERNOS, GO, CRUZ (A.), DE LIMA, YAP (J.G.), SUANSING (B.V.), PRIMICIAS-AGABAS, ACOSTA, SANTOS (M.A.), GUTIERREZ, MOMO AND PLEYTO

AN ACT
PROMOTING TRANSPARENT GOVERNANCE AND
INSTITUTING ANTI-CORRUPTION MECHANISMS IN
THE OPERATION OF BANKS, AMENDING FOR THE
PURPOSE REPUBLIC ACT NO. 1405, ENTITLED "AN
ACT PROHIBITING DISCLOSURE OF OR INQUIRY
INTO, DEPOSITS WITH ANY BANKING INSTITUTION
AND PROVIDING PENALTY THEREFOR"

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

1 **SECTION 1.** Section 2 of Republic Act No. 1405, entitled: "An Act
2 Prohibiting Disclosure of or Inquiry Into, Deposits with Any Banking
3 Institution and Providing Penalty Therefor" is hereby amended to read as
4 follows:

5 "SEC. 2. All deposits of whatever nature with banks or banking
6 institutions including investments in bonds by the Government of the
7 Philippines, its political subdivisions and its instrumentalities, are
8 hereby considered as of an absolutely confidential nature and may
9 not be examined, inquired or looked into by any person, government
10 official, bureau or office, except upon written permission of the
11 depositor, or in cases of impeachment, or upon order of a competent
12 court in cases of bribery or dereliction of duty of public officials, or in
13 cases where the money deposited is the subject matter of the
14 litigation [.] **OR IN CASES WHERE THE INQUIRY OR**
15 **EXAMINATION IS MADE BY THE BANGKO SENTRAL NG**

1 **PILIPINAS (BSP), IN THE EXERCISE OF ITS SUPERVISORY**
2 **POWERS, ON THE DEPOSIT OF THE STOCKHOLDER,**
3 **OWNER, DIRECTOR, TRUSTEE, OFFICER OR EMPLOYEE**
4 **OF AN ENTITY THAT IS SUBJECT TO THE SUPERVISION**
5 **OR REGULATORY POWER OF THE BSP, THE**
6 **REPRESENTATIVE OR AGENT, THE RELATED PARTY, OR**
7 **ANY OF THE CONSPIRATORS, OF THE PERSON INVOLVED:**
8 **PROVIDED, THAT, UPON DETERMINATION BY THE**
9 **MONETARY BOARD, THERE IS A REASONABLE GROUND**
10 **TO BELIEVE THAT FRAUD, SERIOUS IRREGULARITY OR**
11 **UNLAWFUL ACTIVITY HAS BEEN OR IS BEING**
12 **COMMITTED BY THE ABOVEMENTIONED PERSONS, AND**
13 **THAT IT IS NECESSARY TO LOOK INTO THE DEPOSIT TO**
14 **ESTABLISH SUCH FRAUD, SERIOUS IRREGULARITY OR**
15 **UNLAWFUL ACTIVITY. THE AUTHORITY OF THE BSP TO**
16 **INQUIRE AND EXAMINE DEPOSITS SHALL ALSO APPLY IN**
17 **THE COURSE OF ITS INVESTIGATION OF CLOSED BANKS.**

18 **AS USED IN THIS ACT, DEPOSITS SHALL REFER TO**
19 **MONEY OR ITS EQUIVALENT RECEIVED BY A BANK IN**
20 **THE USUAL COURSE OF BUSINESS, AND FOR WHICH IT**
21 **HAS GIVEN OR IS OBLIGED TO GIVE CREDIT TO A**
22 **COMMERCIAL, CHECKING, SAVINGS, TIME OR THRIFT**
23 **ACCOUNT, EVIDENCED BY A PASSBOOK, CERTIFICATE OF**
24 **DEPOSIT, OR OTHER EVIDENCE OF DEPOSIT, ISSUED IN**
25 **ACCORDANCE WITH BSP RULES AND REGULATIONS AND**
26 **OTHER APPLICABLE LAWS, AS WELL AS SUCH OTHER**
27 **OBLIGATION OF A BANK THAT FORMS PART OF ITS**
28 **DEPOSIT LIABILITIES PURSUANT TO BSP RULES AND**
29 **REGULATIONS.**

30 **THE RESULTS OF THE INQUIRY OR EXAMINATION**
31 **CONDUCTED BY THE BSP SHALL BE FOR ITS EXCLUSIVE**
32 **USE AND SHALL NOT BE MADE AVAILABLE TO ANY**
33 **PERSON OR ENTITY, WHETHER PUBLIC OR PRIVATE,**
34 **EXCEPT TO THE SECURITIES AND EXCHANGE**
35 **COMMISSION, PHILIPPINE DEPOSIT INSURANCE**
36 **CORPORATION, ANTI-MONEY LAUNDERING COUNCIL,**
37 **DEPARTMENT OF JUSTICE, AND THE COURTS: PROVIDED,**
38 **THAT THE SHARING OF THE RESULTS OF THE**
39 **ABOVEMENTIONED INQUIRY OR EXAMINATION IS**
40 **NECESSARY TO PREVENT OR PROSECUTE ANY OFFENSE**
41 **OR CRIME.**

42 **THE EXEMPTIONS UNDER THIS SECTION SHALL APPLY**
43 **TO FOREIGN CURRENCY DEPOSITS IN BANKS**
44 **OPERATING IN THE PHILIPPINES INCLUDING OFF-**
45 **SHORE BRANCHES OF DOMESTIC BANKS: PROVIDED,**
46 **THAT THESE EXEMPTIONS SHALL NOT APPLY TO**

1 **NON-STOCK SAVINGS & LOAN ASSOCIATIONS (NSSLAS)**
2 **THAT ARE CATERING ONLY TO THEIR MEMBERS.”**

3 **SEC. 2.** Section 3 of the same Act, is hereby amended to read as
4 follows:

5 **“SEC. 3.** [It shall be unlawful for any official or employee of a
6 banking institution to disclose to any person other than those
7 mentioned in Section two hereof any information concerning said
8 deposits] **NO BANK OR FINANCIAL INSTITUTION, OR**
9 **ANY OF ITS DIRECTORS, OFFICERS OR EMPLOYEES,**
10 **SHALL BE SUBJECT TO ANY ACTION, CLAIM OR DEMAND**
11 **IN CONNECTION WITH, AND SHALL BE HELD FREE AND**
12 **HARMLESS FROM LIABILITY FOR ANY ACT DONE IN**
13 **COMPLIANCE WITH AN ORDER FOR INQUIRY OR**
14 **EXAMINATION FROM THE BSP: PROVIDED, HOWEVER,**
15 **THAT IT SHALL BE UNLAWFUL FOR ANY OFFICIAL OR**
16 **EMPLOYEE OF A BANKING INSTITUTION OR THE BSP TO**
17 **DISCLOSE ANY INFORMATION CONCERNING SAID**
18 **DEPOSITS TO ANY PERSON AND UNDER SUCH**
19 **CONDITIONS OTHER THOSE MENTIONED IN SECTION 2**
20 **HEREOF: PROVIDED, FURTHER, THAT IT SHALL ALSO BE**
21 **UNLAWFUL FOR ANY PERSON TO USE THIS ACT FOR**
22 **PERSECUTION OR HARASSMENT OR AS AN INSTRUMENT**
23 **TO HAMPER COMPETITION IN TRADE AND COMMERCE.”**

24 **SEC. 3.** Section 5 of the same Act is hereby amended to read as
25 follows:

26 **“SEC. 5.** [Any violation of this law will subject offender upon
27 conviction, to an imprisonment of not more than five years or a fine of
28 not more than twenty thousand pesos or both, in the discretion of the
29 court.] **ANY PERSON WHO VIOLATES ANY PROVISION OF**
30 **THIS ACT SHALL, UPON CONVICTION, BE PUNISHED WITH**
31 **IMPRISONMENT OF NOT LESS THAN TWO (2) YEARS NOR**
32 **MORE THAN TEN (10) YEARS, OR A FINE OF NOT LESS**
33 **THAN FIFTY THOUSAND PESOS (PHP 50,000) NOR MORE**
34 **THAN TWO MILLION PESOS (PHP 2,000,000), OR BOTH, AT**
35 **THE DISCRETION OF THE COURT.”**

36 **SEC. 4.** If any provision or section of this Act is held to be
37 unconstitutional or invalid, the other provisions or sections hereof which are
38 not affected thereby shall continue to be in full force and effect.

39 **SEC. 5.** Sections 2, 3 and 5 of Republic Act No. 1405; Sections 8 and
40 12-A of Republic Act No. 6426, as amended, also known as the “Foreign
41 Currency Deposit Act of the Philippines” with respect to foreign currency
42 deposits; Section 33 of Republic Act No. 6848, also known as “The Charter of
43 the Al-Amanah Islamic Investment Bank of the Philippines”; Section

1 26(a)(2) of Republic Act No. 7353, also known as the "Rural Banks Act of
2 1992"; and Section 21(a)(2) of Republic Act No. 7906 or the "Thrift Banks
3 Act of 1995", are hereby amended or modified accordingly.

4 All other acts, special charters, executive orders, rules and
5 regulations, or parts thereof, which are inconsistent with the provisions of
6 this Act, are hereby repealed.

7 **SEC. 6.** This Act shall take effect fifteen (15) days following its
8 publication in the *Official Gazette* or in a newspaper of general circulation
9 in the Philippines.

Approved,