



HOUSE OF REPRESENTATIVES

H. No. 6020

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BY REPRESENTATIVES COLLANTES, BICHARA, RODRIGUEZ (R.),  
RODRIGUEZ (M.), KHO, MERCADO-REVILLA, CORTUNA, ALMONTE,  
PAEZ, REVILLA, VILLARICA, ACEDILLO, TAMBUNTING, GUANLAO,  
BATOCABE, CO, DEL ROSARIO (A.G.), ANGPING, VIOLAGO, LANETE,  
CHIPECO AND DIMAPORO (A.), PER COMMITTEE REPORT NO. 331

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AN ACT ENHANCING THE RESOLUTION AND LIQUIDATION  
FRAMEWORK FOR BANKS, AMENDING FOR THE PURPOSE  
REPUBLIC ACT NO. 3591, AS AMENDED, AND OTHER  
RELATED LAWS

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

1 SECTION 1. Section 1 of Republic Act No. 3591, as amended, is hereby  
2 further amended to read as follows:

3 "THE CREATION OF THE  
4 PHILIPPINE DEPOSIT INSURANCE CORPORATION

5 "SECTION 1. - There is hereby created a Philippine  
6 Deposit Insurance Corporation, hereinafter referred to as the  
7 'Corporation', which shall insure, as herein provided, the  
8 deposits of all banks which are entitled to the benefits of  
9 insurance under this Act, and which shall have the powers  
10 hereinafter granted.



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

3           **“BOARD OF DIRECTORS: COMPOSITION AND AUTHORITY**

4           **“SEC. 2. (A)** The powers and functions of the  
5 Corporation shall be vested in, and exercised by a Board of  
6 Directors which shall be composed of [five (5)] **SEVEN (7)**  
7 members as follows:

8           **“[(a)](1)** The Secretary of Finance who shall be *ex-officio*  
9 Chairman of the Board without compensation [.];

10          **“[(b)](2)** The Governor of the Bangko Sentral ng  
11 Pilipinas, who shall be *ex-officio* member of the Board without  
12 compensation [.];

13          **“[(c)** The President of the Corporation, who shall be  
14 appointed by the President of the Philippines from either the  
15 Government or private sector to serve on full-time basis for a  
16 term of six (6) years. The President of the Corporation shall also  
17 serve as Vice Chairman of the Board.]

18          **“[(d)](3)** [Two (2)] **FIVE (5)** members from the private  
19 sector, to be appointed **BY THE PRESIDENT OF THE PHILIPPINES**  
20 **FROM A SHORTLIST PREPARED BY THE GOVERNANCE**  
21 **COMMISSION FOR GOVERNMENT-OWNED OR -CONTROLLED**  
22 **CORPORATIONS PURSUANT TO REPUBLIC ACT NO. 10149.**  
23 **THE APPOINTIVE DIRECTORS SHALL SERVE** for a term of [six  
24 (6) years] **ONE (1) YEAR**, [without reappointment by the  
25 President of the Philippines: *Provided*, That of those first  
26 appointed, the first appointee shall serve for a period of two (2)

1 years.] UNLESS SOONER REMOVED FOR CAUSE: *PROVIDED,*  
2 *HOWEVER,* THAT THE APPOINTIVE DIRECTOR SHALL  
3 CONTINUE TO HOLD OFFICE UNTIL THE SUCCESSOR IS  
4 APPOINTED. AN APPOINTIVE DIRECTOR MAY BE NOMINATED  
5 BY THE GOVERNANCE COMMISSION FOR GOCCs FOR  
6 REAPPOINTMENT BY THE PRESIDENT ONLY IF ONE OBTAINS A  
7 PERFORMANCE SCORE OF ABOVE AVERAGE OR ITS  
8 EQUIVALENT OR HIGHER IN THE IMMEDIATELY PRECEDING  
9 YEAR OF TENURE AS APPOINTIVE DIRECTOR BASED ON THE  
10 PERFORMANCE CRITERIA FOR APPOINTIVE DIRECTORS FOR  
11 THE GOCC.

12 “APPOINTMENT TO ANY VACANCY SHALL BE ONLY FOR  
13 THE UNEXPIRED PORTION OF THE TERM OF THE PREDECESSOR  
14 PURSUANT TO REPUBLIC ACT NO. 10149.

15 “THE PRESIDENT OF THE CORPORATION SHALL BE  
16 ELECTED ANNUALLY BY THE MEMBERS OF THE BOARD FROM  
17 AMONG ITS RANKS. THE PRESIDENT SHALL BE SUBJECT TO  
18 THE DISCIPLINARY POWERS OF THE BOARD, AND MAY BE  
19 REMOVED BY THE BOARD FOR CAUSE.

20 “No person shall be appointed as member of the  
21 Board unless he be of good moral character, [and] of  
22 unquestionable integrity and responsibility, OF KNOWN PROBITY  
23 AND PATRIOTISM, and who is of recognized competence  
24 in economics, banking and finance, law, management  
25 administration or insurance, and shall be at least thirty-five (35)  
26 years of age. For the duration of their tenure or term in office  
27 and for a period of one year thereafter, the appointive members  
28 of the Board shall be disqualified from holding any office,  
29 position, or employment in any insured bank.

1           “The Secretary of Finance and the Governor of  
2           the Bangko Sentral NG PILIPINAS may each designate  
3           [a representative, whose position shall not be lower than  
4           an undersecretary or deputy governor respectively,] AN  
5           ALTERNATE, WHO SHALL BE THE OFFICIAL NEXT IN RANK TO  
6           THEM, to attend such meetings and to vote on behalf of their  
7           respective principals. Whenever the Chairman of the Board is  
8           unable to attend a meeting of the Board, or in the event of a  
9           vacancy in the office of the Secretary of Finance, the [President  
10          of the Corporation] MEMBERS OF THE BOARD SHALL  
11          DESIGNATE FROM AMONG THEMSELVES WHO shall act as  
12          [Chairman] CHAIRPERSON.

13           “THE PRESIDENT OF THE PHILIPPINES MAY REMOVE  
14           ANY APPOINTIVE MEMBER OF THE BOARD OF DIRECTORS FOR  
15           ANY OF THE FOLLOWING REASONS:

16           “(I) IF THE MEMBER IS PHYSICALLY OR MENTALLY  
17           INCAPACITATED TO PROPERLY DISCHARGE HIS DUTIES AND  
18           RESPONSIBILITIES, AND SUCH INCAPACITY HAS LASTED FOR  
19           MORE THAN SIX (6) MONTHS;

20           “(II) IF THE MEMBER IS GUILTY OF ACTS OR  
21           OPERATIONS WHICH ARE OF FRAUDULENT OR ILLEGAL  
22           CHARACTER OR WHICH ARE MANIFESTLY OPPOSED TO THE  
23           AIMS AND INTERESTS OF THE CORPORATION;

24           “(III) IF THE MEMBER NO LONGER POSSESSES THE  
25           QUALIFICATIONS SPECIFIED IN THIS ACT; AND

26           “(IV) IF THE MEMBER DOES NOT MEET THE STANDARDS  
27           FOR PERFORMANCE BASED ON THE EVALUATION BY THE

1           **GOVERNANCE COMMISSION FOR GOCCs UNDER REPUBLIC**  
2           **ACT NO. 10149.**

3           “The presence of [~~three (3)~~] **FOUR (4)** members shall  
4           constitute a quorum. All decisions of the Board of Directors  
5           shall require the concurrence of at least [~~three (3)~~] **FOUR (4)**  
6           members.

7           “[The Secretary of Finance shall fix the rate of *per diem*  
8           for every Board meeting attended by the members of the Board  
9           of Directors from the private sector. The President of the  
10          Philippines may fix such emoluments that may be received by  
11          the Board of Directors comparable to the emoluments of  
12          members of the Board of Directors of other government financial  
13          institutions.] **THE COMPENSATION, PER DIEMS, ALLOWANCES,**  
14          **INCENTIVES, AND OTHER BENEFITS FOR BOARD MEMBERS**  
15          **SHALL BE DETERMINED BY THE GOVERNANCE COMMISSION**  
16          **FOR GOCCs PURSUANT TO REPUBLIC ACT NO. 10149.**

17          “**IN ADDITION TO THE REQUIREMENTS OF REPUBLIC**  
18          **ACT NO. 6713, OTHERWISE KNOWN AS THE ‘CODE OF**  
19          **CONDUCT AND ETHICAL STANDARDS FOR PUBLIC OFFICIALS**  
20          **AND EMPLOYEES’, ANY MEMBER OF THE BOARD OF**  
21          **DIRECTORS WITH PERSONAL OR PECUNIARY INTEREST IN ANY**  
22          **MATTER IN THE AGENDA OF THE BOARD OF DIRECTORS SHALL**  
23          **DISCLOSE THIS INTEREST TO THE BOARD AND SHALL RECUSE**  
24          **FROM THE MEETING WHEN THE MATTER IS TAKEN UP. THE**  
25          **MINUTES SHALL REFLECT THE DISCLOSURE MADE AND THE**  
26          **RECUSAL FROM THE MEETING OF THE MEMBER CONCERNED.**

27          “(B) The Board of Directors shall have the authority:

1           “[1.](1) To [prepare] **APPROVE** and issue rules and  
2 regulations **FOR BANKS AND THE DEPOSITING PUBLIC** as it  
3 considers necessary for the effective discharge of its  
4 responsibilities;

5           “[2.](2) To [direct] **ACT AS THE POLICY-MAKING BODY**  
6 **OF THE CORPORATION AND CONSTITUTE BOARD COMMITTEES**  
7 **TO OVERSEE** the management, operation and administration of  
8 the Corporation;

9           “[3.](3) To establish a human resource management  
10 system which shall govern the selection, hiring, appointment,  
11 transfer, promotion, or dismissal of [all] personnel. Such system  
12 shall aim to establish professionalism and excellence at all levels  
13 of the Corporation in accordance with sound principles of  
14 management[.];

15           “**(4) TO APPROVE [A] a compensation structure[.]AS AN**  
16 **INTEGRAL COMPONENT OF THE CORPORATION’S HUMAN**  
17 **RESOURCE DEVELOPMENT PROGRAM** based on job evaluation  
18 studies and wage surveys, [and subject to the Board’s approval,  
19 shall be instituted as an integral component of the Corporation’s  
20 human resource development program] **AND REVISE THE SAME,**  
21 **AS IT MAY DEEM NECESSARY: Provided,** That all positions in the  
22 Corporation shall be governed by a compensation **PACKAGE,**  
23 position classification system and qualification standards  
24 approved by the Board based on a comprehensive job analysis  
25 and audit of actual duties and responsibilities. The compensation  
26 [plan] **STRUCTURE** shall be comparable [with the prevailing

1 compensation plans of other government financial institutions  
2 and shall be subject to review by the Board no more than once  
3 every two (2) years without prejudice to yearly merit reviews or  
4 increases based on productivity and profitability] **TO THAT OF**  
5 **THE BANGKO SENTRAL, AND SHALL PROVIDE FOR YEARLY**  
6 **MERIT REVIEWS OR INCREASES BASED ON PRODUCTIVITY.** The  
7 Corporation shall therefore be exempt from existing laws, rules  
8 and regulations on compensation PACKAGE, position  
9 classification and qualification standards. It shall however  
10 endeavor to make its system conform as closely as possible with  
11 the principles under Republic Act No. 6758, as amended[.];

12 “[4.](5) To appoint, establish the rank, fix the  
13 remuneration, [approve local and foreign training of,] **BENEFITS,**  
14 **INCLUDING HEALTH CARE SERVICES THROUGH A HEALTH**  
15 **MAINTENANCE ORGANIZATION (HMO) AND MEDICAL**  
16 **BENEFITS OTHER THAN THOSE PROVIDED FOR UNDER**  
17 **REPUBLIC ACT NO. 7875, AS AMENDED,** and remove any officer  
18 or employee of the Corporation, for cause, subject to pertinent  
19 civil service laws: *Provided,* That the Board of Directors may  
20 delegate this authority to the President subject to specific  
21 guidelines[.]; **PROVIDED, FURTHER, THAT IN NO CASE SHALL**  
22 **THERE BE ANY DIMINUTION OF EXISTING SALARIES, BENEFITS**  
23 **AND OTHER EMOLUMENTS;**

24 “(6) **TO APPROVE POLICY ON LOCAL AND FOREIGN**  
25 **TRAVEL, AND THE CORRESPONDING EXPENSES, ALLOWANCES**  
26 **AND PER DIEMS, OF OFFICERS, EMPLOYEES, AGENTS OF THE**  
27 **CORPORATION, WHICH SHALL BE COMPARABLE WITH THE**



1 EXPENSES, ALLOWANCES AND PER DIEMS OF PERSONNEL OF  
2 THE BANGKO SENTRAL, NOTWITHSTANDING THE PROVISIONS  
3 OF PRESIDENTIAL DECREE NO. 1177, EXECUTIVE ORDER  
4 NO. 292, EXECUTIVE ORDER NO. 248, AS AMENDED,  
5 EXECUTIVE ORDER NO. 298, AND SIMILAR LAWS;

6 “[5.](7) To adopt an annual budget for, and authorize  
7 such expenditures by the Corporation as are in the interest of the  
8 effective administration and operation of the Corporation; [and]

9 “[6.](8) To approve the TARGET LEVEL OF THE DEPOSIT  
10 INSURANCE FUND AND THE methodology for determining [the  
11 level and amount of] RESERVES [provisioning] for insurance and  
12 financial assistance losses[, which shall establish reasonable  
13 levels of deposit insurance reserves.];

14 “[7](9) To review the organizational set-up of the  
15 Corporation and adopt a new or revised organizational structure  
16 as it may deem necessary for the Corporation to undertake its  
17 mandate and functions[.];

18 “(10) TO DESIGN, ADOPT AND REVISE, AS IT MAY DEEM  
19 NECESSARY, AN EARLY SEPARATION PLAN FOR EMPLOYEES OF  
20 THE CORPORATION TO ENSURE AVAILABILITY OF A HUMAN  
21 RESOURCE POOL QUALIFIED AND CAPABLE OF IMPLEMENTING  
22 THE CORPORATION’S AUTHORITIES UNDER THIS CHARTER IN  
23 A MANNER RESPONSIVE AND ATTUNED TO MARKET  
24 DEVELOPMENTS, AND TO PROVIDE INCENTIVES FOR ALL  
25 THOSE WHO SHALL BE SEPARATED FROM THE SERVICE.  
26 NOTWITHSTANDING ANY LAW TO THE CONTRARY, THESE  
27 INCENTIVES SHALL BE IN ADDITION TO ALL GRATUITIES AND

1           **BENEFITS THE EMPLOYEE IS ENTITLED TO UNDER EXISTING**  
2           **LAWS; AND**

3           **“(11) TO PROMOTE AND SPONSOR THE LOCAL**  
4           **OR FOREIGN TRAINING OR STUDY OF PERSONNEL IN THE**  
5           **FIELDS OF BANKING, FINANCE, MANAGEMENT, INFORMATION**  
6           **TECHNOLOGY AND LAW. TOWARDS THIS END, THE**  
7           **CORPORATION IS HEREBY AUTHORIZED TO DEFRAY THE**  
8           **COSTS OF SUCH TRAINING OR STUDY. THE BOARD SHALL**  
9           **PRESCRIBE RULES AND REGULATIONS TO GOVERN THE**  
10           **TRAINING OR STUDY PROGRAMS OF THE CORPORATION.”**

11           SEC. 4. Section 3 of the same Act is hereby amended to read as  
12 follows:

13                           **“PRESIDENT OF THE CORPORATION**  
14                           **COMPENSATION, POWERS AND DUTIES**

15           **“SEC. 3. The President of the Corporation shall be [the]**  
16           **ITS Chief Executive [thereof]. THE PRESIDENT OF THE**  
17           **PHILIPPINES, UPON THE RECOMMENDATION OF THE**  
18           **GOVERNANCE COMMISSION FOR GOCCS, SHALL FIX THE [and**  
19           **his] salary, ALLOWANCES, BENEFITS AND OTHER EMOLUMENTS**  
20           **OF THE PRESIDENT OF THE CORPORATION [shall be fixed by**  
21           **the President of the Philippines] at a sum commensurate to the**  
22           **importance and responsibility attached to the position[.], AND**  
23           **SHALL REVIEW AND ADJUST SUCH SALARY, ALLOWANCES,**  
24           **BENEFITS AND OTHER EMOLUMENTS EVERY TWO (2) YEARS.**  
25           **The sum total of the salary, [of the President and the]**  
26           **allowances, BENEFITS, and other emoluments [which the Board**  
27           **of Directors may grant him] OF THE PRESIDENT OF THE**

1           **CORPORATION** shall be [the ceiling for fixing the salary,  
2           allowances and other emoluments of all other personnel in the  
3           Corporation] **DETERMINED BY THE GOVERNANCE COMMISSION**  
4           **FOR GOCCs.**

5           “The powers and duties of the President of the  
6           Corporation are:

7           “(a) x x x

8           “(b) x x x

9           “(c) x x x

10           “(d) To represent the Corporation[, upon prior authority  
11           of the Board,] in all dealings with other offices, agencies and  
12           instrumentalities of the government and with all other persons or  
13           entities, public or private, whether domestic, foreign or  
14           international;

15           “(e) x x x

16           “(f) To represent the Corporation, either personally or  
17           through counsel, **INCLUDING PRIVATE COUNSEL, AS MAY BE**  
18           **AUTHORIZED BY THE PDIC BOARD,** in [all] ANY legal  
19           proceeding[s] or action[s];

20           “(g) x x x

21           “(h) x x x

22           x x x.”

23           **SEC. 5.** Section 4 of the same Act is hereby further amended to read as  
24           follows:

**“DEFINITION OF TERMS**

1  
2           **“SEC. 4. As used in this Act –**

3           **“(A) THE TERM ‘ASSET’ REFERS TO MOVABLE,**  
4           **IMMOVABLE, TANGIBLE, OR INTANGIBLE RESOURCES OR**  
5           **PROPERTIES OVER WHICH A BANK HAS AN ESTABLISHED OR**  
6           **EQUITABLE INTEREST.**

7           **“(B) THE TERM ‘ASSET DISTRIBUTION PLAN’ OR ‘ADP’**  
8           **REFERS TO THE PLAN OF DISTRIBUTION OF THE ASSETS OF A**  
9           **CLOSED BANK TO ITS CREDITORS, BASED ON ITS ESTIMATED**  
10           **REALIZABLE VALUE AS OF A CERTAIN CUT-OFF DATE,**  
11           **PREPARED IN ACCORDANCE WITH THE RULES ON**  
12           **CONCURRENCE AND PREFERENCE OF CREDITS UNDER THE**  
13           **CIVIL CODE OR OTHER LAWS.**

14           **“AN ADP MAY BE PARTIAL WHEN IT PERTAINS TO THE**  
15           **DISTRIBUTION OF A PORTION OR SOME OF THE ASSETS OF THE**  
16           **CLOSED BANK, OR FINAL WHEN IT PERTAINS TO THE**  
17           **DISTRIBUTION OF ALL THE ASSETS OF THE CLOSED BANK.**

18           **“[(a)](C) The term ‘Board of Directors’ means the Board**  
19           **of Directors of the Corporation.**

20           **“[(b)](D) The term ‘bank’ and ‘banking institution’ shall**  
21           **bc synonymous and interchangeable and shall include banks,**  
22           **commercial banks, savings banks, mortgage banks, rural banks,**  
23           **development banks, cooperative banks, stock savings and loan**  
24           **associations and branches and agencies in the Philippines of**  
25           **foreign banks and all other corporations authorized to perform**  
26           **banking functions in the Philippines.**

27           **“(E) THE TERM ‘CLOSED BANK’ REFERS TO A BANK**  
28           **PLACED UNDER LIQUIDATION BY THE MONETARY BOARD.**

1                   **“(F) THE TERM ‘CREDITOR’ REFERS TO ANY**  
2                   **INDIVIDUAL OR ENTITY WITH A VALID CLAIM AGAINST THE**  
3                   **ASSETS OF THE CLOSED BANK.**

4                   **“[(c) The term ‘receiver’ includes a receiver, commission,**  
5                   **person or other agency charged by law with the duty to take**  
6                   **charge of the assets and liabilities of a bank which has been**  
7                   **forbidden from doing business in the Philippines, as well as the**  
8                   **duty to gather, preserve and administer such assets and liabilities**  
9                   **for the benefit of the depositors and creditors of said bank, and to**  
10                   **continue into liquidation whenever authorized under this Act or**  
11                   **other laws, and to dispose of the assets and to wind up the affairs**  
12                   **of such bank.]**

13                   **“[(d) The term ‘insured bank’ means any bank the deposit**  
14                   **of which are insured in accordance with the provision of this**  
15                   **act.]**

16                   **“[(e) The term ‘non-insured bank’ means any bank the**  
17                   **deposit of which are not insured.]**

18                   **“[(f)](G) The term ‘deposit’ means the unpaid balance of**  
19                   **money or its equivalent received by a bank in the usual course of**  
20                   **business and for which it has given or is obliged to give credit to**  
21                   **a commercial, checking, savings, time or thrift account,**  
22                   **EVIDENCED BY A PASSBOOK, CHECK AND/OR CERTIFICATE OF**  
23                   **DEPOSIT, OR OTHER EVIDENCE OF DEPOSIT, [or] issued in**  
24                   **accordance with Bangko Sentral rules and regulations and other**  
25                   **applicable laws, together with such other obligations of a bank,**  
26                   **which, consistent with banking usage and practices, the Board of**  
27                   **Directors shall determine and prescribe by regulations to be**

1 deposit liabilities of the bank: *Provided*, That any obligation of a  
2 bank which is payable at the office of the bank located outside of  
3 the Philippines shall not be a deposit for any of the purposes of  
4 this Act or included as part of the total deposits or of insured  
5 deposit: *Provided, further*, That, subject to the approval of the  
6 Board of Directors, any insured bank which is incorporated  
7 under the laws of the Philippines which maintains a branch  
8 outside the Philippines may elect to include for insurance its  
9 deposit obligations payable only at such branch.

10 “The Corporation shall not pay deposit insurance for the  
11 following accounts or transactions[, whether denominated,  
12 documented, recorded or booked as deposit by the bank]:

13 “(1) Investment products such as bonds and securities,  
14 trust accounts, and other similar instruments;

15 “(2) Deposit accounts or transactions which are  
16 [unfunded, or that are] fictitious or fraudulent **AS DETERMINED**  
17 **BY THE CORPORATION;**

18 “(3) Deposit accounts or transactions constituting, and/or  
19 emanating from, unsafe and unsound banking practice/s, as  
20 determined by the Corporation, in consultation with the [BSP]  
21 **BANGKO SENTRAL**, after due notice and hearing, and  
22 publication of a **DIRECTIVE TO** cease and desist [order] issued  
23 by the Corporation against such deposit accounts, [or]  
24 transactions **OR PRACTICES;** and

25 “(4) Deposits that are determined to be the proceeds of  
26 an unlawful activity as defined under Republic Act No. 9160, as  
27 amended.

1           “The actions of the Corporation taken under [this]  
2           [s]Section 4(G) shall be final and executory, and may [not]  
3           ONLY be restrained or set aside by the [court] COURT OF  
4           APPEALS, [except on] UPON appropriate petition for *certiorari*  
5           on the ground that the action was taken in excess of jurisdiction  
6           or with such grave abuse of discretion as to amount to a lack of  
7           excess of jurisdiction. The petition for *certiorari* may only be  
8           filed within thirty (30) days from notice of denial of claim for  
9           deposit insurance.

10           “(H) THE TERM ‘DISPUTED CLAIM’ REFERS TO A CLAIM  
11           OR SUIT AGAINST THE ASSETS OF A CLOSED BANK, OR FOR  
12           SPECIFIC PERFORMANCE, OR BREACH OF CONTRACT, OR  
13           DAMAGES, OF WHATEVER NATURE OR CHARACTER, WHETHER  
14           FOR MONEY OR OTHERWISE, LIQUIDATED OR UNLIQUIDATED,  
15           FIXED OR CONTINGENT, MATURED OR CURRENT, DENIED BY  
16           THE RECEIVER.

17           “(I) THE TERM ‘INSURED BANK’ MEANS ANY BANK THE  
18           DEPOSITS OF WHICH ARE INSURED IN ACCORDANCE WITH THE  
19           PROVISIONS OF THIS ACT.

20           [(g)](j) The term ‘insured deposit’ means the amount due  
21           to any *bona fide* depositor for legitimate deposits in an insured  
22           bank [net of any obligation of the depositor to the insured bank]  
23           as of the date of closure, but not to exceed Five hundred  
24           thousand pesos (P500,000.00). Such [net] amount shall be  
25           determined according to such regulations as the Board of  
26           Directors may prescribe. In determining such amount due to any  
27           depositor, there shall be added together all deposits in the bank

1 maintained in the same right and capacity for [his] **THE** benefit  
2 **OF THE DEPOSITOR** either in [his own] **THE DEPOSITOR'S** name  
3 or in the name of others. A joint account regardless of whether  
4 the conjunction 'and', 'or', 'and/or' is used, shall be insured  
5 separately from any individually-owned deposit account:  
6 *Provided*, That (1) If the account is held jointly by two or more  
7 natural persons, or by two or more juridical persons or entities,  
8 the maximum insured deposit shall be divided into as many equal  
9 shares as there are individuals, juridical persons or entities,  
10 unless a different sharing is stipulated in the document of  
11 deposit, and (2) If the account is held by a juridical person or  
12 entity jointly with one or more natural persons, the maximum  
13 insured deposit shall be presumed to belong entirely to such  
14 juridical person or entity: *Provided, further*, That the aggregate  
15 of the interests of each co-owner over several joint accounts,  
16 whether owned by the same or different combinations of  
17 individuals, juridical persons or entities, shall likewise be subject  
18 to the maximum insured deposit of Five hundred thousand pesos  
19 (P500,000.00): *Provided, furthermore*, That the provisions of  
20 any law to the contrary notwithstanding, no owner/holder of  
21 any **PASSBOOK**, [negotiable] certificate of deposit, **OR OTHER**  
22 **EVIDENCE OF DEPOSIT** shall be recognized as a depositor  
23 entitled to the rights provided in this Act unless [his name is  
24 registered as owner/holder thereof in the books] **THE PASSBOOK,**  
25 **CERTIFICATE OF DEPOSIT OR OTHER EVIDENCE OF DEPOSIT IS**  
26 **DETERMINED BY THE CORPORATION TO BE AN AUTHENTIC**  
27 **DOCUMENT OR RECORD** of the issuing bank: *Provided, finally*,



1 That, in case of a condition that threatens the monetary and  
2 financial stability of the banking system that may have  
3 [systematic] SYSTEMIC consequences, as defined in Section 17  
4 hercof, as determined by the Monetary Board, the maximum  
5 deposit insurance cover may be adjusted in such amount, for  
6 such a period, and/or for such deposit products, as may be  
7 determined by a unanimous vote of the Board of Directors in a  
8 meeting called for the purpose and chaired by the Secretary of  
9 Finance, subject to the approval of the President of the  
10 Philippines.

11 “(K) THE TERM ‘LIQUIDATION’ REFERS TO THE  
12 PROCEEDINGS UNDER SECTIONS 10, 11, 12, 12-A and 12-B OF  
13 THIS ACT.

14 “(L) THE TERM ‘LIQUIDATION COURT’ REFERS TO THE  
15 REGIONAL TRIAL COURT OF GENERAL JURISDICTION WHERE  
16 THE PETITION FOR ASSISTANCE IN THE LIQUIDATION OF A  
17 CLOSED BANK IS FILED AND GIVEN DUE COURSE.

18 “(M) THE TERM ‘PAYOUT’ REFERS TO THE PAYMENT OF  
19 INSURED DEPOSITS.

20 “(N) THE TERM ‘PETITION FOR ASSISTANCE IN THE  
21 LIQUIDATION OF A CLOSED BANK’ OR ‘PAL’ REFERS TO THE  
22 PETITION FILED BY THE RECEIVER WITH THE REGIONAL TRIAL  
23 COURT (RTC) IN ACCORDANCE WITH SECTION 12-A OF THIS  
24 ACT.

25 “(O) THE TERM ‘PURCHASE OF ASSETS AND  
26 ASSUMPTION OF LIABILITIES’ OR ‘P&A’ REFERS TO A  
27 TRANSACTION WHERE AN INSURED BANK PURCHASES ANY OR  
28 ALL ASSETS AND ASSUMES ANY OR ALL LIABILITIES OF

1 ANOTHER BANK UNDER RESOLUTION OR LIQUIDATION, AS  
2 PROVIDED IN THIS ACT.

3 “(P) THE TERM ‘RECEIVER’ REFERS TO THE  
4 CORPORATION OR ANY OF ITS DULY AUTHORIZED AGENTS  
5 ACTING AS RECEIVER OF A CLOSED BANK.

6 “(Q) THE TERM ‘RECORDS’ INCLUDES ALL DOCUMENTS,  
7 TITLES, PAPERS AND ELECTRONIC DATA OF THE CLOSED BANK,  
8 INCLUDING THOSE PERTAINING TO DEPOSIT ACCOUNTS OF AND  
9 WITH THE CLOSED BANK, ITS ASSETS, TRANSACTIONS AND  
10 CORPORATE AFFAIRS.

11 “(R) THE TERM ‘RESIDUAL ASSETS’ REFERS TO ASSETS,  
12 IN CASH OR IN KIND, TO BE TURNED OVER TO THE CLOSED  
13 BANK’S STOCKHOLDERS OF RECORD, IN PROPORTION TO  
14 THEIR INTEREST IN THE CLOSED BANK AS OF DATE OF  
15 CLOSURE, AFTER PAYMENT IN FULL OF LIQUIDATION COSTS,  
16 FEES AND EXPENSES, AND THE VALID CLAIMS AND SURPLUS  
17 DIVIDENDS TO ALL THE CREDITORS.

18 “(S) THE TERM ‘RESOLUTION’ REFERS TO THE  
19 ACTIONS UNDERTAKEN BY THE CORPORATION UNDER  
20 SECTION 9-A OF THIS ACT TO:

21 “(1) PROTECT DEPOSITORS, CREDITORS AND THE  
22 DEPOSIT INSURANCE FUND;

23 “(2) SAFEGUARD THE CONTINUITY OF ESSENTIAL  
24 BANKING SERVICES OR MAINTAIN FINANCIAL STABILITY; AND

25 “(3) PREVENT DETERIORATION OR DISSIPATION OF  
26 BANK ASSETS.

27 “(T) THE TERM ‘RISK-BASED ASSESSMENT SYSTEM’  
28 PERTAINS TO A METHOD FOR CALCULATING AN INSURED  
29 BANK’S ASSESSMENT ON THE PROBABILITY THAT THE DEPOSIT

1 INSURANCE FUND WILL INCUR A LOSS WITH RESPECT TO THE  
2 BANK, AND THE LIKELY AMOUNT OF ANY SUCH LOSS, BASED ON  
3 ITS RISK RATING THAT TAKES INTO CONSIDERATION THE  
4 FOLLOWING:

5 “(1) QUALITY AND CONCENTRATION OF ASSETS;

6 “(2) CATEGORIES AND CONCENTRATION OF  
7 LIABILITIES, BOTH INSURED AND UNINSURED, CONTINGENT  
8 AND NON-CONTINGENT;

9 “(3) CAPITAL POSITION;

10 “(4) LIQUIDITY POSITION; AND

11 “(5) MANAGEMENT AND GOVERNANCE.

12 “(U) THE TERM ‘STATEMENT OF AFFAIRS’ OR ‘SOA’  
13 REFERS TO A REPORT OF FINANCIAL CONDITION OF THE  
14 CLOSED BANK AT A GIVEN DATE, SHOWING THE: 1) ESTIMATED  
15 REALIZABLE VALUE OF ASSETS; 2) CLASSIFICATION OF  
16 CREDITS; AND 3) ESTIMATED LIABILITIES TO BE SETTLED.

17 “(V) THE TERM ‘SURPLUS DIVIDENDS’ REFERS TO THE  
18 REMAINING ASSETS OF THE CLOSED BANK AFTER  
19 SATISFACTION IN FULL OF ALL THE LIQUIDATION COSTS, FEES  
20 AND EXPENSES, AND VALID CLAIMS. THE SURPLUS DIVIDENDS  
21 SHALL BE COMPUTED AT THE LEGAL RATE OF INTEREST FROM  
22 THE DATE OF TAKEOVER TO CUT-OFF DATE OF THE  
23 DISTRIBUTION PLAN, AND SHALL BE PAID, IN CASH OR IN KIND,  
24 TO CREDITORS OF THE CLOSED BANK IN ACCORDANCE WITH  
25 THE RULES ON CONCURRENCE AND PREFERENCE OF CREDITS  
26 UNDER THE CIVIL CODE OR OTHER LAWS.

27 “(W) THE TERM ‘TAKEOVER’ REFERS TO THE ACT OF  
28 PHYSICALLY TAKING POSSESSION AND CONTROL OF THE  
29 PREMISES, ASSETS AND AFFAIRS OF A CLOSED BANK FOR THE  
30 PURPOSE OF LIQUIDATING THE BANK.

1           “(h)(x) The term ‘transfer deposit’ means a deposit in  
2           an insured bank made available to a depositor by the Corporation  
3           as payment of insured deposit of such depositor in a closed bank  
4           and assumed by another insured bank.

5           “(i)(y) The term ‘trust funds’ means funds held by an  
6           insured bank in a fiduciary capacity and includes without being  
7           limited to, funds held as trustee, executor, administrator,  
8           guardian, or agent.

9           “(z) THE TERM ‘VALID CLAIM’ REFERS TO THE CLAIM  
10          RECOGNIZED BY THE RECEIVER OR ALLOWED BY THE  
11          LIQUIDATION COURT.

12          “(aa) THE TERM ‘WINDING UP PERIOD’ REFERS TO THE  
13          PERIOD PROVIDED IN SECTION 12-B OF THIS ACT.”

14          SEC. 6. Section 5 of the same Act is hereby amended to read as  
15 follows:

16                               **“DEPOSIT INSURANCE COVERAGE**

17           “SEC. 5. The deposit liabilities of any bank [or banking  
18           institution,] which is engaged in the business of receiving  
19           deposits as herein defined on the effective date of this Act, or  
20           which thereafter may engage in the business of receiving  
21           deposits, shall be insured with the Corporation.

22           “WHENEVER A BANK IS DETERMINED BY THE BANGKO  
23           SENTRAL TO HAVE FAILED TO MEET THE MINIMUM CAPITAL  
24           REQUIREMENTS, THE CORPORATION MAY CONDUCT  
25           INSURANCE RISK EVALUATION ON SAID BANK AT ANY TIME TO  
26           ENABLE IT TO ASSESS THE RISKS TO THE DEPOSIT INSURANCE  
27           FUND. SUCH EVALUATION MAY INCLUDE THE DETERMINATION  
28           OF: (A) THE FAIR MARKET VALUE OF THE ASSETS AND

1 LIABILITIES OF A BANK; OR (B) THE RISK CLASSIFICATION OF A  
2 BANK; OR (C) POSSIBLE RESOLUTION MODES, SUBJECT TO  
3 SUCH TERMS AND CONDITIONS AS THE PDIC BOARD MAY  
4 PRESCRIBE.

5 "IN THE CONDUCT OF AN INSURANCE RISK EVALUATION,  
6 THE CORPORATION, ITS DULY AUTHORIZED OFFICERS OR  
7 EMPLOYEES, SHALL HAVE THE AUTHORITY TO EXAMINE,  
8 INQUIRE OR LOOK INTO THE DEPOSIT RECORDS OF A BANK.  
9 FOR THIS PURPOSE, BANKS, THEIR OFFICERS AND EMPLOYEES  
10 ARE HEREBY MANDATED TO DISCLOSE AND REPORT TO THE  
11 CORPORATION OR ITS DULY AUTHORIZED OFFICERS,  
12 EMPLOYEES, DEPOSIT ACCOUNT INFORMATION IN SAID BANK.

13 "THE CORPORATION, ITS DULY AUTHORIZED OFFICERS  
14 OR EMPLOYEES, ARE PROHIBITED FROM DISCLOSING  
15 INFORMATION OBTAINED UNDER THIS SECTION TO ANY  
16 PERSON, GOVERNMENT OFFICIAL, BUREAU OR OFFICE.

17 "ANY ACT DONE PURSUANT TO THIS SECTION SHALL  
18 NOT BE DEEMED TO HAVE VIOLATED REPUBLIC ACT NO. 1405,  
19 AS AMENDED; REPUBLIC ACT NO. 6426, AS AMENDED;  
20 REPUBLIC ACT NO. 8791; AND OTHER SIMILAR LAWS  
21 PROTECTING OR SAFEGUARDING THE SECRECY OR  
22 CONFIDENTIALITY OF BANK DEPOSITS: *PROVIDED*, THAT ANY  
23 UNAUTHORIZED DISCLOSURE OF THE INFORMATION UNDER  
24 THIS SECTION SHALL BE SUBJECT TO THE SAME PENALTY  
25 UNDER THE FOREGOING LAWS PROTECTING THE SECRECY OR  
26 CONFIDENTIALITY OF BANK DEPOSITS."

1 SEC. 7. Section 6 is hereby amended to read as follows:

2 **“ASSESSMENT OF MEMBER BANKS**

3 “SEC. 6. (a) The assessment rate shall be determined by  
4 the Board of Directors: *Provided*, That the assessment rate shall  
5 not exceed one-fifth (1/5) of one *per centum* (1%) *per annum*.  
6 The semi-annual assessment for each insured bank shall be in the  
7 amount of the product of one-half (1/2) the assessment rate  
8 multiplied by the assessment base but in no case shall it be less  
9 than Five thousand pesos (P5,000.00). The assessment base  
10 shall be the amount of the liability of the bank for deposits as  
11 defined under subsection [(f)] (G) of Section 4 **HEREOF** without  
12 any deduction for indebtedness of depositors.

13 **“IN ADDITION, THE BOARD OF DIRECTORS MAY**  
14 **ESTABLISH A RISK-BASED ASSESSMENT SYSTEM AND IMPOSE A**  
15 **RISK-BASED ASSESSMENT RATE WHICH SHALL NOT EXCEED**  
16 **TWO-FIFTH (2/5) OF ONE *PER CENTUM* (1%) *PER ANNUM*,**  
17 **MULTIPLIED BY THE ASSESSMENT BASE.**

18 **“A JOINT CONGRESSIONAL OVERSIGHT COMMITTEE,**  
19 **COMPOSED OF THE CHAIRPERSON OF THE SENATE**  
20 **COMMITTEE ON BANKS, FINANCIAL INSTITUTIONS, AND**  
21 **CURRENCIES, AND THREE (3) SENATORS TO BE APPOINTED BY**  
22 **THE PRESIDENT OF THE SENATE, AND THE CHAIRPERSON OF**  
23 **THE HOUSE COMMITTEE ON BANKS AND FINANCIAL**  
24 **INTERMEDIARIES, AND THREE (3) MEMBERS OF THE HOUSE OF**  
25 **REPRESENTATIVES TO BE APPOINTED BY THE SPEAKER OF THE**  
26 **HOUSE, SHALL BE CREATED THREE (3) YEARS AFTER THE**  
27 **ESTABLISHMENT OF A RISK-BASED ASSESSMENT SYSTEM BY**

1           **THE CORPORATION IN ORDER TO ASSESS THE EFFECTIVENESS**  
2           **OF SAID SYSTEM.**

3           “The semi-annual assessment base for one semi-annual  
4           period shall be the average of the assessment base of the bank as  
5           of the close of business on March thirty-one and June thirty and  
6           the semi-annual assessment base for the other semi-annual period  
7           shall be the average of the assessment base of the bank as of the  
8           close of business on September thirty and December thirty-one:  
9           *Provided*, That when any of said days is a non-business day or  
10          legal holiday, either national or provincial, the preceding  
11          business day shall be used. The certified statements required to  
12          be filed with the Corporation under subsections (b) and (c) of  
13          this Section shall be in such form and set forth such supporting  
14          information as the Board of Directors shall prescribe. The  
15          assessment payments required from the insured banks under  
16          subsections (b) and (c) of this Section shall be made in such  
17          manner and at such time or times as the Board of Directors shall  
18          prescribe[, provided the time or times so prescribed shall not be  
19          later than sixty (60) days after filing the certified statement  
20          setting forth the amount of assessment].”

21                   “(b) x x x

22                   “(c) x x x

23                   “(d) x x x

24                   “(e) x x x

25                   “(f) x x x

26                   “(g) x x x

1           “(h) [The Corporation shall not terminate the insured  
2 status of any bank which continues to operate or receive  
3 deposits.] Should any insured bank fail or refuse to pay any  
4 assessment required to be paid by such bank under any provision  
5 of this Act, and should the bank not correct such failure or  
6 refusal within thirty (30) days after written notice has been given  
7 by the Corporation to an officer of the bank citing this  
8 subsection, and stating that the bank has failed or refused to pay  
9 as required by the law, the Corporation may, at its discretion, file  
10 a case for collection before the appropriate court without  
11 prejudice to the imposition of administrative sanctions allowed  
12 under the provisions of this Law on the bank officials responsible  
13 for the non-payment of assessment fees.

14           “(I) **THE CORPORATION SHALL HAVE THE AUTHORITY**  
15 **TO COLLECT A SPECIAL ASSESSMENT FROM ANY MEMBER**  
16 **BANK AND PRESCRIBE THE TERMS AND CONDITIONS THEREOF**  
17 **TO MAINTAIN THE TARGET LEVEL OF THE DEPOSIT INSURANCE**  
18 **FUND SET BY THE BOARD OF DIRECTORS IN ACCORDANCE**  
19 **WITH THIS ACT: *PROVIDED*, THAT, THE COLLECTION OF A**  
20 **SPECIAL ASSESSMENT MAY LIKEWISE BE MADE FOR THE**  
21 **PURPOSE OF REIMBURSING THE NATIONAL GOVERNMENT FOR**  
22 **ANY FINANCIAL ASSISTANCE IT MAY HAVE EXTENDED TO**  
23 **AFFECTED INSTITUTIONS OR ORGANIZATIONS DURING A**  
24 **SYSTEMIC SCENARIO.”**

25           SEC. 8. Section 7 of the same Act is hereby amended to read as  
26 follows:





1           **AND NEW DEPOSITS MADE AFTER THE EFFECTIVE DATE OF**  
2           **TERMINATION ARE COVERED BY DEPOSIT INSURANCE.”**

3           SEC. 9. Section 8, paragraph Twelfth of the same Act, is hereby  
4 amended and additional paragraphs are added thereto, to read as follows:

5           **“Twelfth – THE PROVISIONS OF PRESIDENTIAL DECREE**  
6           **NO. 1445, AS AMENDED, EXECUTIVE ORDER NO. 292,**  
7           **AND OTHER SIMILAR LAWS NOTWITHSTANDING, [T]To**  
8           **compromise, condone or release, in whole or in part, any [of]**  
9           **claim or settled liability to the Corporation, regardless of the**  
10           **amount involved, under such terms and conditions as may be**  
11           **imposed by the Board of Directors to protect the interest of the**  
12           **Corporation[.], AND TO WRITE OFF THE CORPORATION’S**  
13           **RECEIVABLES AND ASSETS WHICH ARE NO LONGER**  
14           **RECOVERABLE OR REALIZABLE.**

15           **“THIRTEENTH – TO DETERMINE QUALIFIED**  
16           **INTERESTED ACQUIRERS OR INVESTORS FOR ANY OF THE**  
17           **MODES OF RESOLUTION OR LIQUIDATION OF BANKS.**

18           **“FOURTEENTH – TO DETERMINE THE APPROPRIATE**  
19           **RESOLUTION METHOD AND TO IMPLEMENT THE SAME FOR A**  
20           **BANK SUBJECT OF RESOLUTION.**

21           **“FIFTEENTH – TO DETERMINE THE APPROPRIATE**  
22           **MODE OF LIQUIDATION OF A CLOSED BANK AND TO**  
23           **IMPLEMENT THE SAME.”**

24           SEC. 10. Section 9 is hereby amended to read as follows:

25           “SEC. 9. (a) x x x

26           “(b) x x x

27           “(b-1) The investigators appointed by the Board of  
28 Directors shall have the power on behalf of the Corporation to

1           conduct investigations on frauds, irregularities and anomalies  
2           committed in banks, based on reports of examination conducted  
3           by the Corporation and Bangko Sentral ng Pilipinas or  
4           complaints from depositors or from other government agency.  
5           Each such investigator shall have the power to administer oaths,  
6           and to examine and take and preserve the testimony of any  
7           person relating to the subject of investigation. **FOR THIS**  
8           **PURPOSE, THE CORPORATION MAY APPOINT OR HIRE PERSONS**  
9           **OR ENTITIES OF RECOGNIZED COMPETENCE IN FORENSIC AND**  
10          **FRAUD INVESTIGATIONS AS ITS AGENTS.”**

11           “(c) Each insured bank shall make to the Corporation  
12          reports of condition in such form and at such times as the Board  
13          of Directors may require such reports to be published in such  
14          manner, not inconsistent with any applicable law, as it may  
15          direct. Every such bank which fails to make or publish any such  
16          report within such time, not less than five days, as the Board of  
17          Directors may require, shall be subject to a penalty of not more  
18          than [P100] **P10,000** for each day of such failure recoverable by  
19          the Corporation for its use.”

20           “(d) x x x

21           “(d-1) Each insured bank shall keep and maintain a true  
22          and accurate record or statement of its daily deposit transactions  
23          consistent with the standards set by the Bangko Sentral ng  
24          Pilipinas and the Corporation. Compliance with such standards  
25          shall be duly certified by the president of the bank [or] **AND** the  
26          compliance officer: *Provided*, That refusal or willful failure to  
27          issue the required certification shall constitute a violation of this

1 Section and shall subject such officers of the bank to the  
2 sanctions provided for under Section 21 (f) of this Act.”

3 “(e) x x x

4 “(f) The Corporation shall underwrite or advance  
5 [litigation] ALL LEGAL costs and expenses, including legal fees  
6 and other expenses of external counsel, or provide legal  
7 assistance to, directors, officers, employees or agents of the  
8 Corporation in connection with any civil, criminal,  
9 administrative or any other action or proceeding, to which such  
10 director, officer, employee or agent is made a party by reason of,  
11 or in connection with, the exercise of authority or performance of  
12 functions and duties under this Act: *Provided*, That such legal  
13 protection shall not apply to any civil, criminal, administrative or  
14 any action or proceeding that may be initiated by the  
15 Corporation, in whatever capacity, against such director, officer,  
16 employee or agent: *Provided, further*, That directors, officers,  
17 employees or agents who shall resign, retire, transfer to another  
18 agency or be separated from the service, shall continue to be  
19 provided with such legal protection in connection with any act  
20 done or omitted to be done by them in good faith during their  
21 tenure or employment with the Corporation: *Provided, finally*,  
22 That in the event of a settlement or compromise, indemnification  
23 shall be provided only in connection with such matters covered  
24 by the settlement as to which the Corporation is advised by  
25 counsel that the persons to be indemnified did not commit any  
26 negligence or misconduct.

27 “(g) x x x

28 “(h) x x x

1                   “(i) x x x.”

2           SEC. 11. A new Section 9-A is hereby inserted after Section 9 of the  
3 same Act to read as follows:

4                                   **“BANK RESOLUTION**

5                   **“SEC. 9-A. (A) THE CORPORATION, IN COORDINATION**  
6                   **WITH THE BANGKO SENTRAL, MAY COMMENCE THE**  
7                   **RESOLUTION OF A BANK UNDER THIS SECTION UPON:**

8                                   **“(1) FAILURE OF PROMPT CORRECTIVE ACTION AS**  
9                   **DECLARED BY THE MONETARY BOARD; OR**

10                                   **“(2) REQUEST BY A BANK TO BE PLACED UNDER**  
11                   **RESOLUTION.**

12                                   **“THE CORPORATION SHALL INFORM THE BANK OF ITS**  
13                   **ELIGIBILITY FOR ENTRY INTO RESOLUTION.**

14                                   **“(B) THE BANGKO SENTRAL SHALL INFORM THE**  
15                   **CORPORATION OF THE INITIATION OF PROMPT CORRECTIVE**  
16                   **ACTION ON ANY BANK AND SHALL BE AUTHORIZED TO SHARE**  
17                   **WITH THE CORPORATION ALL INFORMATION, AGREEMENTS**  
18                   **OR DOCUMENTS, INCLUDING ANY ORDER OF THE MONETARY**  
19                   **BOARD, IN RELATION TO THE PROMPT CORRECTIVE ACTION.**  
20                   **THE CORPORATION SHALL HAVE THE AUTHORITY TO INQUIRE**  
21                   **AND MONITOR THE STATUS OF BANKS UNDER PROMPT**  
22                   **CORRECTIVE ACTION.**

23                                   **“(C) THE STOCKHOLDERS, DIRECTORS, OFFICERS OR**  
24                   **EMPLOYEES OF THE BANK SHALL HAVE THE FOLLOWING**  
25                   **OBLIGATIONS:**

26                                   **“(1) ENSURE BANK COMPLIANCE WITH THE TERMS AND**  
27                   **CONDITIONS PRESCRIBED BY THE CORPORATION FOR THE**  
28                   **RESOLUTION OF THE BANK;**

1           “(2) CAUSE THE ENGAGEMENT, WITH THE CONSENT OF  
2 THE CORPORATION, OF AN INDEPENDENT APPRAISER OR  
3 AUDITOR FOR THE PURPOSE OF DETERMINING THE VALUATION  
4 OF THE BANK CONSISTENT WITH GENERALLY ACCEPTED  
5 VALUATION STANDARDS;

6           “(3) ENSURE PRUDENT MANAGEMENT AND  
7 ADMINISTRATION OF THE BANK’S ASSETS, LIABILITIES AND  
8 RECORDS; AND

9           “(4) COOPERATE WITH THE CORPORATION IN THE  
10 CONDUCT OR EXERCISE OF ANY OR ALL OF ITS AUTHORITIES  
11 UNDER THIS ACT AND HONOR IN GOOD FAITH ITS  
12 COMMITMENT OR UNDERTAKING WITH THE CORPORATION ON  
13 THE RESOLUTION OF THE BANK.

14           “(D) WITHIN A PERIOD OF ONE HUNDRED EIGHTY (180)  
15 DAYS FROM A BANK’S ENTRY INTO RESOLUTION, THE  
16 CORPORATION, THROUGH THE AFFIRMATIVE VOTE OF AT  
17 LEAST FIVE (5) MEMBERS OF THE PDIC BOARD, SHALL  
18 DETERMINE WHETHER THE BANK MAY BE RESOLVED  
19 THROUGH THE PURCHASE OF ALL ITS ASSETS AND ASSUMPTION  
20 OF ALL ITS LIABILITIES, OR MERGER OR CONSOLIDATION  
21 WITH, OR ITS ACQUISITION, BY A QUALIFIED INVESTOR.

22           “FOR THIS PURPOSE, THE CORPORATION MAY:

23           “(1) DETERMINE A RESOLUTION PACKAGE FOR THE  
24 BANK;

25           “(2) IDENTIFY AND, WITH THE APPROVAL OF THE  
26 MONETARY BOARD, PRE-QUALIFY POSSIBLE ACQUIRERS OR  
27 INVESTORS;

28           “(3) AUTHORIZE PRE-QUALIFIED ACQUIRERS OR  
29 INVESTORS TO CONDUCT DUE DILIGENCE ON THE BANK, FOR

1           **PURPOSES OF DETERMINING THE VALUATION OF A BANK**  
2           **THROUGH AN OBJECTIVE AND THOROUGH REVIEW AND**  
3           **APPRAISAL OF ITS ASSETS AND LIABILITIES, AND ASSESSMENT**  
4           **OF RISKS OR EVENTS THAT MAY AFFECT ITS VALUATION; AND**

5           **“(4) CONDUCT A BIDDING TO DETERMINE THE**  
6           **ACQUIRER OF THE BANK.**

7           **“(E) IN DETERMINING THE APPROPRIATE RESOLUTION**  
8           **METHOD FOR A BANK, THE CORPORATION SHALL CONSIDER**  
9           **THE:**

10           **“(1) FAIR MARKET VALUE OF THE ASSETS OF THE**  
11           **BANK, ITS FRANCHISE, AS WELL AS THE AMOUNT OF ITS**  
12           **LIABILITIES;**

13           **“(2) AVAILABILITY OF A QUALIFIED INVESTOR;**

14           **“(3) LEAST COST TO THE DEPOSIT INSURANCE FUND;**

15           **AND**

16           **“(4) INTEREST OF THE DEPOSITING PUBLIC.**

17           **“(F) THE CORPORATION MAY APPOINT OR HIRE**  
18           **PERSONS OR ENTITIES OF RECOGNIZED COMPETENCE IN**  
19           **BANKING, FINANCE, ASSET MANAGEMENT OR REMEDIAL**  
20           **MANAGEMENT, AS ITS AGENTS, TO PERFORM SUCH POWERS**  
21           **AND FUNCTIONS OF THE CORPORATION IN THE RESOLUTION**  
22           **OF A BANK, OR ASSIST IN THE PERFORMANCE THEREOF.**

23           **“(G) THE PDIC BOARD SHALL PRESCRIBE THE**  
24           **GUIDELINES OR CRITERIA FOR A BANK TO BE PLACED UNDER**  
25           **RESOLUTION.**

26           **“(H) UPON A DETERMINATION BY THE CORPORATION**  
27           **THAT THE BANK MAY NOT BE RESOLVED, THE MONETARY**  
28           **BOARD MAY ACT IN ACCORDANCE WITH SECTION 30 OF**  
29           **REPUBLIC ACT NO. 7653 OR THE NEW CENTRAL BANK ACT.**

1           **“(I) A BANK RESOLUTION INVOLVING THE PURCHASE**  
2           **OF ALL ASSETS AND ASSUMPTION OF ALL LIABILITIES OF A**  
3           **BANK SHALL BE EXEMPT FROM THE PROVISIONS OF ACT**  
4           **NO. 3952, OTHERWISE KNOWN AS ‘THE BULK SALES LAW’.**

5           **“(J) THE PROVISIONS OF THIS SECTION ARE WITHOUT**  
6           **PREJUDICE TO ANY ACTION THAT THE MONETARY BOARD**  
7           **MAY TAKE UNDER EXISTING LAWS.”**

8           SEC. 12. Section 10 of the same Act is hereby repealed. A new  
9           Section 10 is hereby inserted after Section 9-A to read as follows:

10                   **“LIQUIDATION OF A CLOSED BANK**

11                   **“SEC. 10. WHENEVER A BANK IS ORDERED CLOSED BY**  
12                   **THE MONETARY BOARD, THE CORPORATION SHALL BE**  
13                   **DESIGNATED AS RECEIVER AND IT SHALL PROCEED WITH THE**  
14                   **TAKE OVER AND LIQUIDATION OF THE CLOSED BANK. FOR**  
15                   **THIS PURPOSE, THE FOLLOWING CLAUSE IN SECTION 30 OF**  
16                   **REPUBLIC ACT NO. 7653, AS AMENDED, SHALL NOT BE**  
17                   **APPLICABLE TO BANKS: ‘THE RECEIVER SHALL DETERMINE,**  
18                   **AS SOON AS POSSIBLE, BUT NOT LATER THAN NINETY (90) DAYS**  
19                   **FROM TAKEOVER, WHETHER THE BANK MAY BE**  
20                   **REHABILITATED OR OTHERWISE PLACED IN SUCH A**  
21                   **CONDITION SO THAT IT MAY BE PERMITTED TO RESUME**  
22                   **BUSINESS WITH SAFETY TO ITS DEPOSITORS AND CREDITORS**  
23                   **AND THE GENERAL PUBLIC: PROVIDED, THAT ANY**  
24                   **DETERMINATION FOR THE RESUMPTION OF BUSINESS OF THE**  
25                   **BANK SHALL BE SUBJECT TO PRIOR APPROVAL OF THE**  
26                   **MONETARY BOARD.”**

27           SEC. 13. Section 11 of the same Act is hereby repealed. A new Section  
28           11 is hereby inserted to read as follows:



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**“AUTHORITIES OF A RECEIVER AND EFFECTS  
OF PLACEMENT OF A BANK UNDER LIQUIDATION**

**“SEC. 11. (A) THE RECEIVER IS AUTHORIZED TO ADOPT  
AND IMPLEMENT, WITHOUT NEED OF CONSENT OF THE  
STOCKHOLDERS, BOARD OF DIRECTORS, CREDITORS OR  
DEPOSITORS OF THE CLOSED BANK, ANY OR A COMBINATION  
OF THE FOLLOWING MODES OF LIQUIDATION:**

**“(1) CONVENTIONAL LIQUIDATION; AND**

**“(2) PURCHASE OF ASSETS AND/OR ASSUMPTION OF  
LIABILITIES.**

**“(B) IN ADDITION TO THE POWERS OF A RECEIVER  
PROVIDED UNDER EXISTING LAWS, THE CORPORATION, AS  
RECEIVER OF A CLOSED BANK, IS EMPOWERED TO:**

**“(1) REPRESENT AND ACT FOR AND ON BEHALF OF THE  
CLOSED BANK;**

**“(2) GATHER AND TAKE CHARGE OF ALL THE ASSETS,  
RECORDS AND AFFAIRS OF THE CLOSED BANK, AND  
ADMINISTER THE SAME FOR THE BENEFIT OF ITS CREDITORS;**

**“(3) CONVERT THE ASSETS OF THE CLOSED BANK TO  
CASH OR OTHER FORMS OF LIQUID ASSETS, AS FAR AS  
PRACTICABLE;**

**“(4) BRING SUITS TO ENFORCE LIABILITIES OF THE  
DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OF THE CLOSED  
BANK AND OTHER ENTITIES RELATED OR CONNECTED TO THE  
CLOSED BANK OR TO COLLECT, RECOVER, AND PRESERVE ALL  
ASSETS, INCLUDING ASSETS OVER WHICH THE BANK HAS  
EQUITABLE INTEREST;**

**“(5) APPOINT OR HIRE PERSONS OR ENTITIES OF  
RECOGNIZED COMPETENCE IN BANKING, FINANCE, ASSET**

1           **MANAGEMENT OR REMEDIAL MANAGEMENT, AS ITS DEPUTIES,**  
2           **ASSISTANTS OR AGENTS, TO PERFORM SUCH POWERS AND**  
3           **FUNCTIONS OF THE CORPORATION AS RECEIVER OF THE**  
4           **CLOSED BANK, OR ASSIST IN THE PERFORMANCE THEREOF;**

5           **“(6) APPOINT OR HIRE PERSONS OR ENTITIES OF**  
6           **RECOGNIZED COMPETENCE IN FORENSIC AND FRAUD**  
7           **INVESTIGATIONS;**

8           **“(7) PAY ACCRUED UTILITIES, RENTALS AND SALARIES**  
9           **OF PERSONNEL OF THE CLOSED BANK FOR A PERIOD NOT**  
10           **EXCEEDING THREE (3) MONTHS, FROM AVAILABLE FUNDS OF**  
11           **THE CLOSED BANK;**

12           **“(8) COLLECT LOANS AND OTHER CLAIMS OF THE**  
13           **CLOSED BANK, AND FOR THIS PURPOSE, MODIFY, COMPROMISE**  
14           **OR RESTRUCTURE THE TERMS AND CONDITIONS OF SUCH**  
15           **LOANS OR CLAIMS AS MAY BE DEEMED ADVANTAGEOUS TO**  
16           **THE INTERESTS OF THE CREDITORS OF THE CLOSED BANK;**

17           **“(9) HIRE OR RETAIN PRIVATE COUNSEL AS MAY BE**  
18           **NECESSARY;**

19           **“(10) BORROW OR OBTAIN A LOAN, OR MORTGAGE,**  
20           **PLEDGE OR ENCUMBER ANY ASSET OF THE CLOSED BANK,**  
21           **WHEN NECESSARY, TO PRESERVE OR PREVENT DISSIPATION OF**  
22           **THE ASSETS, OR TO REDEEM FORECLOSED ASSETS OF THE**  
23           **CLOSED BANK, OR TO MINIMIZE LOSSES TO ITS DEPOSITORS**  
24           **AND CREDITORS;**

25           **“(11) IF THE STIPULATED INTEREST RATE ON DEPOSITS**  
26           **IS UNUSUALLY HIGH COMPARED WITH PREVAILING**  
27           **APPLICABLE INTEREST RATES, THE CORPORATION, AS**  
28           **RECEIVER, MAY EXERCISE SUCH POWERS WHICH MAY**  
29           **INCLUDE A REDUCTION OF THE INTEREST RATE TO A**

1 REASONABLE RATE: *PROVIDED*, THAT ANY MODIFICATIONS OR  
2 REDUCTIONS SHALL APPLY ONLY TO EARNED AND UNPAID  
3 INTEREST;

4 “(12) UTILIZE AVAILABLE FUNDS OF THE BANK,  
5 INCLUDING FUNDS GENERATED BY THE RECEIVER FROM THE  
6 CONVERSION OF ASSETS TO PAY FOR REASONABLE COSTS AND  
7 EXPENSES INCURRED FOR THE PRESERVATION OF THE ASSETS,  
8 AND LIQUIDATION OF, THE CLOSED BANK, WITHOUT NEED FOR  
9 APPROVAL OF THE LIQUIDATION COURT.

10 “FOR BANKS WITH INSUFFICIENT FUNDS, THE  
11 CORPORATION IS AUTHORIZED TO ADVANCE THE FOREGOING  
12 COSTS AND EXPENSES, AND COLLECT PAYMENT, AS AND WHEN  
13 FUNDS BECOME AVAILABLE;

14 “(13) CHARGE REASONABLE FEES FOR THE  
15 LIQUIDATION OF THE BANK FROM THE ASSETS OF THE BANK:  
16 *PROVIDED*, THAT PAYMENT OF THESE FEES, INCLUDING ANY  
17 UNPAID ADVANCES UNDER THE IMMEDIATELY PRECEDING  
18 PARAGRAPH, SHALL BE SUBJECT TO APPROVAL BY THE  
19 LIQUIDATION COURT;

20 “(14) DISTRIBUTE THE AVAILABLE ASSETS OF THE  
21 CLOSED BANK, IN CASH OR IN KIND, TO ITS CREDITORS IN  
22 ACCORDANCE WITH THE RULES ON CONCURRENCE AND  
23 PREFERENCE OF CREDITS UNDER THE CIVIL CODE OR OTHER  
24 LAWS;

25 “(15) DISPOSE RECORDS OF THE CLOSED BANK THAT  
26 ARE NO LONGER NEEDED IN THE LIQUIDATION IN  
27 ACCORDANCE WITH THE GUIDELINES SET BY THE PDIC  
28 BOARD OF DIRECTORS, NOTWITHSTANDING THE LAWS ON  
29 ARCHIVAL PERIOD AND DISPOSAL OF RECORDS; AND

1           **“(16) EXERCISE SUCH OTHER POWERS AS ARE**  
2           **INHERENT AND NECESSARY FOR THE EFFECTIVE DISCHARGE**  
3           **OF THE DUTIES OF THE CORPORATION AS RECEIVER.**

4           **“THE BOARD OF DIRECTORS SHALL ADOPT SUCH**  
5           **POLICIES AND GUIDELINES AS MAY BE NECESSARY FOR THE**  
6           **PERFORMANCE OF THE ABOVE POWERS BY PERSONNEL,**  
7           **DEPUTIES, ASSISTANTS AND AGENTS OF THE CORPORATION.**

8           **“(C) AFTER THE PAYMENT OF ALL LIABILITIES AND**  
9           **CLAIMS AGAINST THE CLOSED BANK, THE CORPORATION**  
10          **SHALL PAY SURPLUS DIVIDENDS, IF ANY, AT THE LEGAL RATE**  
11          **OF INTEREST FROM DATE OF TAKEOVER TO DATE OF**  
12          **DISTRIBUTION TO CREDITORS AND CLAIMANTS OF THE CLOSED**  
13          **BANK IN ACCORDANCE WITH THE RULES ON CONCURRENCE**  
14          **AND PREFERENCE OF CREDITS UNDER THE CIVIL CODE OR**  
15          **OTHER LAWS BEFORE DISTRIBUTION TO THE SHAREHOLDERS**  
16          **OF THE CLOSED BANK.**

17          **“(D) THE OFFICERS, EMPLOYEES, DEPUTIES,**  
18          **ASSISTANTS AND AGENTS OF THE RECEIVER SHALL HAVE NO**  
19          **LIABILITY AND SHALL NOT BE SUBJECT TO ANY ACTION, CLAIM**  
20          **OR DEMAND IN CONNECTION WITH ANY ACT DONE OR**  
21          **OMITTED TO BE DONE BY THEM IN GOOD FAITH IN**  
22          **CONNECTION WITH THE EXERCISE OF THEIR POWERS AND**  
23          **FUNCTIONS UNDER THIS ACT AND OTHER APPLICABLE LAWS,**  
24          **OR OTHER ACTIONS DULY APPROVED BY THE COURT.**

25          **“(E) THE PLACEMENT OF A BANK UNDER LIQUIDATION**  
26          **SHALL HAVE THE FOLLOWING EFFECTS:**

27                 **“(1) ON THE CORPORATE FRANCHISE OR EXISTENCE**

28                 **“UPON PLACEMENT BY THE MONETARY BOARD OF A**  
29                 **BANK UNDER LIQUIDATION, IT SHALL CONTINUE AS A BODY**  
30                 **CORPORATE UNTIL THE TERMINATION OF THE WINDING-UP**

1 PERIOD UNDER SECTION 11-A OF THIS ACT. SUCH  
2 CONTINUATION AS A BODY CORPORATE SHALL ONLY BE FOR  
3 THE PURPOSE OF LIQUIDATING, SETTLING AND CLOSING ITS  
4 AFFAIRS AND FOR THE DISPOSAL, CONVEYANCE OR  
5 DISTRIBUTION OF ITS ASSETS PURSUANT TO THIS ACT. THE  
6 RECEIVER SHALL REPRESENT THE CLOSED BANK IN ALL CASES  
7 BY OR AGAINST THE CLOSED BANK AND PROSECUTE AND  
8 DEFEND SUITS BY OR AGAINST IT. IN NO CASE SHALL THE  
9 BANK BE REOPENED AND PERMITTED TO RESUME BANKING  
10 BUSINESS AFTER BEING PLACED UNDER LIQUIDATION.

11 “(2) ON THE POWERS AND FUNCTIONS OF ITS  
12 DIRECTORS, OFFICERS AND STOCKHOLDERS

13 “THE POWERS, VOTING RIGHTS, FUNCTIONS AND  
14 DUTIES, AS WELL AS THE ALLOWANCES, REMUNERATION AND  
15 PERQUISITES OF THE DIRECTORS, OFFICERS, AND  
16 STOCKHOLDERS OF SUCH BANK ARE TERMINATED UPON ITS  
17 CLOSURE. ACCORDINGLY, THE DIRECTORS, OFFICERS, AND  
18 STOCKHOLDERS SHALL BE BARRED FROM INTERFERING IN ANY  
19 WAY WITH THE ASSETS, RECORDS, AND AFFAIRS OF THE BANK.

20 “THE RECEIVER SHALL EXERCISE ALL AUTHORITIES AS  
21 MAY BE REQUIRED TO FACILITATE THE LIQUIDATION OF THE  
22 CLOSED BANK FOR THE BENEFIT OF ALL ITS CREDITORS.

23 “(3) ON THE ASSETS

24 “UPON SERVICE OF NOTICE OF CLOSURE AS PROVIDED  
25 IN SECTION 10-C OF THIS ACT, ALL THE ASSETS OF THE  
26 CLOSED BANK SHALL BE DEEMED IN *CUSTODIA LEGIS* IN THE  
27 HANDS OF THE RECEIVER AND AS SUCH, THESE ASSETS  
28 MAY NOT BE SUBJECT TO ATTACHMENT, GARNISHMENT,  
29 EXECUTION, LEVY OR ANY OTHER COURT PROCESSES. A  
30 JUDGE, OFFICER OF THE COURT OR ANY PERSON WHO SHALL

1           ISSUE, ORDER, PROCESS OR CAUSE THE ISSUANCE OR  
2           IMPLEMENTATION OF THE GARNISHMENT ORDER, LEVY,  
3           ATTACHMENT OR EXECUTION, SHALL BE LIABLE UNDER  
4           SECTION 22 OF THIS ACT: *PROVIDED, HOWEVER, THAT*  
5           COLLATERALS SECURING THE LOANS AND ADVANCES  
6           GRANTED BY THE BANGKO SENTRAL SHALL NOT BE INCLUDED  
7           IN THE ASSETS OF THE CLOSED BANK FOR DISTRIBUTION TO  
8           OTHER CREDITORS: *PROVIDED, FURTHER, THAT THE*  
9           PROCEEDS IN EXCESS OF THE AMOUNT SECURED SHALL BE  
10          RETURNED BY THE BANGKO SENTRAL TO THE RECEIVER.

11           “ANY PRELIMINARY ATTACHMENT OR GARNISHMENT  
12          ON ANY OF THE ASSETS OF THE CLOSED BANK EXISTING  
13          AT THE TIME OF CLOSURE SHALL NOT GIVE ANY PREFERENCE  
14          TO THE ATTACHING OR GARNISHING PARTY. UPON MOTION  
15          OF THE RECEIVER, THE PRELIMINARY ATTACHMENT OR  
16          GARNISHMENT SHALL BE LIFTED AND/OR DISCHARGED.

17           “(4) ON LABOR RELATIONS

18           “NOTWITHSTANDING THE PROVISIONS OF THE LABOR  
19          CODE, THE EMPLOYER-EMPLOYEE RELATIONSHIP BETWEEN  
20          THE CLOSED BANK AND ITS EMPLOYEES SHALL BE DEEMED  
21          TERMINATED UPON SERVICE OF THE NOTICE OF CLOSURE OF  
22          THE BANK IN ACCORDANCE WITH THIS ACT. PAYMENT OF  
23          SEPARATION PAY OR BENEFITS PROVIDED FOR BY LAW SHALL  
24          BE MADE FROM AVAILABLE ASSETS OF THE BANK IN  
25          ACCORDANCE WITH THE RULES ON CONCURRENCE AND  
26          PREFERENCE OF CREDITS UNDER THE CIVIL CODE OR OTHER  
27          LAWS.

28           “(5) CONTRACTUAL OBLIGATIONS

29           “THE RECEIVER MAY CANCEL, TERMINATE, RESCIND OR  
30          REPUDIATE ANY CONTRACT OF THE CLOSED BANK THAT IS NOT

1           NECESSARY FOR THE ORDERLY LIQUIDATION OF THE BANK, OR  
2           IS GROSSLY DISADVANTAGEOUS TO THE CLOSED BANK, OR FOR  
3           ANY GROUND PROVIDED BY LAW.

4           “(6) ON INTEREST PAYMENTS

5           “THE LIABILITY OF A BANK TO PAY INTEREST ON  
6           DEPOSITS AND ALL OTHER OBLIGATIONS AS OF CLOSURE  
7           SHALL CEASE UPON ITS CLOSURE BY THE MONETARY  
8           BOARD, WITHOUT PREJUDICE TO THE FIRST PARAGRAPH OF  
9           SECTION 85 OF REPUBLIC ACT NO. 7653: *PROVIDED*, THAT  
10          THE RECEIVER SHALL HAVE THE AUTHORITY, WITHOUT NEED  
11          FOR APPROVAL OF THE LIQUIDATION COURT, TO ASSIGN, AS  
12          PAYMENT TO SECURED CREDITORS, THE BANK ASSETS  
13          SERVING AS COLLATERALS TO THEIR RESPECTIVE LOANS UP  
14          TO THE EXTENT OF THE OUTSTANDING OBLIGATIONS,  
15          INCLUDING INTEREST AS OF DATE OF CLOSURE OF THE BANK,  
16          AS VALIDATED BY THE RECEIVER. THE VALUATION OF THE  
17          ASSET SHALL BE BASED ON THE PREVAILING MARKET VALUE  
18          OF THE COLLATERALS AS APPRAISED BY AN INDEPENDENT  
19          APPRAISER ON AN ‘AS IS WHERE IS’ BASIS.

20          “(7) LIABILITY FOR PENALTIES AND SURCHARGES FOR  
21          LATE PAYMENT AND NONPAYMENT OF TAXES

22          “FROM THE TIME OF CLOSURE, THE CLOSED BANK  
23          SHALL NOT BE LIABLE FOR THE PAYMENT OF PENALTIES AND  
24          SURCHARGES ARISING FROM THE LATE PAYMENT OR  
25          NONPAYMENT OF REAL PROPERTY TAX, CAPITAL GAINS TAX,  
26          TRANSFER TAX AND SIMILAR CHARGES.

27          “(8) BANK CHARGES AND FEES ON SERVICES

28          “THE RECEIVER MAY IMPOSE, ON BEHALF OF THE  
29          CLOSED BANK, CHARGES AND FEES FOR SERVICES RENDERED

1 AFTER BANK CLOSURE, SUCH AS, BUT NOT LIMITED TO, THE  
2 EXECUTION OF PERTINENT DEEDS AND CERTIFICATIONS.

3 “(9) ACTIONS PENDING FOR OR AGAINST THE CLOSED  
4 BANK

5 “EXCEPT FOR ACTIONS PENDING BEFORE THE SUPREME  
6 COURT, ACTIONS PENDING FOR OR AGAINST THE CLOSED  
7 BANK IN ANY COURT OR QUASI-JUDICIAL BODY SHALL, UPON  
8 MOTION OF THE RECEIVER, BE SUSPENDED FOR A PERIOD NOT  
9 EXCEEDING ONE HUNDRED EIGHTY (180) DAYS AND REFERRED  
10 TO MANDATORY MEDIATION. UPON TERMINATION OF THE  
11 MEDIATION, THE CASE SHALL BE REFERRED BACK TO THE  
12 COURT OR QUASI-JUDICIAL BODY FOR FURTHER  
13 PROCEEDINGS.

14 “(10) FINAL DECISIONS AGAINST THE CLOSED BANK

15 “THE EXECUTION AND ENFORCEMENT OF A FINAL  
16 DECISION OF A COURT OTHER THAN THE LIQUIDATION COURT  
17 AGAINST THE ASSETS OF A CLOSED BANK SHALL BE STAYED.  
18 THE PREVAILING PARTY SHALL FILE THE FINAL DECISION AS A  
19 CLAIM WITH THE LIQUIDATION COURT AND SETTLED IN  
20 ACCORDANCE WITH THE RULES ON CONCURRENCE AND  
21 PREFERENCE OF CREDITS UNDER THE CIVIL CODE OR OTHER  
22 LAWS.

23 “(11) DOCKET AND OTHER COURT FEES

24 “PAYMENT OF DOCKET AND OTHER COURT FEES  
25 RELATING TO ALL CASES OR ACTIONS FILED BY THE RECEIVER  
26 WITH ANY JUDICIAL OR QUASI-JUDICIAL BODIES SHALL BE  
27 DEFERRED UNTIL THE ACTION IS TERMINATED WITH FINALITY.  
28 ANY SUCH FEES SHALL CONSTITUTE AS A FIRST LIEN ON ANY  
29 JUDGMENT IN FAVOR OF THE CLOSED BANK, OR IN CASE OF



1 UNFAVORABLE JUDGMENT, SUCH FEES SHALL BE PAID AS  
2 LIQUIDATION COSTS AND EXPENSES DURING THE  
3 DISTRIBUTION OF THE ASSETS OF THE CLOSED BANK.

4 “(12) ALL ASSETS, RECORDS, AND DOCUMENTS IN THE  
5 POSSESSION OF THE CLOSED BANK AT THE TIME OF ITS  
6 CLOSURE ARE PRESUMED HELD BY THE BANK IN THE CONCEPT  
7 OF AN OWNER.

8 “(13) THE EXERCISE OF AUTHORITY, FUNCTIONS, AND  
9 DUTIES BY THE RECEIVER UNDER THIS ACT SHALL BE  
10 PRESUMED TO HAVE BEEN PERFORMED IN THE REGULAR  
11 COURSE OF BUSINESS.

12 “(14) ASSETS AND DOCUMENTS OF THE CLOSED BANK  
13 SHALL RETAIN THEIR PRIVATE NATURE EVEN IF  
14 ADMINISTERED BY THE RECEIVER. MATTERS RELATING TO  
15 THE EXERCISE BY THE RECEIVER OF THE FUNCTIONS UNDER  
16 THIS ACT SHALL BE SUBJECT TO VISITORIAL AUDIT ONLY BY  
17 THE COMMISSION ON AUDIT.”

18 SEC. 14. Section 12 of the same Act is hereby repealed. A new Section  
19 12 is hereby inserted to read as follows:

20 “NOTICE OF CLOSURE AND TAKEOVER ACTIVITIES

21 “SEC. 12. (A) UPON THE DESIGNATION OF THE  
22 CORPORATION AS RECEIVER OF A CLOSED BANK, IT SHALL  
23 SERVE A NOTICE OF CLOSURE TO THE HIGHEST-RANKING  
24 OFFICER OF THE BANK PRESENT IN THE BANK PREMISES, OR IN  
25 THE ABSENCE OF SUCH OFFICER, POST THE NOTICE OF  
26 CLOSURE IN THE BANK PREMISES OR ON ITS MAIN ENTRANCE.  
27 THE CLOSURE OF THE BANK SHALL BE DEEMED EFFECTIVE  
28 UPON THE SERVICE OF THE NOTICE OF CLOSURE.  
29 THEREAFTER, THE RECEIVER SHALL TAKEOVER THE BANK

1           AND EXERCISE THE POWERS OF THE RECEIVER AS PROVIDED IN  
2           THIS ACT.

3           “(B) THE RECEIVER SHALL HAVE AUTHORITY TO USE  
4           REASONABLE FORCE, INCLUDING THE AUTHORITY TO FORCE  
5           OPEN THE PREMISES OF THE BANK, AND EXERCISE SUCH ACTS  
6           NECESSARY TO TAKE ACTUAL PHYSICAL POSSESSION AND  
7           CUSTODY OF THE BANK AND ALL ITS ASSETS, RECORDS, AND  
8           DOCUMENTS, AND TAKE CHARGE OF ITS AFFAIRS UPON THE  
9           SERVICE OF THE NOTICE OF CLOSURE.

10          “(C) DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS  
11          OF A BANK SHALL HOLD MONEY AND OTHER ASSETS OF THE  
12          BANK IN TRUST OR UNDER ADMINISTRATION OR MANAGEMENT  
13          BY THEM FOR THE BANK IN THEIR FIDUCIARY CAPACITY.  
14          UPON SERVICE OF THE NOTICE OF CLOSURE TO THE BANK, ALL  
15          DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS OF THE  
16          CLOSED BANK SHALL HAVE THE DUTY TO IMMEDIATELY  
17          ACCOUNT FOR, SURRENDER AND TURN OVER TO THE  
18          RECEIVER, AND PROVIDE INFORMATION RELATIVE TO, THE  
19          ASSETS, RECORDS, AND AFFAIRS OF THE CLOSED BANK  
20          IN THEIR POSSESSION, CUSTODY, ADMINISTRATION OR  
21          MANAGEMENT.

22          “(D) WHEN THE CIRCUMSTANCES SO WARRANT, THE  
23          LOCAL GOVERNMENT UNIT AND LAW ENFORCEMENT  
24          AGENCIES CONCERNED SHALL, UPON REQUEST, IMMEDIATELY  
25          PROVIDE ASSISTANCE TO THE RECEIVER DURING THE SERVICE  
26          OF NOTICE OF CLOSURE AND ACTUAL TAKEOVER OPERATIONS  
27          TO ENSURE THE ORDERLY CONDUCT THEREOF AND THE  
28          SECURITY AND SAFETY OF THE PERSONNEL OF THE RECEIVER  
29          AND THE EMPLOYEES OF THE CLOSED BANK.”

1           SEC. 15. A new Section 12-A is hereby inserted after Section 12 of the  
2 same Act to read as follows:

3           **“PURCHASE OF ASSETS AND ASSUMPTION OF LIABILITIES (P&A)**

4           **“SEC. 12-A. (A) THE RECEIVER SHALL HAVE THE**  
5 **AUTHORITY TO FACILITATE AND IMPLEMENT THE PURCHASE**  
6 **OF THE ASSETS OF THE CLOSED BANK AND THE ASSUMPTION**  
7 **OF ITS LIABILITIES BY ANOTHER INSURED BANK, WITHOUT**  
8 **NEED FOR APPROVAL OF THE LIQUIDATION COURT. THE**  
9 **EXERCISE OF THIS AUTHORITY SHALL BE IN ACCORDANCE**  
10 **WITH THE RULES ON CONCURRENCE AND PREFERENCE OF**  
11 **CREDITS UNDER THE CIVIL CODE OR OTHER LAWS, SUBJECT**  
12 **TO SUCH TERMS AND CONDITIONS AS THE CORPORATION MAY**  
13 **PRESCRIBE. THE DISPOSITION OF THE BRANCH LICENSES AND**  
14 **OTHER BANK LICENSES OF THE CLOSED BANK SHALL BE**  
15 **SUBJECT TO THE APPROVAL OF THE BANGKO SENTRAL.**

16           **“(B) SUCH ACTION OF THE RECEIVER TO DETERMINE**  
17 **WHETHER A BANK MAY BE THE SUBJECT OF A PURCHASE OF**  
18 **ASSETS AND ASSUMPTION OF LIABILITIES TRANSACTION SHALL**  
19 **BE FINAL AND EXECUTORY, AND MAY NOT BE SET ASIDE BY**  
20 **ANY COURT.”**

21           SEC. 16. A new Section 12-B is hereby inserted after Section 12-A of  
22 the same Act to read as follows:

23           **“CONVENTIONAL LIQUIDATION**

24           **A. ASSET MANAGEMENT AND CONVERSION**

25           **“SEC. 12-B. (A) THE ASSETS GATHERED BY THE**  
26 **RECEIVER SHALL BE EVALUATED AND VERIFIED AS TO THEIR**  
27 **EXISTENCE, OWNERSHIP, CONDITION, AND OTHER FACTORS**  
28 **TO DETERMINE THEIR REALIZABLE VALUE. IN THE**  
29 **MANAGEMENT, PRESERVATION AND DISPOSITION OF ASSETS,**  
30 **THE RECEIVER SHALL BE GUIDED BY COST-BENEFIT**

1           **CONSIDERATIONS, RESOURCES OF THE CLOSED BANK, AND**  
2           **POTENTIAL ASSET RECOVERY.**

3           **“(B) THE CONVERSION OF THE ASSETS OF THE CLOSED**  
4           **BANK SHALL BE CARRIED OUT IN A FAIR AND TRANSPARENT**  
5           **MANNER IN ACCORDANCE WITH THE RULES AND PROCEDURES**  
6           **AS MAY BE DETERMINED BY THE RECEIVER.**

7           **“(C) IN THE MANAGEMENT AND/OR CONVERSION OF**  
8           **THE ASSETS OF THE CLOSED BANK, THE RECEIVER SHALL**  
9           **HAVE THE AUTHORITY TO:**

10           **“(1) REPRESENT THE CLOSED BANK BEFORE THE LAND**  
11           **REGISTRATION AUTHORITY (LRA), THE BUREAU OF LANDS,**  
12           **THE REGISTER OF DEEDS, THE LAND TRANSPORTATION**  
13           **OFFICE (LTO), THE ASSESSOR’S OFFICE OR OTHER**  
14           **APPROPRIATE OFFICE OF THE LOCAL GOVERNMENT UNIT, THE**  
15           **SECURITIES AND EXCHANGE COMMISSION (SEC), OR SUCH**  
16           **OTHER SIMILAR GOVERNMENT AGENCIES OR PRIVATE**  
17           **ENTITIES IN:**

18           **“(i) VERIFYING THE AUTHENTICITY OF OWNERSHIP**  
19           **DOCUMENTS;**

20           **“(ii) REGISTERING THE INTEREST OF THE CLOSED**  
21           **BANK ON A SPECIFIC PROPERTY;**

22           **“(iii) CONSOLIDATING OWNERSHIP OVER AN ASSET OF**  
23           **THE CLOSED BANK;**

24           **“(iv) SECURING CERTIFIED TRUE COPIES OF**  
25           **DOCUMENTS HELD BY THE FOREGOING AGENCIES/ENTITIES IN**  
26           **RELATION TO AN ASSET OF THE CLOSED BANK;**

27           **“(v) SECURING THE APPROPRIATE CERTIFICATION**  
28           **FROM THE FOREGOING AGENCIES/ENTITIES IN RELATION TO**  
29           **AN ASSET OF THE CLOSED BANK; AND**

- 1                   **“(VI) PERFORMING OTHER RELATED ACTIVITIES.**
- 2                   **“(2) CONDUCT A PHYSICAL OR OCULAR INSPECTION**
- 3                   **OF THE PROPERTIES OWNED BY, OR MORTGAGED TO, THE**
- 4                   **CLOSED BANK, TO DETERMINE THEIR EXISTENCE AND PRESENT**
- 5                   **CONDITION;**
- 6                   **“(3) DETERMINE THE DISPOSAL PRICE OF ASSETS IN**
- 7                   **ACCORDANCE WITH GENERALLY ACCEPTED VALUATION**
- 8                   **PRINCIPLES, STANDARDS AND PRACTICES, SUBJECT TO SUCH**
- 9                   **GUIDELINES AS THE RECEIVER MAY DETERMINE;**
- 10                   **“(4) DISPOSE REAL OR PERSONAL PROPERTIES OF THE**
- 11                   **CLOSED BANK THROUGH BIDDING, NEGOTIATED SALE OR ANY**
- 12                   **OTHER MODE INCLUDING LEASE WITH OPTION TO PURCHASE,**
- 13                   **WHETHER BY PIECE OR BY LOT, AS MAY BE REASONABLY**
- 14                   **DETERMINED BY THE RECEIVER BASED ON COST BENEFIT**
- 15                   **CONSIDERATIONS AND TO ALLOW EFFICIENT DISTRIBUTION OF**
- 16                   **ASSETS TO CREDITORS; AND**
- 17                   **“(5) ENGAGE THIRD PARTIES TO ASSIST IN THE**
- 18                   **LIQUIDATION, MANAGE AND/OR DISPOSE THE ASSETS, HANDLE**
- 19                   **CASES FILED AGAINST OR BY THE CLOSED BANK, SUBJECT TO**
- 20                   **SUCH GUIDELINES AS DETERMINED BY THE RECEIVER.**
- 21                   **“(D) NOTWITHSTANDING ANY PROVISION OF LAW TO**
- 22                   **THE CONTRARY, THE FOLLOWING RULES SHALL APPLY TO THE**
- 23                   **MANAGEMENT AND/OR CONVERSION BY THE RECEIVER OF THE**
- 24                   **ASSETS OF THE CLOSED BANK:**
- 25                   **“(1) UPON NOTIFICATION OF THE CLOSURE OF A BANK,**
- 26                   **THE LRA, THE BUREAU OF LANDS, THE REGISTER OF DEEDS,**
- 27                   **THE LTO, THE ASSESSOR’S OFFICE OR OTHER APPROPRIATE**
- 28                   **OFFICE OF THE LOCAL GOVERNMENT UNIT, OR SUCH OTHER**
- 29                   **SIMILAR GOVERNMENT AGENCIES SHALL NOT ALLOW ANY**

1           **TRANSACTION AFFECTING THE ASSETS OF THE CLOSED BANK**  
2           **WITHOUT THE CONSENT OF THE RECEIVER.**

3           **“(2) UPON ISSUANCE BY THE MONETARY BOARD OF**  
4           **THE RESOLUTION ORDERING THE CLOSURE OF A BANK, ANY**  
5           **PERSON OR ENTITY IN CUSTODY OR POSSESSION OF ASSETS OR**  
6           **RECORDS OF THE CLOSED BANK, INCLUDING THE CLOSED**  
7           **BANK’S DEPOSIT ACCOUNTS, TITLES TO REAL PROPERTY,**  
8           **COLLATERALS, PROMISSORY NOTES, EVIDENCE OF**  
9           **INDEBTEDNESS OR INVESTMENTS SHALL IMMEDIATELY TURN**  
10          **OVER CUSTODY OF SAID ASSETS AND RECORDS TO THE**  
11          **RECEIVER. SUCH OBLIGATION SHALL NOT COVER EVIDENCES**  
12          **OF DEPOSIT SUCH AS PASSBOOKS OR CERTIFICATES OF**  
13          **DEPOSIT ISSUED BY THE BANK TO ITS DEPOSITORS. PENDING**  
14          **TURNOVER, ALL PERSONS OR ENTITIES IN CUSTODY OR**  
15          **POSSESSION OF ANY ASSET OR RECORD OF THE CLOSED BANK**  
16          **SHALL HOLD THE SAID ASSETS OR RECORDS IN TRUST FOR THE**  
17          **RECEIVER.**

18          **“(3) THE PERSONS OR ENTITIES IN CUSTODY OR**  
19          **POSSESSION OF SUCH ASSET SHALL NOT ALLOW, AUTHORIZE**  
20          **OR CAUSE THE WITHDRAWAL, TRANSFER, DISPOSITION,**  
21          **REMOVAL, CONVERSION, CONCEALMENT, OR OTHER**  
22          **TRANSACTION INVOLVING OR RELATING TO THE SUBJECT**  
23          **ASSET, UNLESS OTHERWISE DIRECTED BY THE RECEIVER.**

24          **“(E) THE RECEIVER SHALL HAVE THE AUTHORITY**  
25          **TO INVEST FUNDS RECEIVED FROM THE CONVERSION**  
26          **OF THE ASSETS OF THE CLOSED BANK**  
27          **IN GOVERNMENT SECURITIES, OTHER GOVERNMENT**  
28          **-GUARANTEED MARKETABLE SECURITIES OR INVESTMENT-**  
29          **GRADE DEBT INSTRUMENTS.**

1                                   **“B. PETITION FOR ASSISTANCE**  
2                                   **IN THE LIQUIDATION OF A CLOSED BANK**

3                                   **“(F) A PETITION FOR ASSISTANCE IN THE LIQUIDATION**  
4                                   **OF A CLOSED BANK IS A SPECIAL PROCEEDING FOR THE**  
5                                   **LIQUIDATION OF A CLOSED BANK, AND INCLUDES THE**  
6                                   **DECLARATION OF THE CONCOMMITANT RIGHT OF ITS**  
7                                   **CREDITORS AND THE ORDER OF PAYMENT OF THEIR VALID**  
8                                   **CLAIMS IN THE DISPOSITION OF ITS ASSETS.**

9                                   **“ANY PROCEEDING INITIATED UNDER THIS SECTION**  
10                                   **SHALL BE CONSIDERED *IN REM*. JURISDICTION OVER ALL**  
11                                   **PERSONS AFFECTED BY THE PROCEEDING SHALL BE**  
12                                   **CONSIDERED AS ACQUIRED UPON PUBLICATION OF THE ORDER**  
13                                   **SETTING THE CASE FOR INITIAL HEARING IN ANY NEWSPAPER**  
14                                   **OF GENERAL CIRCULATION IN THE PHILIPPINES.**

15                                   **“(G) THE LIQUIDATION COURT SHALL HAVE EXCLUSIVE**  
16                                   **JURISDICTION TO ADJUDICATE DISPUTED CLAIMS AGAINST**  
17                                   **THE CLOSED BANKS, ASSIST IN THE ENFORCEMENT OF**  
18                                   **INDIVIDUAL LIABILITIES OF THE STOCKHOLDERS, DIRECTORS**  
19                                   **AND OFFICERS AND DECIDE ON ALL OTHER ISSUES AS MAY BE**  
20                                   **MATERIAL TO IMPLEMENT THE DISTRIBUTION PLAN ADOPTED**  
21                                   **BY THE CORPORATION FOR GENERAL APPLICATION TO ALL**  
22                                   **CLOSED BANKS.**

23                                   **“(H) THE PROVISIONS OF REPUBLIC ACT NO. 8799,**  
24                                   **OTHERWISE KNOWN AS ‘THE SECURITIES REGULATION**  
25                                   **CODE’, AND SUPREME COURT ADMINISTRATIVE MATTER**  
26                                   **NO. 00-8-10-SC, ENTITLED, ‘THE RULES OF PROCEDURE ON**  
27                                   **CORPORATE REHABILITATION’, SHALL NOT BE APPLICABLE**  
28                                   **TO THE ‘PAL’ OF THE CLOSED BANK.**

29                                   **“(I) THE PETITION SHALL BE FILED IN THE REGIONAL**  
30                                   **TRIAL COURT WHICH HAS JURISDICTION OVER THE PRINCIPAL**

1 OFFICE OF THE CLOSED BANK OR THE PRINCIPAL OFFICE OF  
2 THE RECEIVER, AT THE OPTION OF THE LATTER.

3 “(J) THE PETITION SHALL BE FILED *EX PARTE*  
4 WITHIN A REASONABLE PERIOD FROM RECEIPT OF THE  
5 MONETARY BOARD RESOLUTION PLACING THE BANK UNDER  
6 LIQUIDATION.

7 “(K) ALL PERSONS OR ENTITIES WITH CLAIMS AGAINST  
8 THE ASSETS OF THE CLOSED BANK SHALL FILE THEIR CLAIMS  
9 WITH THE RECEIVER WITHIN SIXTY (60) DAYS FROM THE DATE  
10 OF PUBLICATION OF THE NOTICE OF CLOSURE. CLAIMS FILED  
11 OUTSIDE THE FOREGOING PRESCRIBED PERIOD SHALL BE  
12 DISALLOWED.

13 “CLAIMS DENIED BY THE RECEIVER SHALL BE FILED  
14 WITH THE LIQUIDATION COURT WITHIN SIXTY (60) DAYS FROM  
15 RECEIPT OF THE FINAL NOTICE OF DENIAL OF CLAIM.

16 “(L) A CLAIM WHOSE VALIDITY HAS NOT YET BEEN  
17 DETERMINED WITH FINALITY AT THE TIME OF THE  
18 SUBMISSION OF THE FINAL ASSET DISTRIBUTION PLAN, EITHER  
19 BY REASON OF A PENDING SUIT OR FOR WHATEVER REASON,  
20 SHALL BE CONSIDERED AS CONTINGENT CLAIM AND SHALL  
21 NOT BE PAID UNDER THE PROPOSED FINAL ASSET  
22 DISTRIBUTION PLAN.

23 “(M) UPON FINALITY OF THE ORDER APPROVING THE  
24 FINAL ASSET DISTRIBUTION PLAN, THE PETITION SHALL  
25 HENCEFORTH BE, FOR ALL INTENTS AND PURPOSES,  
26 CONSIDERED CLOSED AND TERMINATED AND THE RECEIVER,  
27 ITS OFFICERS, EMPLOYEES OR AGENTS, ARE FOREVER  
28 DISCHARGED FROM ANY AND ALL CLAIMS AND/OR LIABILITY  
29 ARISING FROM OR IN CONNECTION WITH THE LIQUIDATION OF  
30 THE CLOSED BANK.



1           “(N) THE RECEIVER SHALL SUBMIT A FINAL REPORT ON  
2           THE IMPLEMENTATION OF THE APPROVED FINAL ASSET  
3           DISTRIBUTION PLAN TO THE MONETARY BOARD AND THE  
4           SECURITIES AND EXCHANGE COMMISSION (SEC) AFTER THE  
5           EXPIRATION OF THE WINDING-UP PERIOD PROVIDED IN THIS  
6           ACT.

7           “(O) THE SUPREME COURT SHALL PROMULGATE THE  
8           APPROPRIATE PROCEDURAL RULES TO IMPLEMENT THIS  
9           SECTION.

10                           **“C. WINDING-UP**

11           “(P) THE CREDITORS SHALL HAVE A PERIOD OF SIX (6)  
12           MONTHS FROM THE DATE OF PUBLICATION OF NOTICE OF THE  
13           APPROVAL BY THE COURT OF THE FINAL ASSET DISTRIBUTION  
14           PLAN OF THE CLOSED BANK WITHIN WHICH TO CLAIM  
15           PAYMENT OF THE PRINCIPAL OBLIGATIONS AND SURPLUS  
16           DIVIDENDS. DURING THIS SIX-MONTH PERIOD, THE RECEIVER  
17           SHALL HOLD AS TRUSTEE THE ASSETS ALLOCATED IN THE  
18           FINAL ASSET DISTRIBUTION PLAN FOR SAID CREDITORS.

19           “FAILURE BY THE CREDITOR TO COMPLY WITH THE  
20           DOCUMENTARY REQUIREMENTS WITHIN THE PRESCRIBED  
21           PERIOD AND/OR REFUSAL TO ACCEPT THE ASSET AS PAYMENT  
22           SHALL BE DEEMED AS ABANDONMENT OR WAIVER OF RIGHT  
23           TO PAYMENT.

24           “(Q) THE INDIVIDUAL STOCKHOLDERS OF RECORD  
25           OR THEIR DULY AUTHORIZED REPRESENTATIVE OR THE  
26           COURT-APPOINTED STOCKHOLDERS’ REPRESENTATIVE SHALL  
27           HAVE A PERIOD OF SIX (6) MONTHS FROM PUBLICATION OF  
28           NOTICE OF THE APPROVAL BY THE COURT OF THE FINAL ASSET  
29           DISTRIBUTION PLAN OF THE CLOSED BANK WITHIN WHICH TO  
30           CLAIM THE RESIDUAL ASSETS. DURING THIS SIX-MONTH  
31           PERIOD, THE RECEIVER SHALL HOLD AS TRUSTEE THE ASSETS

1 ALLOCATED IN THE FINAL ASSET DISTRIBUTION PLAN FOR SAID  
2 STOCKHOLDERS OF RECORD.

3 "FAILURE BY THE INDIVIDUAL STOCKHOLDERS OF  
4 RECORD OR THEIR DULY AUTHORIZED REPRESENTATIVE OR  
5 THE COURT-APPOINTED STOCKHOLDERS' REPRESENTATIVE TO  
6 COMPLY WITH THE DOCUMENTARY REQUIREMENTS WITHIN  
7 THE PRESCRIBED PERIOD AND/OR REFUSAL TO ACCEPT THE  
8 RESIDUAL ASSETS IN KIND SHALL BE DEEMED AS  
9 ABANDONMENT OR WAIVER OF RIGHT TO RECEIVE THE  
10 RESIDUAL ASSETS.

11 "(R) AFTER THE LAPSE OF THE SIX-MONTH PERIOD  
12 PROVIDED IN PARAGRAPHS (P) AND (Q) OF THIS SECTION, ALL  
13 ASSETS WHICH REMAIN UNCLAIMED BY THE CREDITORS  
14 AND/OR STOCKHOLDERS OF RECORD SHALL BE TURNED OVER  
15 TO THE BUREAU OF TREASURY.

16 "(S) THE RECEIVER SHALL CONTINUE TO KEEP ALL  
17 THE PERTINENT RECORDS OF THE CLOSED BANK FOR A PERIOD  
18 OF SIX (6) MONTHS FROM THE DATE OF PUBLICATION OF THE  
19 APPROVAL OF THE FINAL ASSET DISTRIBUTION PLAN. AFTER  
20 THE LAPSE OF THIS PERIOD, THE RECEIVER IS AUTHORIZED TO  
21 DISPOSE OF THE SAME IN ACCORDANCE WITH THE RULES AND  
22 REGULATIONS TO BE PRESCRIBED BY THE RECEIVER."

23 SEC. 17. Section 14 of the same Act is hereby amended to read as  
24 follows:

25 "PAYMENT OF INSURED DEPOSITS

26 "SEC. 14. Whenever an insured bank shall have been  
27 closed by the Monetary Board pursuant to Section 30 of  
28 R.A. No. 7653, OR UPON EXPIRATION OR REVOCATION OF A  
29 BANK'S CORPORATE TERM, payment of the insured deposits on  
30 such closed bank shall be made by the Corporation as soon as

1 possible either (1) by cash or (2) by making available to each  
2 depositor a transferred deposit in another insured bank in an  
3 amount equal to insured deposit of such depositor: *Provided,*  
4 *however,* That the Corporation, in its discretion, may require  
5 proof of claims to be filed before paying the insured deposits,  
6 and that in any case where the Corporation is not satisfied as to  
7 the [viability] **VALIDITY** of a claim for an insured deposit, it may  
8 require final determination of a court of competent jurisdiction  
9 before paying such claim: *Provided, further,* That failure to settle  
10 the claim, within six (6) months from the date of filing of claim  
11 for insured deposit, where such failure was due to grave abuse of  
12 discretion, gross negligence, bad faith, or malice, shall, upon  
13 conviction, subject the directors, officers or employees of the  
14 Corporation responsible for the delay, to imprisonment from six  
15 (6) months to one (1) year: *Provided, furthermore,* That the  
16 period shall not apply if the validity of the claim requires the  
17 resolution of issues of facts and or law by another office, body or  
18 agency including the case mentioned in the first proviso or by the  
19 Corporation together with such other office, body or agency.”

20 SEC. 18. Section 15 of the same Act is hereby amended to read as  
21 follows:

22 “SEC. 15. The Corporation, upon payment of any  
23 depositor as provided for in [subsection (c) of this][s] **Section 14**  
24 **OF THIS ACT**, shall be subrogated to all rights of the depositor  
25 against the closed bank to the extent of such payment. Such  
26 subrogation shall include the right on the part of the Corporation  
27 to receive the same dividends and payments from the proceeds of  
28 the assets of such closed bank and recoveries on account of

1 stockholders' liability as would have been payable to the  
2 depositor on a claim for the insured deposits: [but,]: **PROVIDED,**  
3 **THAT** such depositor shall retain his claim for any uninsured  
4 portion of his deposit, **WHICH LEGAL PREFERENCE SHALL BE**  
5 **THE SAME AS THE SUBROGATED CLAIM OF THE CORPORATION**  
6 **FOR ITS PAYMENT OF INSURED DEPOSITS.** All payments by the  
7 [c]Corporation of insured deposits in closed banks partake of the  
8 nature of public funds, and as such, must be considered a  
9 preferred credit similar to taxes due to the national government  
10 in the order of preference under Article 2244 of the New Civil  
11 Code.[: *Provided, further,* That this preference shall be likewise  
12 effective upon liquidation proceedings already commenced and  
13 pending as of the approval of this Act, where no distribution of  
14 assets has been made.]”

15 SEC. 19. Section 16 paragraph (c) of the same Act is hereby amended  
16 to read as follows:

17 “(c) Except as otherwise prescribed by the Board of  
18 Directors, neither the Corporation nor such other insured bank  
19 shall be required to recognize as the owner of any portion of a  
20 deposit [appearing on the records] **EVIDENCED BY A PASSBOOK,**  
21 **CERTIFICATE OF DEPOSIT OR OTHER EVIDENCE OF DEPOSIT**  
22 **DETERMINED BY THE CORPORATION TO BE AN AUTHENTIC**  
23 **DOCUMENT OR RECORD** of the closed bank under a name other  
24 than that of the claimant, any person whose name or interest as  
25 such owner is not disclosed on the [records] **PASSBOOK,**  
26 **CERTIFICATE OF DEPOSIT OR OTHER EVIDENCE OF DEPOSIT** of  
27 such closed bank as part owner of said deposit, if such

1 recognition would increase the aggregate amount of the insured  
2 deposits in such closed bank.”

3 SEC. 20. Section 17 of the same Act is hereby amended to read as  
4 follows:

5 **“CORPORATE FUNDS AND ASSETS**

6 **“SEC. 17. (a) SUBJECT TO THE GUIDELINES AND LIMITS**  
7 **AS APPROVED BY THE BOARD OF DIRECTORS, THE MONIES**  
8 **[Money] of the Corporation DENOMINATED IN THE LOCAL**  
9 **CURRENCY, not otherwise employed shall be invested in**  
10 **obligations of the Republic of the Philippines or in obligations**  
11 **guaranteed as to principal and interest by the Republic of the**  
12 **Philippines.**

13 **“THE CORPORATION MAY ALSO INVEST IN DEBT**  
14 **INSTRUMENTS DENOMINATED IN FOREIGN CURRENCIES ISSUED**  
15 **OR GUARANTEED BY THE REPUBLIC OF THE PHILIPPINES, OR**  
16 **DEBT INSTRUMENTS DENOMINATED IN FREELY CONVERTIBLE**  
17 **FOREIGN CURRENCIES ISSUED BY SUPRANATIONALS,**  
18 **MULTILATERAL AGENCIES, OR FOREIGN GOVERNMENTS WITH**  
19 **AT LEAST AN INVESTMENT GRADE CREDIT RATING.**

20 **“THE CORPORATION SHALL LIKEWISE BE AUTHORIZED**  
21 **TO BUY AND/OR SELL DEBT INSTRUMENTS AND FOREIGN**  
22 **CURRENCIES FROM ANY GOVERNMENT SECURITIES ELIGIBLE**  
23 **DEALERS (GSEDs), OR ANY COUNTERPARTIES OR BROKERS,**  
24 **ACCREDITED BY THE PDIC BOARD.**

25 **“FOR THIS PURPOSE, THE CORPORATION SHALL BE**  
26 **AUTHORIZED TO OPEN SECURITIES CUSTODIANSHIP AND**  
27 **SETTLEMENT ACCOUNTS.**

1           “(b) The banking or checking accounts of the  
2 Corporation shall be kept with the [Central Bank of the  
3 Philippines, with the Philippine National Bank,] BANGKO  
4 SENTRAL, or with any other bank designated as depository or  
5 fiscal agent of the Philippine Government.”

6           “(C) ASSETS OF THE CORPORATION SHALL BE EXEMPT  
7 FROM ATTACHMENT, GARNISHMENT OR ANY OTHER ORDER  
8 OR PROCESS OF ANY COURT, AGENCY OR ANY OTHER  
9 ADMINISTRATIVE BODY.”

10                         “FINANCIAL ASSISTANCE

11           “[c](d) [When the Corporation has determined that an  
12 insured bank is in danger of closing, in order to prevent such  
13 closing.] IN THE EXERCISE OF ITS AUTHORITIES UNDER  
14 SECTION 9-A OF THIS ACT, the Corporation[, in the discretion of  
15 its Board of Directors,] is authorized to make loans to, or  
16 purchase the assets of, or assume liabilities of, or make deposits  
17 in[, such insured bank,]:

18           “(1) A BANK IN DANGER OF CLOSING, UPON ITS  
19 ACQUISITION BY A QUALIFIED INVESTOR; OR

20           “(2) A QUALIFIED INVESTOR, UPON ITS PURCHASE OF  
21 ALL ASSETS AND ASSUMPTION OF ALL LIABILITIES OF A BANK  
22 IN DANGER OF CLOSING; OR

23           “(3) A SURVIVING OR CONSOLIDATED INSTITUTION  
24 THAT HAS MERGED OR CONSOLIDATED WITH A BANK IN  
25 DANGER OF CLOSING.

26           “[u]Upon such terms and conditions as the Board of  
27 Directors may prescribe, when in the opinion of the

1 Board of Directors, [the continued operation of such bank]  
2 **SUCH ACQUISITION, PURCHASE OF ASSETS, ASSUMPTION OF**  
3 **LIABILITIES, MERGER OR CONSOLIDATION,** is essential to  
4 provide adequate banking service in the community or maintain  
5 financial stability in the economy.

6 “[The authority of the Corporation under the foregoing  
7 paragraph to extend financial assistance to, assume liabilities of,  
8 purchase the assets of an insured bank may also be exercised in  
9 the case of a closed insured bank if the Corporation finds that the  
10 resumption of operations of such bank is vital to the interests of  
11 the community, or a severe financial climate exists which  
12 threatens the stability of a number of banks possessing  
13 significant resources: *Provided,* That the reopening and  
14 resumption of operations of the closed bank shall be subject to  
15 the prior approval of the Monetary Board.]

16 “[The Corporation may provide any corporation acquiring  
17 control of, merging or consolidating with or acquiring the assets  
18 of an insured bank in danger of closing in order to prevent such  
19 closing or of a closed insured bank in order to restore to normal  
20 operations, with such financial assistance as it could provide an  
21 insured bank under this subsection: *Provided,* That within sixty  
22 (60) days from date of assistance the Corporation shall submit a  
23 report thereof to the Monetary Board.]

24 “The Corporation, prior to the exercise of the powers  
25 under this Section, shall determine that actual payoff and  
26 liquidation thereof will be more expensive than the exercise of  
27 this power: *Provided,* That when the Monetary Board has

1           determined that there are systemic consequences of a probable  
2           failure or closure of an insured bank, the Corporation may grant  
3           financial assistance to such insured bank in such amount as may  
4           be necessary to prevent its failure or closure and/or restore the  
5           insured bank to viable operations, under such terms and  
6           conditions as may be deemed necessary by the Board of  
7           Directors, subject to concurrence by the Monetary Board and  
8           without additional cost to the Deposit Insurance Fund.

9           “A systemic risk refers to the possibility that failure of one  
10          bank to settle net transactions with other banks will trigger a  
11          chain reaction, depriving other banks of funds leading to a  
12          general shutdown of normal clearing and settlement activity.  
13          Systemic risk also means the likelihood of a sudden, unexpected  
14          collapse of confidence in a significant portion of the banking or  
15          financial system with potentially large real economic effects.  
16          Finally, the Corporation may not use its authority under this  
17          subsection to purchase the voting or common stock of an insured  
18          bank but it can enter into and enforce agreements that it  
19          determines to be necessary to protect its financial interests:  
20          *Provided*, That the financial assistance may take the form of  
21          equity or quasi-equity of the insured bank as may be deemed  
22          necessary by the Board of Directors with concurrence by the  
23          Monetary Board: *Provided, further*, That the Corporation shall  
24          dispose of such equity as soon as practicable.”

25          SEC. 21. Section 18 of the same Act is hereby amended to read as  
26          follows:



**"AUTHORITY TO BORROW**

1  
2           "SEC. 18. The Corporation is authorized to borrow from  
3 the Bangko Sentral ng Pilipinas and the Bangko Sentral is  
4 authorized to lend TO the Corporation on such terms as may be  
5 agreed upon by the Corporation and the Bangko Sentral, such  
6 funds as in the judgment of the Board of Directors of the  
7 Corporation are from time to time required for insurance  
8 purposes and financial assistance provided for in Section  
9 17[c](D) of this Act: *Provided*, That any such loan as may be  
10 granted by the Bangko Sentral shall be consistent with monetary  
11 policy; *Provided, further*, That the rate of interest thereon shall  
12 be fixed by the Monetary Board but shall not exceed the  
13 [t]Treasury [bill] rate **IN THE SECONDARY MARKET**  
14 **CORRESPONDING TO THE MATURITY OF SUCH LOAN.**

15           "When in the judgment of the Board of Directors the  
16 funds of the Corporation are not sufficient to provide for an  
17 emergency or urgent need to attain the purposes of this Act, the  
18 Corporation is likewise authorized to borrow money, obtain  
19 loans or arrange credit lines or other credit accommodations  
20 from any bank [designated as depository or fiscal agent of the  
21 Philippine Government]: *Provided*, That such loan shall be of  
22 short-term duration[.]: **PROVIDED, FURTHER, THAT NO PRIOR**  
23 **MONETARY BOARD OPINION SHALL BE REQUIRED FOR THE**  
24 **CORPORATION AND ITS COUNTERPARTIES ON INDIVIDUAL**  
25 **DRAWDOWNS OR BORROWINGS WITHIN AN APPROVED**  
26 **BORROWING PROGRAM WHERE PRIOR MONETARY BOARD**

1 **OPINION HAS ALREADY BEEN OBTAINED, PURSUANT TO**  
2 **SECTION 123 OF REPUBLIC ACT No. 7653.”**

3 SEC. 22. Section 19 of the same Act is hereby amended to read as  
4 follows:

5 **“ISSUANCE OF BONDS, DEBENTURES AND OTHER**  
6 **OBLIGATIONS**

7 “SEC. 19. With the approval of the President of the  
8 Philippines, the Corporation is authorized to issue bonds,  
9 debentures, and other obligations, both local or foreign, as may  
10 be necessary for purposes of providing liquidity for settlement of  
11 insured deposits in closed banks, **TO FACILITATE THE**  
12 **IMPLEMENTATION OF BANK RESOLUTION UNDER SECTION 9-A**  
13 **OF THIS ACT**, as well as for financial assistance as provided  
14 herein: *Provided*, That the Board of Directors shall determine  
15 the interest rates, maturity and other requirements of said  
16 obligations: *Provided, further*, That the Corporation shall  
17 provide for appropriate reserves for the redemption or retirement  
18 of said obligation.

19 “All notes, debentures, bonds, or such obligations issued  
20 by the Corporation shall be exempt from taxation both as to  
21 principal and interest, and shall be fully guaranteed by the  
22 Government of the Republic of the Philippines. Such guarantee,  
23 which in no case shall exceed two times the Deposit Insurance  
24 Fund as of date of the debt issuance, shall be expressed on the  
25 face thereof.

26 **“THE CORPORATION MAY ISSUE NOTES, DEBENTURES,**  
27 **BONDS, OR OTHER DEBT INSTRUMENTS WITHOUT THE**  
28 **APPROVAL OF THE PRESIDENT OF THE PHILIPPINES:**

1           **PROVIDED, THAT THESE SHALL NOT BE GUARANTEED BY THE**  
 2           **NATIONAL GOVERNMENT.**

3           “The Board of Directors shall have the power to prescribe  
 4           **THE TERMS AND CONDITIONS**, rules and regulations for the  
 5           issuance, reissuance, servicing, placement and redemption of the  
 6           bonds herein authorized to be issued as well as the registration of  
 7           such bonds at the request of the holders thereof.”

8           SEC. 23. Section 21 of the same Act is hereby amended to read as  
 9           follows:

10                   “(a) x x x

11                   “(b) x x x

12                   “(c) x x x

13                   “(d) x x x

14                   “(e) x x x

15                   “(f) The penalty of [*prision mayor*] **IMPRISONMENT OF**  
 16                   **NOT LESS THAN SIX (6) YEARS BUT NOT MORE THAN TWELVE**  
 17                   **(12) YEARS** or a fine of not less than Fifty thousand pesos  
 18                   (P50,000.00) but not more than [Two] **TEN** million pesos  
 19                   [(P2,000,000.00),] **(P10,000,000.00)**, or both, at the discretion  
 20                   of the court, shall be imposed upon [any director, officer,  
 21                   employee or agent of a bank]:

22                   “(1) **ANY DIRECTOR, OFFICER, EMPLOYEE OR AGENT**  
 23                   **OF A BANK FOR:**

24                   “[1](I) [for] any willful refusal to submit reports as  
 25                   required by law, rules and regulations;

26                   “[2](II) any unjustified refusal to permit examination and  
 27                   audit of the deposit records or the affairs of the institution;

1                   “[3](III) any willful making of a false statement or entry  
2                   in any bank report or document required by the Corporation;

3                   “[4](IV) submission of false material information in  
4                   connection with or in relation to any financial assistance of the  
5                   Corporation extended to the bank;

6                   “[5](V) splitting of deposits or creation of fictitious **OR**  
7                   **FRAUDULENT** loans or deposit accounts.

8                   “Splitting of deposits occurs whenever a deposit account  
9                   with an outstanding balance of more than the statutory maximum  
10                  amount of insured deposit maintained under the name of natural  
11                  or juridical persons is broken down and transferred into two (2)  
12                  or more accounts in the name/s of natural or juridical persons or  
13                  entities who have no beneficial ownership on transferred deposits  
14                  in their names within one hundred twenty (120) days  
15                  immediately preceding or during a bank-declared bank holiday,  
16                  or immediately preceding a closure order issued by the Monetary  
17                  Board of the Bangko Sentral ng Pilipinas for the purpose of  
18                  availing of the maximum deposit insurance coverage;

19                  “**(VI) REFUSAL TO RECEIVE THE NOTICE OF CLOSURE**  
20                  **AS PROVIDED UNDER SECTION 14 OF THIS ACT;**

21                  “[7](VII) refusal to allow the Corporation to take over a  
22                  closed bank [placed under its receivership] or obstructing such  
23                  action of the Corporation;

24                  “[8](VIII) refusal to turn over or destroying or  
25                  tampering bank records;

1           “[9](IX) fraudulent disposal, transfer or concealment of  
2           any asset, property or liability of the closed bank [under the  
3           receivership of the Corporation];

4           “[10](X) violation of, or causing any person to violate,  
5           the exemption from garnishment, levy, attachment or execution  
6           provided under this Act and the New Central Bank Act;

7           “[11](XI) any willful failure or refusal to comply with, or  
8           violation of any provision of this Act, or commission of any  
9           other irregularities, and/or conducting business in an unsafe or  
10          unsound manner as may be determined by the Board of  
11          Directors[.] IN RELATION TO SECTION 56 OF REPUBLIC ACT  
12          NO. 8791, OR ‘THE GENERAL BANKING LAW OF 2000’; AND

13          “[12](XII) OTHER ACTS INIMICAL TO THE INTEREST OF  
14          THE BANK OR THE CORPORATION, SUCH AS, BUT NOT LIMITED  
15          TO, CONFLICT OF INTEREST, DISLOYALTY, AUTHORIZING  
16          RELATED PARTY TRANSACTIONS WITH TERMS DETRIMENTAL  
17          TO THE CORPORATION.

18          “NOTWITHSTANDING ANY LAW TO THE CONTRARY, THE  
19          FOREGOING ACTS OF DIRECTORS, OFFICERS, EMPLOYEES OR  
20          AGENTS OF THE BANK SHALL BE CONSIDERED AS ADDITIONAL  
21          GROUNDS FOR NONCOMPLIANCE WITH THE FIT AND PROPER  
22          RULE OF THE BANGKO SENTRAL.

23          “(2) ANY PERSON FOR:

24                 “(I) REFUSAL TO DISCLOSE INFORMATION, RECORDS  
25                 OR DATA PERTAINING TO THE BANK ACCOUNTS OF A CLOSED  
26                 BANK TO THE RECEIVER;

27                 “(II) REFUSAL TO TURN OVER POSSESSION OR CUSTODY  
28                 OF THE ASSET AND RECORD OF THE CLOSED BANK TO THE

1 RECEIVER, NOTWITHSTANDING ANY AGREEMENT TO THE  
2 CONTRARY;

3 “(III) REFUSAL IN PERFORMING OR DELAYING THE:

4 “(I) VERIFICATION OF AUTHENTICITY OF THE  
5 OWNERSHIP DOCUMENTS;

6 “(II) REGISTRATION OF INTEREST OF THE CLOSED  
7 BANK ON A SPECIFIC PROPERTY;

8 “(III) CONSOLIDATION OF OWNERSHIP OVER AN ASSET  
9 OF THE CLOSED BANK;

10 “(IV) ACT OF SECURING CERTIFIED TRUE COPIES OF  
11 DOCUMENTS IN RELATION TO AN ASSET OF THE CLOSED BANK;

12 “(V) ACT OF SECURING THE APPROPRIATE  
13 CERTIFICATION FROM THE AGENCIES OR ENTITIES STATED IN  
14 SECTION 17 OF THIS ACT IN RELATION TO AN ASSET OF THE  
15 CLOSED BANK;

16 “(VI) CONDUCT OF A PHYSICAL OR OCULAR  
17 INSPECTION OF THE PROPERTIES OWNED BY, OR MORTGAGED  
18 TO, THE CLOSED BANK, TO DETERMINE THEIR EXISTENCE AND  
19 PRESENT CONDITION; OR

20 “(VII) OTHER RELATED ACTIVITIES OF THE RECEIVER;

21 “(VIII) ALLOWING THE WITHDRAWAL FROM DEPOSITS  
22 OR DISPOSITION OF ANY ASSET OF THE CLOSED BANK OTHER  
23 THAN BY THE RECEIVER;

24 “(IX) WILLFULLY VIOLATING ANY PROVISION OF THIS  
25 ACT;

26 “(X) CONSPIRING OR PARTICIPATING IN THE  
27 SUBMISSION OF REPORTS TO THE CORPORATION THAT ARE  
28 MATERIALLY DEFICIENT, MISSTATED AND/OR ERRONEOUS.

1                   **“(3) ANY LAW ENFORCEMENT OFFICER OR LOCAL**  
2                   **GOVERNMENT OFFICIAL WHO REFUSES OR FAILS TO ASSIST**  
3                   **THE RECEIVER IN THE SERVICE OF THE NOTICE OF CLOSURE,**  
4                   **AS PROVIDED UNDER SECTION 14 OF THIS ACT.”**

5                   “(g) The Board of Directors is hereby authorized to  
6                   impose administrative fines for any act or omission enumerated  
7                   in the preceding subsection, and for violation of any order,  
8                   instruction, rule or regulation issued by the Corporation, against  
9                   a bank and/or any of its directors, officers or agents responsible  
10                  for such act, omission, or violation, in amounts as it may be  
11                  determined to be appropriate, but in no case to exceed three  
12                  times the amount of the damages or costs caused by the  
13                  transaction for each day that the violation subsists, taking into  
14                  consideration the attendant circumstances, such as the nature and  
15                  gravity of the violation or irregularity and the size of the bank.

16                  **“(H) THE PENALTY OF IMPRISONMENT OF NOT LESS**  
17                  **THAN TEN (10) YEARS BUT NOT MORE THAN TWELVE (12)**  
18                  **YEARS, OR A FINE OF NOT LESS THAN FIVE HUNDRED**  
19                  **THOUSAND PESOS (P500,000.00) BUT NOT MORE THAN TEN**  
20                  **MILLION PESOS (P10,000,000.00), OR BOTH, AT THE**  
21                  **DISCRETION OF THE COURT, SHALL BE IMPOSED UPON:**

22                  **“(1) ANY DEPOSITOR WHO FILES A FICTITIOUS AND/OR**  
23                  **FRAUDULENT CLAIM FOR DEPOSIT INSURANCE; AND**

24                  **“(2) ANY BANK OFFICER WHO CERTIFIES TO THE**  
25                  **VALIDITY OF THE DEPOSIT LIABILITIES WHICH IS**  
26                  **SUBSEQUENTLY VERIFIED TO BE FICTITIOUS AND/OR**  
27                  **FRAUDULENT.**

1           **“(1) THE PENALTY OF IMPRISONMENT OF NOT LESS**  
2           **THAN TWELVE (12) YEARS BUT NOT MORE THAN FOURTEEN**  
3           **(14) YEARS SHALL BE IMPOSED UPON ANY PERSON WHO**  
4           **PARTICIPATES, OR ATTEMPTS TO PARTICIPATE, IN A SCHEME**  
5           **TO DEFRAUD A BANK.**

6           **“IF THE OFFENSE SHALL HAVE BEEN COMMITTED BY A**  
7           **DIRECTOR OR OFFICER OF THE BANK, THE PENALTY OF**  
8           **IMPRISONMENT OF NOT LESS THAN FIFTEEN (15) YEARS BUT**  
9           **NOT MORE THAN SEVENTEEN (17) YEARS SHALL BE IMPOSED.**

10           **“IF THE OFFENSE SHALL HAVE RESULTED IN SYSTEMIC**  
11           **CONSEQUENCES, AS DETERMINED BY THE BANGKO SENTRAL,**  
12           **THE PENALTY OF IMPRISONMENT OF NOT LESS THAN**  
13           **EIGHTEEN (18) YEARS BUT NOT MORE THAN TWENTY (20)**  
14           **YEARS SHALL BE IMPOSED.”**

#### 15                           **FINAL PROVISIONS**

16           SEC. 24. A new Section 24-A is hereby inserted after Section 24 of the  
17 same Act to read as follows:

18           **“SEC. 24-A. (A) THE INCUMBENT PRESIDENT OF THE**  
19           **CORPORATION AND PRIVATE SECTOR MEMBERS OF THE**  
20           **BOARD OF DIRECTORS SHALL CONTINUE TO EXERCISE THEIR**  
21           **RESPECTIVE DUTIES AND FUNCTIONS UNTIL REPLACED BY THE**  
22           **PRESIDENT OF THE PHILIPPINES: *PROVIDED*, THAT SUCH NEW**  
23           **APPOINTEES SHALL BE SUBJECT TO THE TERM OF OFFICE**  
24           **PROVIDED UNDER SECTION 2 OF THIS ACT.**

25           **“(B) PAYMENT OF SURPLUS DIVIDENDS UNDER SECTION**  
26           **10-B(C) OF THIS ACT SHALL BE APPLICABLE TO BANKS**  
27           **WITHOUT A COURT-APPROVED FINAL ASSET DISTRIBUTION**  
28           **PLAN AT THE TIME OF THE EFFECTIVITY OF THIS ACT.**



1           “(C) THE PREFERENCE INDICATED UNDER SECTION 15  
2           OF THIS ACT SHALL BE LIKEWISE EFFECTIVE UPON  
3           LIQUIDATION PROCEEDINGS ALREADY COMMENCED AND  
4           PENDING AS OF THE EFFECTIVITY OF THIS ACT, WHERE NO  
5           FINAL COURT-APPROVED DISTRIBUTION OF ASSETS TO ANY  
6           DEPOSITOR HAS BEEN MADE.

7           “(D) THE PROVISIONS IN SECTION 9 OF THIS ACT ON  
8           LEGAL ASSISTANCE, PROTECTION AND INDEMNIFICATION  
9           SHALL APPLY TO ALL CASES PENDING BEFORE THE  
10          EFFECTIVITY OF THIS ACT.”

11          SEC. 25. Section 23 of the same Act is hereby amended to read as  
12          follows:

13                 “SEC. 23. WITHIN SIX (6) MONTHS AFTER THE  
14                 EFFECTIVITY OF THIS ACT, [T]The Corporation may be  
15                 reorganized by the Board of Directors by adopting if it so  
16                 desires, an entirely new staffing pattern or organizational  
17                 structure to suit the operations of the Corporation under this Act  
18                 PURSUANT TO REPUBLIC ACT NO. 10149. No preferential or  
19                 priority right shall be given to or enjoyed by any personnel for  
20                 appointment to any position in the new staffing pattern nor shall  
21                 any personnel be considered as having prior or vested rights with  
22                 respect to retention in the Corporation or in any position which  
23                 may be created in the new staffing pattern, even if [he] SUCH  
24                 PERSONNEL should be the incumbent of a similar position prior  
25                 to reorganization. [The reorganization shall be completed within  
26                 six (6) months after the effectivity of this Act.] Personnel who  
27                 are not retained are deemed separated from the service.”

1           SEC. 26. Section 24 of the same Act is hereby amended to read as  
2 follows:

3           “SEC. 24. PURSUANT TO THE MANDATE UNDER THE  
4 PRECEDING SECTION,[T]The Board of Directors is hereby  
5 authorized to provide separation incentives, and all those who  
6 shall retire or be separated from the service on account of  
7 reorganization [under the preceding section] shall be entitled to  
8 such incentives which shall be in addition to all gratuities and  
9 benefits to which they may be entitled under existing laws.”

10          SEC. 27. Section 27 of the same Act is hereby amended to read as  
11 follows:

12           “SEC. 27. *Repealing Clause.* – THE PERTINENT  
13 PROVISIONS OF REPUBLIC ACT NO. 7653, REPUBLIC ACT  
14 NO. 7875, EXECUTIVE ORDER NO. 292, REPUBLIC ACT  
15 NO. 1405, REPUBLIC ACT NO. 6426, REPUBLIC ACT NO. 8791,  
16 REPUBLIC ACT NO. 1445, REPUBLIC ACT NO. 8799, REPUBLIC  
17 ACT NO. 7656, PRESIDENTIAL DECREE NO. 985,  
18 PRESIDENTIAL DECREE NO. 1597, REPUBLIC ACT NO. 6758,  
19 JOINT RESOLUTION NO. 4 (2009), PRESIDENTIAL DECREE  
20 NO. 1177, EXECUTIVE ORDER NO. 248, AS AMENDED,  
21 EXECUTIVE ORDER NO. 298, AND REPUBLIC ACT NO. 10149  
22 ARE HEREBY REPEALED OR AMENDED ACCORDINGLY. All  
23 [a]Acts or parts of [a]Acts and executive orders, administrative  
24 orders, or parts thereof which are inconsistent with the provisions  
25 of this Act are hereby repealed OR AMENDED ACCORDINGLY.”

1           SEC. 28. *Effectivity.* – This Act shall take effect fifteen (15) days  
2 following the completion of its publication in the *Official Gazette* or in two (2)  
3 newspapers of general circulation.

Approved,

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