



HOUSE OF REPRESENTATIVES

H. No. 7742

BY REPRESENTATIVES NOGRALES (K.A.), NOGRALES (J.J.), COLLANTES, OAMINAL, EVARDONE, MACAPAGAL-ARROYO, TAMBUNTING, ONG (H.), ALMONTE, LIMKAICHONG, FERRER (J.), SALON, CORTUNA, TURABIN-HATAMAN, CAMINERO, VILLARIN, ZAMORA (M.C.), SANDOVAL, LOBREGAT, SUANSING (E.), RELAMPAGOS, ROQUE (R.), VERGARA, CALIXTO-RUBIANO, AMATONG, SACDALAN, TEJADA, DE VERA, PRIMICIAS-AGABAS, SANGCOPAN, MARCOLETA, BRAVO (M.V.), CHIPECO, NIETO, SILVERIO, BELMONTE (R.), ZARATE, ROMERO, SY-ALVARADO AND NOEL, PER COMMITTEE REPORT NO. 741

AN ACT REINFORCING THE CORPORATE VIABILITY OF THE BANGKO SENTRAL NG PILIPINAS, STRENGTHENING ITS MONETARY AND FINANCIAL STABILITY FUNCTIONS AND ENHANCING ITS REGULATORY POWERS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7653, OTHERWISE KNOWN AS "THE NEW CENTRAL BANK ACT"

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

- 1 SECTION. 1. Section 2 of Republic Act No. 7653, otherwise
2 known as "The New Central Bank Act", is hereby amended to read
3 as follows:

1 "SEC. 2. *Creation of the Bangko Sentral.* -

2 There is hereby established an independent central
3 monetary authority, which shall be a body corporate
4 known as the Bangko Sentral ng Pilipinas, hereafter
5 referred to as the Bangko Sentral.

6 "The capital of the Bangko Sentral shall be [Fifty
7 billion pesos (P50,000,000,000)] **TWO HUNDRED BILLION**
8 **PESOS (P200,000,000,000)**, to be fully subscribed by the
9 Government of the Republic, hereafter referred to as the
10 Government[.]. [Ten billion pesos (P10,000,000,000) of
11 which] **THE UNPAID SUBSCRIPTION** shall be fully paid
12 for by the Government [upon the effectivity of this Act
13 and the balance to be paid for within a period of two (2)
14 years from the effectivity of this Act in such manner
15 and form as the Government, through the Secretary of
16 Finance and the Secretary of Budget and Management,
17 may thereafter determine.] **IN CASH AND/OR**
18 **GOVERNMENT SECURITIES FROM THE EFFECTIVITY OF**
19 **THIS ACT. THEREAFTER, THE ADEQUACY OF THE**
20 **CAPITALIZATION SHALL BE SUBJECT TO REVIEW EVERY**
21 **FIVE (5) YEARS AND ADJUSTED UPON JOINT**
22 **RECOMMENDATION BY THE SECRETARY OF FINANCE,**
23 **THE SECRETARY OF BUDGET AND MANAGEMENT AND**
24 **THE MONETARY BOARD. THE PAYMENT OF ANY UNPAID**
25 **SUBSCRIPTION AND/OR INCREASE IN CAPITALIZATION**
26 **SHALL BE APPROPRIATED IN THE ANNUAL GENERAL**
27 **APPROPRIATIONS ACT."**

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

3 "SEC. 3. *Responsibility and Primary Objective.* –

4 The Bangko Sentral shall provide policy directions in
5 the areas of money, banking, and credit. It shall have
6 supervision over the operations of banks and exercise
7 such regulatory AND EXAMINATION powers as provided
8 in this Act and other pertinent laws over the
9 QUASI-BANKING operations of [finance companies
10 and] non-bank financial institutions. [performing
11 quasi-banking functions, hereafter referred to as
12 quasi-banks, and institutions performing similar
13 functions.] AS MAY BE DETERMINED BY THE MONETARY
14 BOARD, IT SHALL LIKEWISE EXERCISE REGULATORY
15 AND EXAMINATION POWERS OVER MONEY SERVICE
16 BUSINESSES, CREDIT GRANTING BUSINESSES, AND
17 PAYMENT SYSTEM OPERATORS. THE MONETARY BOARD
18 IS HEREBY EMPOWERED TO AUTHORIZE ENTITIES OR
19 PERSONS TO ENGAGE IN MONEY SERVICE BUSINESSES.

20 "The primary objective of the Bangko Sentral is to
21 maintain price stability conducive to a balanced and
22 sustainable growth of the economy. It shall also
23 promote and maintain monetary stability and the
24 convertibility of the peso.

25 "THE BANGKO SENTRAL SHALL PROMOTE
26 FINANCIAL STABILITY AND CLOSELY WORK WITH OTHER
27 RELEVANT BODIES INCLUDING THE SECURITIES AND

1 EXCHANGE COMMISSION, THE INSURANCE
2 COMMISSION, THE PHILIPPINE DEPOSIT INSURANCE
3 CORPORATION AND THE NATIONAL GOVERNMENT.

4 "THE BANGKO SENTRAL SHALL OVERSEE THE
5 PAYMENT AND SETTLEMENT SYSTEMS IN THE
6 PHILIPPINES, INCLUDING CRITICAL FINANCIAL MARKET
7 INFRASTRUCTURES, IN ORDER TO PROMOTE SOUND AND
8 PRUDENT PRACTICES CONSISTENT WITH THE
9 MAINTENANCE OF FINANCIAL STABILITY.

10 "IN THE ATTAINMENT OF ITS OBJECTIVES, THE
11 BANGKO SENTRAL SHALL ALWAYS CONSIDER THE
12 INTEREST OF THE GENERAL PUBLIC AND PROMOTE
13 BROAD AND CONVENIENT ACCESS TO HIGH QUALITY
14 FINANCIAL SERVICES."

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

17 "SEC. 11. *Meetings.* - The Monetary Board shall
18 meet at least once a week. The Board may be called to a
19 meeting by the Governor of the Bangko Sentral or by
20 two (2) other members of the Board.

21 "The presence of four (4) members shall constitute
22 a quorum: *Provided*, That in all cases the Governor or
23 his duly designated alternate shall be among the four
24 (4).

25 "Unless otherwise provided in this Act, all
26 decisions of the Monetary Board shall require the
27 concurrence of at least four (4) members.

1 “The Bangko Sentral shall maintain and preserve
2 a complete record of the proceedings and deliberations
3 of the Monetary Board, including the tapes and
4 transcripts of the stenographic notes, either in their
5 original form or in microfilm.

6 “THE MEETINGS OF THE MONETARY BOARD
7 MAY BE CONDUCTED THROUGH MODERN
8 TECHNOLOGIES SUCH AS TELECONFERENCING AND
9 VIDEOCONFERENCING.”

10 SEC. 4. Section 15(e) of the same Act is hereby amended to
11 read as follows:

12 “SEC. 15. *Exercise of Authority.*— In the exercise
13 of its authority, the Monetary Board shall:

14 “x x x

15 “(e) indemnify its members and other officials
16 of the Bangko Sentral, including personnel of the
17 departments performing supervision and examination
18 functions against all costs and expenses reasonably
19 incurred by such persons in connection with any civil or
20 criminal action, suit or proceedings to which he may be,
21 or is, made a party by reason of the performance of his
22 functions or duties, unless he is finally adjudged in such
23 action or proceeding to be liable for [negligence
24 or misconduct] WILLFUL VIOLATION OF THIS ACT,
25 PERFORMED IN EVIDENT BAD FAITH OR WITH GROSS
26 NEGLIGENCE.

27 “In the event of a settlement or compromise,
28 indemnification shall be provided only in connection

1 with such matters covered by the settlement as to which
2 the Bangko Sentral is advised by external counsel that
3 the person to be indemnified did not commit any
4 [negligence or misconduct] WILLFUL VIOLATION OF
5 THIS ACT, PERFORMED IN EVIDENT BAD FAITH OR WITH
6 GROSS NEGLIGENCE.

7 "The costs and expenses incurred in defending the
8 aforementioned action, suit or proceeding may be paid
9 by the Bangko Sentral in advance of the final
10 disposition of such action, suit or proceeding upon
11 receipt of an undertaking by or on behalf of the member,
12 officer, or employee to repay the amount advanced
13 should it ultimately be determined by the Monetary
14 Board that [he] THE PERSON is not entitled to be
15 indemnified as provided in this subsection."

16 SEC. 5. Section 16 of the same Act is hereby amended to read
17 as follows:

18 "SEC. 16. *Responsibility.* - THE GENERAL RULE
19 ON THE LIABILITY OF PUBLIC OFFICERS AND THE
20 EXCEPTION THEREFROM AS PROVIDED IN SECTIONS 38
21 AND 39 OF CHAPTER 9, BOOK 1 OF THE REVISED
22 ADMINISTRATIVE CODE OF 1987 SHALL APPLY TO THE
23 [M]embers of the Monetary Board[, officials,
24 examiners, and employees] AND OTHER PERSONNEL of
25 the Bangko Sentral [who willfully violate this Act or
26 who are guilty of negligence, abuses or acts of
27 malfeasance or misfeasance or fail to exercise

1 extraordinary diligence in the performance of his duties
2 shall be held liable for any loss or injury suffered by the
3 Bangko Sentral or other banking institutions as a result
4 of such violation, negligence, abuse, malfeasance,
5 misfeasance or failure to exercise extraordinary
6 diligence].

7 "Similar responsibility shall apply to members OF
8 THE MONETARY BOARD, [officers, and employees] AND
9 OTHER PERSONNEL of the Bangko Sentral for: (1) the
10 disclosure of any information of a confidential nature, or
11 any information on the discussions or resolutions of the
12 Monetary Board, or about the confidential operations of
13 the Bangko Sentral, unless the disclosure is in
14 connection with the performance of official functions
15 with the Bangko Sentral, or is with prior authorization
16 of the Monetary Board or the Governor; or (2) the use of
17 such information for personal gain or to the detriment
18 of the Government, the Bangko Sentral or third parties:
19 *Provided, however,* That any data or information
20 required to be submitted to the President and/or the
21 Congress, or to be published under the provisions of this
22 Act shall not be considered confidential.

23 "UNLESS THEIR ACTIONS OR OMISSIONS ARE
24 FINALLY ADJUDGED TO BE IN WILLFUL VIOLATION OF
25 THIS ACT, PERFORMED IN EVIDENT BAD FAITH OR WITH
26 GROSS NEGLIGENCE, THE MEMBERS OF THE MONETARY
27 BOARD AND OTHER PERSONNEL OF THE BANGKO

1 SENTRAL SHALL BE HELD FREE AND HARMLESS TO THE
2 FULLEST EXTENT PERMITTED BY LAW FROM ANY
3 LIABILITY, AND THEY SHALL BE INDEMNIFIED FOR ANY
4 AND ALL LIABILITIES, LOSSES, CLAIMS, DEMANDS,
5 DAMAGES, DEFICIENCIES, COSTS AND EXPENSES OF
6 WHATSOEVER KIND AND NATURE THAT MAY ARISE IN
7 CONNECTION WITH THE EXERCISE OF THEIR POWERS
8 AND PERFORMANCE OF THEIR DUTIES AND FUNCTIONS.”

9 SEC. 6. Section 21 of the same Act is hereby amended to read
10 as follows:

11 “SEC. 21. *Deputy Governors.* – The Governor of
12 the Bangko Sentral, with the approval of the Monetary
13 Board, shall appoint not more than [three (3)] FIVE (5)
14 Deputy Governors who shall perform duties as may be
15 assigned to them by the Governor and the Board.

16 “In the absence of the Governor, a Deputy
17 Governor designated by the Governor shall act as chief
18 executive of the Bangko Sentral and shall exercise the
19 powers and perform the duties of the Governor.
20 Whenever the Governor is unable to attend meetings of
21 government boards or councils in which he is an *ex officio*
22 member pursuant to provisions of special laws, a Deputy
23 Governor as may be designated by the Governor shall be
24 vested with authority to participate and exercise the
25 right to vote in such meetings.”

26 SEC. 7. Section 23 of the same Act is hereby amended to read
27 as follows:

1 “SEC. 23. *Authority to Obtain Data and*
2 *Information.* – The Bangko Sentral shall have the
3 authority to [request] REQUIRE from ANY PERSON
4 OR ENTITY, INCLUDING government offices and
5 instrumentalities, or government-owned or -controlled
6 corporations, any data [which it may require] for
7 STATISTICAL AND POLICY DEVELOPMENT PURPOSES IN
8 RELATION TO the proper discharge of its functions and
9 responsibilities: *PROVIDED, THAT THE RELEASE OF*
10 *DISAGGREGATED DATA GATHERED SHALL BE SUBJECT*
11 *TO PREVAILING CONFIDENTIALITY LAWS.* The Bangko
12 Sentral, through the Governor, or in his absence, a duly
13 authorized representative shall have the power to issue
14 a *subpoena* for the production of the books and records
15 for the aforesaid purpose. Those who refuse the
16 *subpoena* without justifiable cause, or who refuse to
17 supply the [bank] BANGKO SENTRAL with THE data
18 [requested or] required, shall be subject to punishment
19 for contempt in accordance with the provisions of the
20 Rules of Court.

21 “Data on individuals AND firms, other than banks,
22 gathered by the [Department of Economic Research and
23 other departments or units of the] Bangko Sentral shall
24 not be made available to any person or entity outside of
25 the Bangko Sentral, whether public or private, except
26 [under] BY order of the court or under such conditions

1 as may be prescribed by the Monetary Board: *Provided,*
2 *however,* That the collective data on firms may be
3 released to interested persons or entities: *Provided,*
4 *finally,* That in the case of data on banks, the provisions
5 of Section 27 of this Act shall apply.”

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

8 “SEC. 25. *Supervision and Examination.* – The
9 Bangko Sentral shall have supervision over, and
10 conduct [periodic] REGULAR or special examinations
11 of[,] banking institutions and quasi-banks, including
12 their subsidiaries and affiliates engaged in allied
13 activities.

14 “For purposes of this section, a subsidiary means
15 a corporation more than fifty percent (50%) of the voting
16 stock of which is DIRECTLY OR INDIRECTLY owned,
17 CONTROLLED, OR HELD WITH POWER TO VOTE by a
18 bank or quasi-bank, and an affiliate means a
19 corporation the voting stock of which, to the extent of
20 fifty percent (50%) or less, is owned by a bank or
21 quasi-bank or which is related or linked DIRECTLY OR
22 INDIRECTLY to such institution or intermediary through
23 common stockholders, or such other factors as may be
24 determined by the Monetary Board.

25 “THE BANGKO SENTRAL SHALL HAVE
26 REGULATORY AUTHORITY OVER, AND SHALL CONDUCT
27 REGULAR OR SPECIAL EXAMINATIONS OF ENTITIES

1 WHICH UNDER THIS ACT OR BY SPECIAL LAWS ARE
2 SUBJECT TO ITS JURISDICTION.

3 "The department heads and the examiners of the
4 supervising and/or examining departments are hereby
5 authorized to administer oaths to any director, officer,
6 or employee of any institution under their respective
7 supervision or subject to their examination, and to
8 compel the presentation of all books, documents, papers
9 or records necessary in their judgment to ascertain the
10 facts relative to the true condition of any institution, as
11 well as the books and records of persons and entities
12 relative to or in connection with the operations,
13 activities or transactions of the institution under
14 examination, subject to the provision of existing laws
15 protecting or safeguarding the secrecy or confidentiality
16 of bank deposits as well as investments of private
17 persons, natural or juridical, in debt instruments issued
18 by the Government.

19 "No restraining order or injunction shall be issued
20 by the court enjoining the Bangko Sentral from
21 examining any institution subject to supervision or
22 examination by the Bangko Sentral, unless there is
23 convincing proof that the action of the Bangko Sentral
24 is plainly arbitrary and made in bad faith and the
25 petitioner or plaintiff files with the clerk or judge of the
26 court in which the action is pending a bond executed in
27 favor of the Bangko Sentral, in an amount to be fixed by

1 the court. The provisions of Rule 58 of the New Rules of
2 Court insofar as they are applicable and not
3 inconsistent with the provisions of this section shall
4 govern the issuance and dissolution of the restraining
5 order or injunction contemplated in this section.”

6 SEC. 9. A new section denominated as Section 25-A is hereby
7 inserted after Section 25 of the same Act to read as follows:

8 “SEC. 25-A. *AUTHORITY TO APPROVE TRANSFER*
9 *OF SHARES.* - TRANSFERS OR ACQUISITIONS, OR A
10 SERIES THEREOF, OF AT LEAST TEN PERCENT (10%) OF
11 THE VOTING SHARES IN BANKS OR QUASI-BANKS SHALL
12 REQUIRE THE PRIOR APPROVAL OF THE BANGKO
13 SENTRAL. THE SELLING OR CONVEYING STOCKHOLDER
14 SHALL SUBMIT SUCH TRANSFER OR ACQUISITION FOR
15 APPROVAL BY THE BANGKO SENTRAL WITHIN SUCH
16 PERIOD AS MAY BE PRESCRIBED BY THE MONETARY
17 BOARD. IN APPROVING SUCH TRANSFERS OR
18 ACQUISITIONS, REGARD SHALL BE GIVEN BY THE
19 BANGKO SENTRAL TO THE FITNESS OF THE INCOMING
20 STOCKHOLDERS AS MAY BE INDICATED BY THEIR
21 REPUTATION AND FINANCIAL CAPACITY. WITHOUT
22 BANGKO SENTRAL APPROVAL, NO SUCH TRANSFER OR
23 ACQUISITION SHALL HAVE LEGAL EFFECT NOR SHALL
24 THE SAME BE RECOGNIZED IN THE BOOKS OF THE
25 INSTITUTION OR BY ANY GOVERNMENT AGENCY, AND
26 THE TRANSFEROR-STOCKHOLDERS SHALL REMAIN
27 ACCOUNTABLE AND RESPONSIBLE THEREFOR.
28 TRANSFER OF ACTUAL CONTROL OR MANAGEMENT OF
29 THE INSTITUTION TO THE NEW STOCKHOLDERS OR

1 THEIR REPRESENTATIVES PRIOR TO BANGKO SENTRAL
 2 APPROVAL SHALL MAKE THE TRANSFEROR, THE
 3 TRANSFEREE AND ANY PERSON RESPONSIBLE
 4 THEREFOR LIABLE UNDER SECTIONS 36 AND 37 OF
 5 THIS ACT. NOTWITHSTANDING ANY PROVISION OF LAW
 6 TO THE CONTRARY, THE BANGKO SENTRAL MAY SHARE
 7 WITH THE PHILIPPINE DEPOSIT INSURANCE
 8 CORPORATION ANY INFORMATION THAT THE BANGKO
 9 SENTRAL MAY OBTAIN PERTAINING TO THE TRANSFER
 10 OR ACQUISITION OF SHARES OR SERIES OF TRANSFERS
 11 OR ACQUISITION OF SHARES IN BANKS AND
 12 QUASI-BANKS."

13 SEC. 10. Section 27(d) of the same Act is hereby amended to
 14 read as follows:

15 "SEC. 27. *Prohibitions.* - In addition to the
 16 prohibitions found in Republic Act Nos. 3019 and 6713,
 17 personnel of the Bangko Sentral are hereby prohibited
 18 from:

19 "x x x

20 "(d) borrowing from any institution subject to
 21 supervision or examination by the Bangko Sentral
 22 [shall be prohibited] unless said borrowing[s are
 23 adequately secured] IS TRANSACTED ON AN ARM'S
 24 LENGTH BASIS, fully disclosed to the Monetary Board,
 25 and shall be subject to such [further] rules and
 26 regulations as the Monetary Board may prescribe[:
 27 *Provided, however,* That personnel of the supervising

1 and examining departments are prohibited from
2 borrowing from a bank under their supervision and
3 examination].”

4 SEC. 11. Section 28 of the same Act is hereby amended to
5 read as follows:

6 “SEC. 28. *Examination and Fees.* – The
7 supervising and examining department head,
8 personally or by deputy, shall examine the [books]
9 OPERATIONS of every bank[ing institution] AND
10 QUASI-BANK, INCLUDING THEIR SUBSIDIARIES AND
11 AFFILIATES ENGAGED IN ALLIED ACTIVITIES, AND
12 OTHER ENTITIES WHICH UNDER THIS ACT OR SPECIAL
13 LAWS ARE SUBJECT TO BANGKO SENTRAL
14 SUPERVISION, IN ACCORDANCE WITH THE GUIDELINES
15 SET BY THE MONETARY BOARD TAKING INTO
16 CONSIDERATION SOUND AND PRUDENT PRACTICES
17 [once in every twelve (12) months, and at such other
18 times as the Monetary Board by an affirmative vote of
19 five (5) members, may deem expedient and to make a
20 report on the same to the Monetary Board]: *Provided,*
21 That there shall be an interval of at least twelve (12)
22 months between [annual] REGULAR examinations:
23 *PROVIDED, FURTHER,* THAT THE MONETARY BOARD, BY
24 AN AFFIRMATIVE VOTE OF AT LEAST FIVE (5) MEMBERS,
25 MAY AUTHORIZE A SPECIAL EXAMINATION IF THE
26 CIRCUMSTANCES WARRANT.

1 “The [bank] INSTITUTION concerned shall afford
2 to the head of the appropriate supervising and
3 examining departments and to his authorized deputies
4 full opportunity to examine its books[,] AND RECORDS,
5 cash and [available] assets and general condition AND
6 REVIEW ITS SYSTEMS AND PROCEDURES at any time
7 during [banking] BUSINESS hours when requested to do
8 so by the Bangko Sentral: *Provided, however,* That
9 none of the reports and other papers relative to such
10 examinations shall be open to inspection by the public
11 except insofar as such publicity is incidental to the
12 proceedings hereinafter authorized or is necessary for
13 the prosecution of violations in connection with the
14 business of such institutions.

15 “[Banking and quasi-banking institutions which
16 are subject to examination by the Bangko Sentral]
17 SUPERVISED INSTITUTIONS shall pay to the Bangko
18 Sentral, NOT LATER THAN MAY 31 OF EACH YEAR,
19 [within the first thirty (30) days of each year,] an
20 annual SUPERVISION fee [in an amount equal to a
21 percentage] as may be prescribed by the Monetary
22 Board [of its average total assets during the preceding
23 year as shown on its end-of-month balance sheets, after
24 deducting cash on hand and amounts due from banks,
25 including the Bangko Sentral and banks abroad] IN

1 DETERMINING THE AMOUNT OF THE ANNUAL
2 SUPERVISION FEE, THE MONETARY BOARD SHALL
3 CONSIDER THE COSTS OF SUPERVISION.”

4 SEC. 12. A new section to be denominated as Section 28-A is
5 hereby inserted after Section 28 to read as follows:

6 “SEC. 28-A. *BANGKO SENTRAL COORDINATION.*

7 – PRIOR CONSULTATION WITH THE BANGKO SENTRAL
8 MUST BE CONDUCTED BEFORE ANY GOVERNMENT
9 LICENSE NECESSARY FOR THE OPERATION OF A
10 BANGKO SENTRAL-SUPERVISED ENTITY IS SUSPENDED
11 OR REVOKED.”

12 SEC. 13. Section 30 of the same Act is hereby amended to
13 read as follows:

14 “SEC. 30. *Proceedings in Receivership and*
15 *Liquidation.* – Whenever, upon report of the head of
16 the supervising or examining department, the Monetary
17 Board finds that a bank or quasi-bank:

18 “(a) HAS NOTIFIED THE BANGKO SENTRAL OR
19 HAS PUBLICLY ANNOUNCED A UNILATERAL CLOSURE,
20 OR HAS BEEN DORMANT FOR AT LEAST SIXTY (60) DAYS
21 OR IN ANY MANNER HAS SUSPENDED THE PAYMENT OF
22 ITS DEPOSIT/DEPOSIT SUBSTITUTE LIABILITIES, OR is
23 unable to pay its liabilities as they become due in the
24 ordinary course of business: *Provided*, That this shall
25 not include inability to pay caused by extraordinary
26 demands induced by financial panic in the banking
27 community; OR

1 “(b) has insufficient realizable assets, as
2 determined by the Bangko Sentral, to meet its
3 liabilities; or

4 “(c) cannot continue in business without
5 involving probable losses to its depositors or creditors;
6 or

7 “(d) has willfully violated a cease and desist order
8 under Section 37 OF THIS ACT that has become final,
9 involving acts or transactions which amount to fraud or
10 a dissipation of the assets of the institution; in which
11 cases, the Monetary Board may summarily and without
12 need for prior hearing forbid the institution from doing
13 business in the Philippines and IN THE CASE OF BANKS,
14 designate the Philippine Deposit Insurance Corporation
15 (PDIC) as receiver [of the banking institution] AND
16 DIRECT THE PDIC TO PROCEED WITH THE LIQUIDATION
17 OF THE CLOSED BANK PURSUANT TO THIS SECTION AND
18 THE RELEVANT PROVISIONS OF REPUBLIC ACT NO.
19 3591, AS AMENDED. THE MONETARY BOARD SHALL
20 NOTIFY IN WRITING THE BOARD OF DIRECTORS OF THE
21 CLOSED BANK OF ITS DECISION.

22 “[For a quasi-bank, any person of recognized
23 competence in banking or finance may be designated as
24 receiver.]

25 “[The receiver shall immediately gather and take
26 charge of all the assets and liabilities of the institution,
27 administer the same for the benefit of its creditors, and

1 exercise the general powers of a receiver under the
2 Revised Rules of Court but shall not, with the exception
3 of administrative expenditures, pay or commit any act
4 that will involve the transfer or disposition of any asset
5 of the institution: *Provided*, That the receiver may
6 deposit or place the funds of the institution in
7 nonspeculative investments. The receiver shall
8 determine as soon as possible, but not later than ninety
9 (90) days from take-over, whether the institution may
10 be rehabilitated or otherwise placed in such a condition
11 so that it may be permitted to resume business with
12 safety to its depositors and creditors and the general
13 public: *Provided*, That any determination for the
14 resumption of business of the institution shall be
15 subject to prior approval of the Monetary Board.]

16 “[If the receiver determines that the institution
17 cannot be rehabilitated or permitted to resume business
18 in accordance with the next preceding paragraph, the
19 Monetary Board shall notify in writing the board of
20 directors of its findings and direct the receiver to
21 proceed with the liquidation of the institution. The
22 receiver shall:]

23 “[(1) file *ex parte* with the proper regional trial
24 court, and without requirement of prior notice or any
25 other action, a petition for assistance in the liquidation
26 of the institution pursuant to a liquidation plan adopted
27 by the Philippine Deposit Insurance Corporation for

1 general application to all closed banks. In case of
2 quasi-banks, the liquidation plan shall be adopted by
3 the Monetary Board. Upon acquiring jurisdiction, the
4 court shall, upon motion by the receiver after due
5 notice, adjudicate disputed claims against the
6 institution, assist the enforcement of individual
7 liabilities of the stockholders, directors and officers, and
8 decide on other issues as may be material to implement
9 the liquidation plan adopted. The receiver shall pay the
10 cost of the proceedings from the assets of the
11 institution.]

12 “(2) convert the assets of the institution to
13 money, dispose of the same to creditors and other
14 parties, for the purpose of paying the debts of such
15 institution in accordance with the rules on concurrence
16 and preference of credit under the Civil Code of the
17 Philippines and he may, in the name of the institution,
18 and with the assistance of counsel as he may retain,
19 institute such actions as may be necessary to collect and
20 recover accounts and assets of, or defend any action
21 against, the institution. The assets of an institution
22 under receivership or liquidation shall be deemed in
23 *custodia legis* in the hands of the receiver and shall,
24 from the moment the institution was placed under such
25 receivership or liquidation, be exempt from any order of
26 garnishment, levy, attachment, or execution.]

1 “The actions of the Monetary Board taken under
2 this section or under Section 29 of this Act shall be final
3 and executory, and may not be restrained or set aside
4 by the court except on petition for *certiorari* on the
5 ground that the action taken was in excess of
6 jurisdiction or with such grave abuse of discretion as to
7 amount to lack or excess of jurisdiction. The petition for
8 *certiorari* may only be filed by the stockholders of record
9 representing the majority of the capital stock within ten
10 (10) days from receipt by the board of directors of the
11 institution of the order directing receivership,
12 liquidation or conservatorship.

13 “The designation of a conservator under Section
14 29 of this Act or the appointment of a receiver under
15 this section shall be vested exclusively with the
16 Monetary Board. Furthermore, the designation of a
17 conservator [is not] SHALL NOT BE a precondition to the
18 designation of a receiver.

19 “THE AUTHORITY OF THE MONETARY BOARD TO
20 SUMMARILY AND WITHOUT NEED FOR PRIOR HEARING
21 FORBID THE BANK OR QUASI-BANK FROM DOING
22 BUSINESS IN THE PHILIPPINES AS PROVIDED ABOVE
23 MAY ALSO BE EXERCISED OVER NON-STOCK SAVINGS
24 AND LOAN ASSOCIATIONS, BASED ON THE SAME
25 APPLICABLE GROUNDS. FOR QUASI-BANKS AND
26 NON-STOCK SAVINGS AND LOAN ASSOCIATIONS, ANY
27 PERSON OF RECOGNIZED COMPETENCE IN BANKING,

1 CREDIT OR FINANCE MAY BE DESIGNATED BY THE
2 BANGKO SENTRAL AS A RECEIVER.”

3 SEC. 14. Section 31 of the same Act is hereby repealed.

4 SEC. 15. Section 32 of the same Act is hereby repealed.

5 SEC. 16. Section 34 of the same Act is hereby amended to
6 read as follows:

7 “SEC. 34. *Refusal to Make Reports or Permit*
8 *Examination.* – Any officer, owner, agent, manager,
9 director or officer-in-charge of any institution [subject
10 to the supervision or examination by the Bangko
11 Sentral within the purview of this Act] who, being
12 required in writing by the Monetary Board or by the
13 head of the supervising and examining department
14 PURSUANT TO THIS ACT AND RELEVANT LAWS, willfully
15 refuses to file the required report or permit any lawful
16 examination into the affairs of such institution shall be
17 punished by a fine of not less than Fifty thousand pesos
18 (P50,000) [nor] BUT NOT more than [One hundred
19 thousand pesos (P100,000)] TWO MILLION PESOS
20 (P2,000,000), or by imprisonment of not less than one
21 (1) year nor more than five (5) years, or both, [in] AT
22 the discretion of the court. THIS SHALL ALSO APPLY TO
23 THE OFFICER, OWNER, AGENT, MANAGER, DIRECTOR OR
24 OFFICER-IN-CHARGE OF THE AFFILIATE COMPANIES
25 WHOSE TRANSACTIONS ARE SUBJECT TO EXAMINATION
26 UNDER THIS LAW.”

1 SEC. 17. Section 35 of the same Act is hereby amended to
2 read as follows:

3 “SEC. 35. *False Statement.* – The willful making
4 of a false or misleading statement on a material fact to
5 the Monetary Board or to the examiners of the Bangko
6 Sentral shall be punished by a fine of not less than One
7 hundred thousand pesos (P100,000) [nor] BUT NOT
8 more than [Two hundred thousand pesos (P200,000)]
9 **TWO MILLION PESOS (P2,000,000)**, or by imprisonment
10 of not more than five (5) years, or both, at the discretion
11 of the court.”

12 SEC. 18. Section 36 of the same Act is hereby amended to
13 read as follows:

14 “SEC. 36. *Proceedings Upon Violation of This Act*
15 *and Other Banking Laws, Rules, Regulations, Orders or*
16 *Instructions.* – Whenever a bank, [or] quasi-bank,
17 **INCLUDING THEIR SUBSIDIARIES AND AFFILIATES**
18 **ENGAGED IN ALLIED ACTIVITIES OR OTHER ENTITY**
19 **WHICH UNDER THIS ACT OR SPECIAL LAWS IS SUBJECT**
20 **TO BANGKO SENTRAL SUPERVISION**, or whenever any
21 person or entity willfully violates this Act or other
22 pertinent banking laws being enforced or implemented
23 by the Bangko Sentral or any order, instruction, rule or
24 regulation issued by the Monetary Board, the person or
25 persons responsible for such violation shall, unless
26 otherwise provided in this Act, be punished by a fine of
27 not less than Fifty thousand pesos (P50,000) nor more

1 than [Two hundred thousand pesos (P200,000)] TWO
2 MILLION PESOS (P2,000,000) or by imprisonment of not
3 less than two (2) years [nor] BUT NOT more than ten
4 (10) years, or both, at the discretion of the court.

5 "Whenever AN ENTITY UNDER BANGKO SENTRAL
6 SUPERVISION [a bank or quasi-bank] persists in
7 carrying on its business in an unlawful or unsafe
8 manner, the Board may, without prejudice to the
9 penalties provided in the preceding paragraph of this
10 section and the administrative sanctions provided in
11 Section 37 of this Act, take action under Section 30 of
12 this Act.

13 "THE BANGKO SENTRAL MAY GRANT AN
14 INFORMER'S REWARD TO ANY PERSON, EXCEPT AN
15 OFFICER OR EMPLOYEE OF THE BANGKO SENTRAL OR
16 OF ANY INTELLIGENCE OR LAW ENFORCEMENT AGENCY,
17 INCLUDING THE RELATIVES OF SUCH OFFICER OR
18 EMPLOYEE WITHIN THE THIRD DEGREE OF
19 CONSANGUINITY OR AFFINITY, WHO VOLUNTARILY GIVE
20 DEFINITE INFORMATION NOT YET IN THE POSSESSION
21 OF THE BANGKO SENTRAL LEADING TO THE: (A)
22 ARREST OF BANK DIRECTORS OR OFFICERS OR BANGKO
23 SENTRAL PERSONNEL FOR VIOLATION OF THIS ACT OR
24 ANY BANKING AND OTHER LAWS IMPLEMENTED OR
25 ENFORCED BY THE BANGKO SENTRAL, OR FOR
26 VIOLATION OF OTHER PENAL LAWS COMMITTED IN
27 CONNECTION WITH THEIR EMPLOYMENT OR FUNCTIONS;

1 OR (B) FILING OF CRIMINAL CHARGES AGAINST ANY
2 PERSON FOR VIOLATION OF SECTION 50 OF THIS ACT.

3 "THE MONETARY BOARD IS HEREBY AUTHORIZED
4 TO PROMULGATE THE IMPLEMENTING GUIDELINES FOR
5 THE GRANT OF AN INFORMER'S REWARD, WHICH IN NO
6 CASE SHALL EXCEED ONE MILLION PESOS (P1,000,000).
7 SAID GUIDELINES MAY PROVIDE FOR ADDITIONAL
8 QUALIFICATIONS AND DISQUALIFICATIONS OF
9 INFORMANTS AS WELL AS THE FORM AND MINIMUM
10 CONTENT OF THE INFORMATION GIVEN.

11 "THE CASH REWARD OF INFORMERS SHALL BE
12 SUBJECT TO APPLICABLE WITHHOLDING TAXES."

13 SEC. 19. Section 37 of the same Act is hereby amended to
14 read as follows:

15 "SEC. 37. *Administrative Sanctions on [Banks*
16 *and Quasi-Banks] SUPERVISED ENTITIES.* - Without
17 prejudice to the criminal sanctions against the culpable
18 persons provided in Sections 34, 35, and 36 of this Act,
19 the Monetary Board may, at its discretion, impose upon
20 any bank, [or] quasi-bank, INCLUDING THEIR
21 SUBSIDIARIES AND AFFILIATES ENGAGED IN ALLIED
22 ACTIVITIES, OR OTHER ENTITIES WHICH UNDER THIS
23 ACT OR SPECIAL LAWS ARE SUBJECT TO BANGKO
24 SENTRAL SUPERVISION, AND their directors, [and/or]
25 officers, OR EMPLOYEES, for any willful violation of its
26 charter or bylaws, willful delay in the submission of
27 reports or publications thereof as required by law, rules

1 and regulations; any refusal to permit examination into
2 the affairs of the institution; any willful making of a
3 false or misleading statement to the Board or the
4 appropriate supervising and examining department or
5 its examiners; any willful failure or refusal to comply
6 with, or violation of, any banking law or any order,
7 instruction or regulation issued by the Monetary Board,
8 or any order, instruction or ruling by the Governor;
9 or [any] commission of ANY [irregularities]
10 IRREGULARITY, and/or FOR conducting business in an
11 unsafe or unsound manner as may be determined by the
12 Monetary Board, the following administrative
13 sanctions, whenever applicable:

14 (a) fines in amounts as may be determined by
15 the Monetary Board to be appropriate, but in no case to
16 exceed [Thirty thousand pesos (P30,000)] ONE MILLION
17 PESOS (P1,000,000) FOR EACH TRANSACTIONAL
18 VIOLATION OR ONE HUNDRED THOUSAND PESOS
19 (P100,000) PER CALENDAR [a] day for [each]
20 violations OF A CONTINUING NATURE, taking into
21 consideration the attendant circumstances, such as the
22 nature and gravity of the violation or irregularity and
23 the size of the [bank or quasi-bank;] INSTITUTION:
24 PROVIDED, THAT IN CASE PROFIT IS GAINED OR LOSS IS
25 AVOIDED AS A RESULT OF THE VIOLATION, A FINE NO
26 MORE THAN THREE (3) TIMES THE PROFIT GAINED OR
27 LOSS AVOIDED MAY ALSO BE IMPOSED;

1 “(b) suspension of rediscounting privileges or
2 access to Bangko Sentral credit facilities;

3 “(c) suspension of lending or foreign exchange
4 operations or authority to accept new deposits or make
5 new investments;

6 “(d) suspension of interbank clearing privileges;
7 and/or

8 “(e) SUSPENSION OR revocation of quasi-banking
9 OR OTHER SPECIAL licenses.

10 “Resignation or termination from office shall not
11 exempt such director, [or] officer OR EMPLOYEE from
12 administrative or criminal sanctions.

13 “The Monetary Board may, whenever warranted
14 by circumstances, preventively suspend any director,
15 [or] officer OR EMPLOYEE of [a bank or quasi-bank]
16 THE INSTITUTION pending an investigation: *Provided*,
17 That should the case be not finally decided by the
18 Bangko Sentral within a period of one hundred twenty
19 (120) days after the date of suspension, said director,
20 [or] officer OR EMPLOYEE shall be reinstated [in his
21 position]: *Provided, further*, That when the delay in the
22 disposition of the case is due to the fault, negligence or
23 petition of the director or officer, the period of delay
24 shall not be counted in computing the period of
25 suspension herein provided.

26 “The above administrative sanctions need not be
27 applied in the order of their severity.

1 “Whether or not there is an administrative
2 proceeding, if the institution [and/]or [the] ITS
3 directors, [and/or] officers OR EMPLOYEES concerned
4 continue with or otherwise persist in the commission of
5 the indicated practice or violation, the Monetary Board
6 may issue an order requiring the institution, [and/or
7 the] ITS directors, [and/or] officers OR EMPLOYEES
8 concerned to cease and desist from the indicated
9 practice or violation, and may further order that
10 immediate action be taken to correct the conditions
11 resulting from such practice or violation. The cease and
12 desist order shall be immediately effective upon service
13 on the respondents.

14 “The respondents shall be afforded an opportunity
15 to defend their action in a hearing before the Monetary
16 Board or any committee chaired by any Monetary Board
17 member created for the purpose, upon request made by
18 the respondents within five (5) days from their receipt
19 of the order. If no such hearing is requested within said
20 period, the order shall be final. If a hearing is
21 conducted, all issues shall be determined on the basis of
22 records, after which the Monetary Board may either
23 reconsider or make final its order.

24 “The Governor is hereby authorized[, at his
25 discretion,] to impose upon [banking institutions],
26 BANKS AND QUASI-BANKS, INCLUDING THEIR

1 SUBSIDIARIES AND AFFILIATES ENGAGED IN ALLIED
2 ACTIVITIES, AND OTHER ENTITIES WHICH UNDER THIS
3 ACT OR SPECIAL LAWS ARE SUBJECT TO BANGKO
4 SENTRAL SUPERVISION for any failure to comply with
5 the requirements of law, Monetary Board regulations
6 and policies, [and/]or instructions issued by the
7 Monetary Board or by the Governor, fines not in excess
8 of [Ten thousand pesos (P10,000)] ONE HUNDRED
9 THOUSAND PESOS (P100,000) FOR EACH
10 TRANSACTIONAL VIOLATION OR THIRTY THOUSAND
11 PESOS (P30,000) PER CALENDAR [a] day for [each]
12 violationS OF A CONTINUING NATURE, the imposition of
13 which shall be final and executory until reversed,
14 modified or lifted by the Monetary Board on appeal.”

15 SEC. 20. A new section to be denominated as Section 38-A is
16 hereby inserted after Section 38 of the same Act to read as follows:

17 “SEC. 38-A. *ISSUANCE OF INJUNCTIVE RELIEF*
18 *AGAINST BANGKO SENTRAL ACTIONS.* – NO COURT,
19 OTHER THAN THE COURT OF APPEALS AND THE
20 SUPREME COURT, SHALL ISSUE ANY TEMPORARY
21 RESTRAINING ORDER, PRELIMINARY INJUNCTION OR
22 PRELIMINARY MANDATORY INJUNCTION AGAINST THE
23 BANGKO SENTRAL FOR ANY ACTION UNDER THIS ACT.

24 “ANY RESTRAINING ORDER OR INJUNCTION
25 ISSUED IN VIOLATION OF THIS SECTION IS VOID AND
26 SHALL HAVE NO FORCE AND EFFECT.

27 “THE PROVISIONS OF THE RULES OF COURT ON
28 INJUNCTIONS INsofar AS THESE ARE APPLICABLE AND

1 NOT INCONSISTENT WITH THE PROVISIONS OF THIS ACT
2 SHALL GOVERN THE ISSUANCE AND DISSOLUTION OF
3 RESTRAINING ORDERS OR INJUNCTIONS AGAINST THE
4 BANGKO SENTRAL.”

5 SEC. 21. Section 39 of the same Act is hereby amended to
6 read as follows:

7 “SEC. 39. *Reports and Publications.* – The
8 Bangko Sentral shall publish a general balance sheet
9 showing the volume and composition of its assets and
10 liabilities as of the last working day of the month within
11 [sixty (60)] NINETY (90) days after the end of each
12 month, WHICH MAY BE REASONABLY EXTENDED BY THE
13 BANGKO SENTRAL AS WARRANTED [except for the
14 month of December, which shall be submitted within
15 ninety (90) days after the end thereof].

16 “The Monetary Board shall publish and submit
17 the following reports to the President and to the
18 Congress:

19 “(a) not later than ninety (90) days after the end
20 of each quarter, an analysis of economic and
21 financial developments, including the condition of net
22 international reserves and monetary aggregates;

23 “(b) within ninety (90) days after the end of the
24 year, OR WITHIN A REASONABLY EXTENDED PERIOD AS
25 MAY BE DETERMINED BY THE BANGKO SENTRAL, the
26 preceding year’s budget and profit and loss statement of

1 the Bangko Sentral showing in reasonable detail the
2 result of its operations;

3 "(c) one hundred twenty (120) days after the end
4 of each semester, a review of the state of the financial
5 system; and

6 "(d) as soon as practicable, abnormal movements
7 in monetary aggregates and the general price level, and,
8 not later than seventy-two (72) hours after they are
9 taken, remedial measures in response to such abnormal
10 movements."

11 SEC. 22. Section 40 of the same Act is hereby amended to
12 read as follows:

13 "SEC. 40. *Annual Report.* – Before the end of
14 [March] JUNE of each year, the Bangko Sentral shall
15 publish and submit to the President OF THE
16 PHILIPPINES and the Congress an annual report on the
17 condition of the Bangko Sentral including a review of
18 the policies and measures adopted by the Monetary
19 Board during the past year and an analysis of the
20 economic and financial circumstances which gave rise to
21 said policies and measures.

22 "The annual report shall also include a statement
23 of the financial condition of the Bangko Sentral and a
24 statistical appendix which shall present, as a minimum,
25 the following data:

26 "(a) the monthly movement of monetary
27 aggregates and their components;

1 “(b) the monthly movement of purchases and
2 sales of foreign exchange and of the international
3 reserves of the Bangko Sentral;

4 “(c) the balance of payments of the Philippines;

5 “(d) monthly indices of consumer prices and of
6 import and export prices;

7 “(e) the monthly movement, in summary form, of
8 exports and imports, by volume and value;

9 “(f) the monthly movement of the accounts of the
10 Bangko Sentral and of other banks;

11 “(g) the principal data on government receipts
12 and expenditures and on the status of the public debt,
13 both domestic and foreign; and

14 “(h) the texts of the major legal and
15 administrative measures adopted by the Government
16 and the Monetary Board during the year which relate to
17 the functions or operations of the Bangko Sentral or of
18 the financial system.

19 “The Bangko Sentral shall publish another
20 version of the annual report in terms understandable to
21 the layman.”

22 “[Failure to comply with the reportorial
23 requirements pursuant to this article without justifiable
24 reason as may be determined by the Monetary Board
25 shall cause the withholding of the salary of the
26 personnel concerned until such requirements are
27 complied with.]”

1 SEC. 23. Section 43 of the same Act is hereby amended to
2 read as follows:

3 "SEC. 43. *Computation of Profits and Losses.* -
4 Within the first [thirty (30)] **SIXTY (60)** days following
5 the end of each year, the Bangko Sentral shall
6 determine its net profits or losses. [In the calculation of
7 net profits, the Bangko Sentral shall make adequate
8 allowance or establish adequate reserves for bad and
9 doubtful accounts] **NOTWITHSTANDING ANY PROVISION**
10 **OF LAW TO THE CONTRARY, THE NET PROFIT OF THE**
11 **BANGKO SENTRAL SHALL BE DETERMINED AFTER**
12 **ALLOWING FOR EXPENSES OF OPERATION, ADEQUATE**
13 **ALLOWANCES AND PROVISIONS FOR BAD AND DOUBTFUL**
14 **DEBTS, DEPRECIATION IN ASSETS, AND SUCH**
15 **ALLOWANCES AND PROVISIONS FOR CONTINGENCIES OR**
16 **OTHER PURPOSES AS THE MONETARY BOARD MAY**
17 **DETERMINE IN ACCORDANCE WITH PRUDENT FINANCIAL**
18 **MANAGEMENT AND EFFECTIVE CENTRAL BANKING**
19 **OPERATIONS."**

20 SEC. 24. A new section to be denominated as Section 43-A is
21 hereby inserted after Section 43 of the same Act to read as follows:

22 "SEC. 43-A. *BANGKO SENTRAL RESERVE FUND.*
23 - THE BANGKO SENTRAL SHALL ESTABLISH A RESERVE
24 FUND TO MITIGATE THE IMPACT OF FUTURE RISKS AND
25 CONTINGENCIES THAT MAY ARISE AS IT CARRIES OUT
26 ITS FUNCTIONS AS THE CENTRAL MONETARY
27 AUTHORITY. THE RESERVE FUND SHALL CONSIST OF A
28 FLUCTUATION RESERVE, A CONTINGENCY RESERVE AND

1 SUCH OTHER RESERVES AS THE MONETARY BOARD
2 DEEMS NECESSARY.

3 "THE FLUCTUATION RESERVE SHALL COVER
4 LOSSES FROM EXCHANGE RATE CHANGES AND PRICE
5 VOLATILITY AND SHALL BE DERIVED FROM THE NET
6 PROFITS BEFORE DISTRIBUTION, AS PROVIDED UNDER
7 SECTION 44 OF THIS ACT."

8 SEC. 25. Section 45 of the same Act is hereby amended to
9 read as follows:

10 "SEC. 45. *Revaluation Profits and Losses.* -
11 UNREALIZED [P]Profits or losses arising from any
12 revaluation of the Bangko Sentral's [net] assets [or],
13 liabilities OR DERIVATIVE INSTRUMENTS DENOMINATED
14 in [gold or] foreign currencies with respect to the
15 MOVEMENTS OF PRICES AND EXCHANGE RATES FROM
16 THIRD CURRENCIES TO Philippine peso shall not be
17 included in the computation of the annual profits and
18 losses of the Bangko Sentral. Any profits or losses
19 arising in this manner shall be offset by any amounts
20 which, as a consequence of such revaluations, are owed
21 by the Philippines to any international or regional
22 intergovernmental financial institution of which
23 the Philippines is a member or are owed by
24 these institutions to the Philippines. Any remaining
25 UNREALIZED profit or loss shall be carried in an [special
26 frozen] account which shall be named "Revaluation of
27 International Reserve", and the net balance of which

1 shall appear either among the liabilities or among the
2 assets of the Bangko Sentral, depending on whether the
3 revaluations have produced net profits or net losses.

4 "The Revaluation of International Reserve
5 account shall be [neither] credited [nor] OR debited
6 FOR ANY PERIODIC REVALUATION AS AUTHORIZED IN
7 THIS SECTION AND TO REFLECT THE CORRESPONDING
8 ADJUSTMENT RESULTING TO REDUCTION IN THE
9 BANGKO SENTRAL'S NET FOREIGN ASSETS, LIABILITIES
10 AND FOREIGN CURRENCY-DENOMINATED DERIVATIVE
11 INSTRUMENTS. THE RESERVE SHALL BE ADJUSTED AND
12 RECOGNIZED IN THE INCOME STATEMENT UPON
13 THE SALE OF GOLD AND FOREIGN SECURITIES, OR WHEN
14 THE FOREIGN CURRENCY IS REPATRIATED TO
15 LOCAL CURRENCY OR IS USED TO PAY FOREIGN
16 OBLIGATIONS, OR UPON MATURITY OF A FOREIGN
17 CURRENCY-DENOMINATED FORWARD OR OPTION
18 CONTRACT INVOLVING THE PHILIPPINE PESO [for any
19 purposes other than those specifically authorized in this
20 section]."

21 SEC. 26. Section 61 of the same Act is hereby amended to
22 read as follows:

23 "SEC. 61. *Guiding Principle.* - [The Monetary
24 Board shall endeavor to control any expansion or
25 contraction in monetary aggregates which is prejudicial
26 to the attainment or maintenance of price stability.]
27 THE MONETARY BOARD SHALL REGULARLY ASSESS
28 PRICE DEVELOPMENTS AND OUTLOOK AND, BASED ON

1 ITS ANALYSIS AND EVALUATION OF INFLATIONARY
2 PRESSURES, USE ITS POLICY INSTRUMENTS TO ATTAIN
3 AND MAINTAIN PRICE STABILITY. ”

4 SEC. 27. Section 63 of the same Act is hereby amended to
5 read as follows:

6 “SEC. 63. *Action When Abnormal Movements*
7 *Occur in the [Monetary Aggregates, Credit, or] Price*
8 *Level.* – Whenever abnormal movements in [the
9 monetary aggregates, in credit, or in] prices endanger
10 the stability of the Philippine economy or important
11 sectors thereof, the Monetary Board shall:

12 “(a) take such remedial measures as are
13 appropriate and within the powers granted to the
14 Monetary Board and the Bangko Sentral under the
15 provisions of this Act; and

16 “(b) submit to the President of the Philippines
17 and the Congress, and make public, a detailed report
18 which shall include, as a minimum, a description and
19 analysis of:

20 “(1) the causes of the rise or fall of [the monetary
21 aggregates, of credit or of] prices;

22 “(2) the extent to which the changes in [the
23 monetary aggregates, in credit, or in] prices have been
24 reflected in changes in the level of domestic output,
25 employment, wages and economic activity in general,

1 and the nature and significance of any [such] changes;
2 and

3 “(3) the measures which the Monetary Board has
4 taken and the other monetary, fiscal or administrative
5 measures which it recommends to be adopted.

6 “Whenever the [monetary aggregates, or the level
7 of credit, increases or decreases by more than fifteen
8 percent (15%), or the] cost of living index increases by
9 more than ten percent (10%), in relation to the level
10 existing at the end of the corresponding month of the
11 preceding year, or even though [any of these] THIS
12 quantitative guideline[s have] HAS not been reached
13 when in its judg[e]ment the circumstances so warrant,
14 the Monetary Board shall submit the reports mentioned
15 in this section, and shall state therein whether, in the
16 opinion of the Board, said changes in the [monetary
17 aggregates, credit or] cost of living represent a threat to
18 the stability of the Philippine economy or of important
19 sectors thereof.

20 “The Monetary Board shall continue to submit
21 periodic reports to the President of the Philippines and
22 to Congress until it considers that the [monetary, credit
23 or] price disturbances have disappeared or have been
24 adequately controlled.”

1 SEC. 28. Section 81 of the same Act is hereby amended to
2 read as follows:

3 “SEC. 81. *Guiding Principles.* – The rediscounts,
4 discounts, loans and advances which the Bangko
5 Sentral is authorized to extend to banking institutions
6 under the provisions of the present article of this Act
7 shall be used to influence the volume of credit
8 consistent with the objective of price stability AND
9 **FINANCIAL STABILITY.”**

10 SEC. 29. Section 84 of the same Act is hereby amended to
11 read as follows:

12 “SEC. 84. *Emergency Loans and Advances.* – In
13 periods of national and/or local emergency or of
14 imminent financial panic which directly threaten
15 monetary and [banking] **FINANCIAL** stability, the
16 Monetary Board may, by a vote of at least five (5) of its
17 members, authorize the Bangko Sentral to grant
18 extraordinary loans or advances to banking institutions,
19 secured by assets as defined hereunder: *Provided*, That
20 while such loans or advances are outstanding, the
21 debtor institution shall not, except upon prior
22 authorization by the Monetary Board, expand the total
23 volume of its loans or investments.

24 “The Monetary Board may, at its discretion,
25 likewise authorize the Bangko Sentral to grant
26 emergency loans or advances to banking institutions,
27 even during normal periods, for the purpose of assisting

1 a bank in a precarious financial condition or under
2 serious financial pressures brought by unforeseen
3 events, or events which, though foreseeable, could not
4 be prevented by the bank concerned: *Provided, however,*
5 That the Monetary Board has ascertained that the bank
6 is not insolvent and has the assets defined hereunder to
7 secure the advances: *Provided, further,* That a
8 concurrent vote of at least five (5) members of the
9 Monetary Board is obtained.

10 "The amount of any emergency loan or advance
11 shall not exceed the sum of fifty percent (50%) of total
12 deposits and deposit substitutes of the banking
13 institution, and shall be disbursed in two (2) or more
14 tranches. The amount of the first tranche shall be
15 limited to twenty-five percent (25%) of the total deposit
16 and deposit substitutes of the institution and shall
17 be secured by: (A) government securities[.]; (B)
18 ACCEPTABLE GUARANTEES BACKED UP BY THE
19 NATIONAL GOVERNMENT OR BY ITS SECURITIES; (C) [to
20 the extent of their applicable loan values and] other
21 unencumbered first class collaterals; AND (D) OTHER
22 KINDS OF COLLATERALS AS MAY BE AUTHORIZED BY THE
23 MONETARY BOARD IN ACCORDANCE WITH SOUND RISK
24 MANAGEMENT PRINCIPLES [which the Monetary Board
25 may approve]: *Provided,* That if as determined by the
26 Monetary Board, the circumstances surrounding the
27 emergency warrant a loan or advance greater than the

1 amount provided hereinabove, the amount of the first
2 tranche may exceed twenty-five percent (25%) of the
3 bank's total deposit and deposit substitutes if the same
4 is adequately secured by [applicable loan values of
5 government securities and unencumbered first class
6 collaterals] ANY OF THE COLLATERALS SET FORTH
7 ABOVE AS approved by the Monetary Board, and the
8 principal stockholders of the institution furnish an
9 acceptable undertaking to indemnify and hold harmless
10 from suit a conservator whose appointment the
11 Monetary Board may find necessary at any time.

12 "Prior to the release of the first tranche, the
13 banking institution shall submit to the Bangko Sentral
14 a resolution of its board of directors authorizing the
15 Bangko Sentral to evaluate other assets of the banking
16 institution certified by its external auditor to be good
17 and available for collateral purposes should the release
18 of the subsequent tranche be thereafter applied for.

19 "The Monetary Board may, by a vote of at least
20 five (5) of its members, authorize the release of a
21 subsequent tranche on condition that the principal
22 stockholders of the institution:

23 "(a) furnish an acceptable undertaking to
24 indemnify and hold harmless from suit a conservator
25 whose appointment the Monetary Board may find
26 necessary at any time; and

1 “(b) provide acceptable security which, in the
2 judgment of the Monetary Board, would be adequate
3 to supplement, where necessary, the assets
4 tendered by the banking institution to [collateralize]
5 COLLATERALIZE the subsequent tranche.

6 “In connection with the exercise of these powers,
7 the prohibitions in Section 128 of this Act shall not
8 apply insofar as it refers to acceptance as collateral of
9 shares and their acquisition as a result of foreclosure
10 proceedings, including the exercise of voting rights
11 pertaining to said shares: *Provided, however,* That
12 should the Bangko Sentral acquire any of the shares it
13 has accepted as collateral as a result of foreclosure
14 proceedings, the Bangko Sentral shall dispose of said
15 shares by public bidding within one (1) year from the
16 date of consolidation of title by the Bangko Sentral.

17 “Whenever a financial institution incurs an
18 overdraft in its account with the Bangko Sentral, the
19 same shall be eliminated within the period prescribed in
20 Section 102 of this Act.”

21 SEC. 30. Four (4) new sections denominated as Sections 88-A,
22 88-B, 88-C and 88-D are hereby inserted after Section 88 of the
23 same Act to read as follows:

24 “SEC. 88-A. *EXEMPTION OF COLLATERALS*
25 *FROM ATTACHMENTS, EXECUTIONS AND OTHER*
26 *RESTRICTIONS. - COLLATERALS ON LOANS AND*
27 *ADVANCES GRANTED BY THE BANGKO SENTRAL,*

1 WHETHER OR NOT THE INTEREST OF THE BANGKO
2 SENTRAL IS REGISTERED, SHALL NOT BE SUBJECT TO
3 ATTACHMENT, EXECUTION OR ANY OTHER COURT
4 PROCESS OR ADMINISTRATIVE RESTRICTIONS ON LAND
5 USE, NOR SHALL THEY BE INCLUDED IN THE PROPERTY
6 OF INSOLVENT PERSONS OR INSTITUTIONS.”

7 “SEC. 88-B. *DEPUTIZATION OF LEGAL STAFF IN*
8 *CASE OF FORECLOSURES.* - IN CASE OF AN
9 EXTRAJUDICIAL FORECLOSURE OF MORTGAGE IN
10 CONNECTION WITH LOANS AND ADVANCES UNDER THIS
11 ARTICLE, THE BANGKO SENTRAL MAY DEPUTIZE ANY
12 OF ITS LAWYERS TO CONDUCT THE PUBLIC AUCTION
13 PURSUANT TO ACT NO. 3135, AS AMENDED.

14 “LIKEWISE, IN CASE OF A JUDICIAL FORECLOSURE
15 IN CONNECTION WITH LOANS AND ADVANCES UNDER
16 THIS ARTICLE, THE BANGKO SENTRAL MAY, WITH THE
17 APPROVAL OF THE COURT, DEPUTIZE ANY OF ITS
18 LAWYERS TO ACT AS SPECIAL SHERIFF IN THE SALE OF A
19 DEBTOR’S PROPERTIES AND IN THE ENFORCEMENT OF
20 COURT WRITS AND PROCESSES RELATED THERETO. THE
21 SPECIAL SHERIFF OF THE BANGKO SENTRAL SHALL
22 MAKE A REPORT TO THE PROPER COURT AFTER ANY
23 ACTION HAS BEEN TAKEN BY HIM, WHICH COURT SHALL
24 TREAT SUCH ACTION AS IF IT WERE AN ACT OF ITS OWN
25 SHERIFF IN ALL RESPECTS.

26 “NO RESTRAINING ORDER OR INJUNCTION SHALL
27 BE ISSUED BY THE COURT ENJOINING THE BANGKO
28 SENTRAL FROM PROCEEDING WITH THE FORECLOSURE
29 OF THE MORTGAGE UNLESS A BOND IS POSTED IN FAVOR

1 OF THE BANGKO SENTRAL IN AN AMOUNT EQUIVALENT
2 TO THE TOTAL CLAIM OF THE BANGKO SENTRAL. THE
3 RESTRAINING ORDER OR INJUNCTION SHALL BE
4 REFUSED OR, IF GRANTED, SHALL BE DISSOLVED UPON
5 FILING BY THE BANGKO SENTRAL OF A BOND, WHICH
6 SHALL BE IN THE FORM OF A BANGKO SENTRAL CHECK,
7 IN AN AMOUNT TWICE THE AMOUNT OF THE ORIGINAL
8 BOND POSTED CONDITIONED THAT THE BANGKO
9 SENTRAL WILL PAY THE DAMAGES WHICH THE PARTY
10 MAY SUFFER BY THE REFUSAL OR DISSOLUTION OF
11 THE INJUNCTION. THE PROVISIONS OF THE RULES OF
12 COURT ON INJUNCTIONS INSOFAR AS THEY ARE
13 APPLICABLE AND NOT INCONSISTENT WITH THE
14 PROVISIONS OF THIS SECTION SHALL GOVERN THE
15 ISSUANCE AND DISSOLUTION OF THE RESTRAINING
16 ORDER OR INJUNCTION CONTEMPLATED IN THIS
17 SECTION.”

18 “SEC. 88-C. *RIGHT OF REDEMPTION OF*
19 *FORECLOSED REAL PROPERTY; RIGHT OF*
20 *POSSESSION DURING REDEMPTION PERIOD.* – IN THE
21 EVENT OF FORECLOSURE, WHETHER JUDICIALLY OR
22 EXTRAJUDICIALLY, THE MORTGAGOR, WHO IS A
23 NATURAL PERSON, SHALL HAVE THE RIGHT TO REDEEM
24 THE PROPERTY WITHIN ONE (1) YEAR FROM THE DATE
25 OF FORECLOSURE SALE. IN CASE THE MORTGAGOR IS A
26 JURIDICAL PERSON, THE MORTGAGOR SHALL HAVE THE
27 RIGHT TO REDEEM THE PROPERTY SOLD IN A JUDICIAL
28 FORECLOSURE SALE WITHIN ONE (1) YEAR FROM
29 THE DATE OF FORECLOSURE SALE: *PROVIDED, THAT*

1 IN CASE OF AN EXTRAJUDICIAL FORECLOSURE,
2 NOTWITHSTANDING ACT NO. 3135, THE MORTGAGOR
3 SHALL HAVE THE RIGHT TO REDEEM THE PROPERTY
4 SOLD WITHIN NINETY (90) DAYS FROM THE
5 FORECLOSURE SALE BUT NOT LATER THAN THE
6 REGISTRATION OF THE CERTIFICATE OF FORECLOSURE
7 SALE. REDEMPTION SHALL BE EFFECTED BY PAYING
8 THE PRINCIPAL, INTERESTS, CHARGES, COMMISSIONS
9 AND ALL CLAIMS OF WHATEVER NATURE OF THE
10 BANGKO SENTRAL OUTSTANDING AND DUE AS OF THE
11 DATE OF FORECLOSURE SALE, INCLUDING ALL COSTS
12 AND OTHER EXPENSES INCURRED BY REASON OF THE
13 FORECLOSURE SALE AND CUSTODY OF THE PROPERTY.

14 "THE BANGKO SENTRAL, AS PURCHASER IN THE
15 FORECLOSURE SALE AND WITHOUT NEED OF POSTING A
16 BOND, MAY TAKE POSSESSION OF THE FORECLOSED
17 PROPERTY DURING THE REDEMPTION PERIOD. THE
18 BANGKO SENTRAL SHALL BE ENTITLED TO THE FRUITS
19 OF THE PROPERTY, THE SAME TO BE APPLIED AGAINST
20 THE REDEMPTION PRICE."

21 "SEC. 88-D. *UNSECURED BANGKO SENTRAL*
22 *CLAIMS.* - ALL UNSECURED CLAIMS OF THE BANGKO
23 SENTRAL SHALL BE CONSIDERED PREFERRED CREDITS
24 SIMILAR TO TAXES DUE TO THE NATIONAL GOVERNMENT
25 IN THE ORDER OF PREFERENCE UNDER ARTICLE 2244
26 OF THE NEW CIVIL CODE."

27 SEC. 31. Two (2) new sections denominated as Sections 89-A
28 and 89-B are hereby inserted after Section 89 of the same Act to
29 read as follows:

1 “SEC. 89-A. *FINANCIAL FACILITIES FOR ISLAMIC*
2 *BANKS.* – THE BANGKO SENTRAL MAY, TAKING INTO
3 CONSIDERATION THE PECULIAR CHARACTERISTICS OF
4 ISLAMIC BANKING, FORMULATE RULES AND
5 REGULATIONS FOR THE EXTENSION OF FINANCIAL
6 FACILITIES TO ISLAMIC BANKS: *PROVIDED*, THAT SUCH
7 EXPOSURES SHALL BE PROPERLY SECURED.”

8 “SEC. 89-B. *LOANS TO THE PHILIPPINE*
9 *DEPOSIT INSURANCE CORPORATION.* – THE BANGKO
10 SENTRAL, PURSUANT TO ITS MANDATE OF MAINTAINING
11 FINANCIAL STABILITY, MAY LEND FUNDS TO THE
12 PHILIPPINE DEPOSIT INSURANCE CORPORATION FOR
13 INSURANCE PURPOSES AND IN CASES OF FINANCIAL
14 ASSISTANCE THAT THE LATTER IS AUTHORIZED TO
15 EXTEND UNDER SECTION 22(E) OF REPUBLIC ACT
16 NO. 3591, OR THE PDIC CHARTER, AS AMENDED.
17 NOTWITHSTANDING SECTION 23 OF THE PDIC
18 CHARTER, THE MONETARY BOARD SHALL PRESCRIBE
19 INTEREST RATES AND SUCH OTHER TERMS AND
20 CONDITIONS OF THE LOAN.”

21 SEC. 32. Section 92 of the same Act is hereby amended to
22 read as follows:

23 “SEC. 92. *Issue and Negotiation of Bangko*
24 *Sentral Obligations.* – In order to provide the Bangko
25 Sentral with effective instruments for open market
26 operations, the Bangko Sentral may, subject to such
27 rules and regulations as the Monetary Board may
28 prescribe and in accordance with the principles stated

1 in Section 90 of this Act, issue, place, buy and sell freely
2 negotiable evidences of indebtedness of the Bangko
3 Sentral.[: *Provided*, That issuance of such certificates
4 of indebtedness shall be made only in cases of
5 extraordinary movement in price levels.] Said evidences
6 of indebtedness may be issued directly against the
7 international reserve of the Bangko Sentral or against
8 the securities which it has acquired under the
9 provisions of Section 91 of this Act, or may be issued
10 without relation to specific types of assets of the Bangko
11 Sentral.

12 "The Monetary Board shall determine the interest
13 rates, maturities and other characteristics of said
14 obligations of the Bangko Sentral, and may, if it deems
15 it advisable, denominate the obligations in gold or
16 foreign currencies.

17 "Subject to the principles stated in Section 90 of
18 this Act, the evidences of indebtedness of the Bangko
19 Sentral to which this section refers may be acquired by
20 the Bangko Sentral before their maturity, either
21 through purchases in the open market or through
22 redemptions at par and by lot if the Bangko Sentral has
23 reserved the right to make such redemptions. The
24 evidences of indebtedness acquired or redeemed by the
25 Bangko Sentral shall not be included among its assets,
26 and shall be immediately retired and cancelled."

1 SEC. 33. Section 95 of the same Act is hereby amended to
2 read as follows:

3 "SEC. 95. *Definition of Deposit Substitutes.* -

4 The term 'deposit substitutes' is defined as an
5 alternative form of obtaining funds from the public,
6 other than deposits, through the issuance, endorsement,
7 or acceptance of debt instruments for the borrower's
8 own account, for the purpose of relending or purchasing
9 of receivables and other obligations. These instruments
10 may include, but need not be limited to, bankers
11 acceptances, promissory notes, participations,
12 certificates of assignment and similar instruments with
13 recourse, and repurchase agreements. THE PHRASE
14 'OBTAINING FUNDS FROM THE PUBLIC' SHALL MEAN
15 BORROWING FROM TWENTY (20) OR MORE LENDERS AT
16 ANY ONE TIME, AND, FOR THIS PURPOSE, 'LENDERS'
17 SHALL REFER TO INDIVIDUALS AND CORPORATE
18 ENTITIES THAT ARE NOT ACTING AS FINANCIAL
19 INTERMEDIARIES, SUBJECT TO THE SAFEGUARDS AND
20 REGULATIONS ISSUED BY THE MONETARY BOARD. The
21 Monetary Board shall determine what specific
22 instruments shall be considered as deposit substitutes
23 for the purposes of Section 94 of this Act: *Provided,*
24 *however,* That deposit substitutes of commercial,
25 industrial and other nonfinancial companies for the
26 limited purpose of financing their own needs or the
27 needs of their agents or dealers shall not be covered by
28 the provisions of Section 94 of this Act."

1 SEC. 34. Section 101 of the same Act is hereby amended to
2 read as follows:

3 “SEC. 101. *Reserve Deficiencies.* – Whenever the
4 reserve position of any bank or quasi-bank, computed in
5 the manner specified in the preceding section of this
6 Act, is below the required minimum, the bank or
7 quasi-bank shall pay the Bangko Sentral [one-tenth of
8 one percent (1/10 of 1%) per day on the amount of the
9 deficiency or the prevailing ninety-one-day treasury bill
10 rate plus three percentage points, whichever is higher]
11 MONETARY PENALTY AS MAY BE PRESCRIBED BY THE
12 MONETARY BOARD: *Provided, however,* That banks
13 and quasi-banks shall ordinarily be permitted to offset
14 any reserve deficiency occurring on one or more days of
15 the week with any excess reserves which they may hold
16 on other days of the same week and shall be required to
17 pay the penalty [only on the average daily deficiency
18 during the week] IN ACCORDANCE WITH THE
19 MECHANISM APPROVED BY THE MONETARY BOARD. In
20 cases of abuse, the Monetary Board may deny any bank
21 or quasi-bank the privilege of offsetting reserve
22 deficiencies in the aforesaid manner.

23 “If a bank or quasi-bank chronically has a reserve
24 deficiency, the Monetary Board may limit or prohibit
25 the making of new loans or investments by the
26 institution and may require that part or all of the net
27 profits of the institution be assigned to surplus.

1 “The Monetary Board may modify or set aside the
2 reserve deficiency penalties provided in this section, for
3 part or the entire period of a strike or lockout affecting a
4 bank or a quasi-bank as defined in the Labor Code, or of
5 a national emergency affecting operations of banks or
6 quasi-banks, OR IN SUCH OTHER INSTANCES WHERE THE
7 GRANT OF WAIVER OF PENALTIES IS DETERMINED BY
8 THE MONETARY BOARD TO BE JUSTIFIABLE. The
9 Monetary Board may also modify or set aside reserve [d]
10 deficiency penalties for rehabilitation program of a
11 bank.”

12 SEC. 35. Section 104 of the same Act is hereby amended to
13 read as follows:

14 “SEC. 104. *Guiding Principle.* – The Monetary
15 Board shall use the powers granted to it under this Act
16 to ensure that the supply, availability and cost of money
17 are in accord with the needs of the Philippine economy
18 and that bank credit is not granted for speculative
19 purposes prejudicial to the national interests.
20 Regulations on bank operations shall be applied to all
21 banks of the same category, AS MAY BE DEFINED BY THE
22 MONETARY BOARD, uniformly and without
23 discrimination.”

24 SEC. 36. Section 108 of the same Act is hereby amended to
25 read as follows:

26 “SEC. 108. *Minimum Capital Ratios.* – The
27 Monetary Board may prescribe minimum

1 RISK-BASED CAPITAL ADEQUACY ratios BASED ON
2 INTERNATIONALLY ACCEPTED STANDARDS [which the
3 capital and surplus of the bank must bear to the volume
4 of their assets, or to specific categories thereof,] and
5 may alter said ratios whenever it deems necessary. IN
6 THE EXERCISE OF ITS AUTHORITY UNDER THIS SECTION,
7 THE MONETARY BOARD MAY REQUIRE BANKS TO HOLD
8 CAPITAL BEYOND THE MINIMUM REQUIREMENTS
9 COMMENSURATE TO THEIR RISK PROFILE.”

10 SEC. 37. Section 113 of the same Act is hereby amended to
11 read as follows:

12 “SEC. 113. *Official Deposits.* – The Bangko
13 Sentral shall be the official depository of the
14 Government, its political subdivisions and
15 instrumentalities as well as of government-owned or
16 -controlled corporations. [and, as]AS a general policy,
17 their cash balances should be deposited with the
18 Bangko Sentral, with only minimum working balances
19 to be held by government-owned banks and such other
20 banks LICENSED TO OPERATE [incorporated] in the
21 Philippines as the Monetary Board may AUTHORIZE.
22 [designate, subject to such rules and regulations as the
23 Board may prescribe: *Provided*, That such banks may
24 hold deposits of the political subdivisions and
25 instrumentalities of the Government beyond their
26 minimum working balances whenever such subdivisions

1 and instrumentalities have outstanding loans with said
2 banks.]

3 "The Bangko Sentral may ACCEPT DEPOSITS AND
4 pay interest on SUCH deposits AND OTHER SIMILAR
5 PLACEMENTS of the Government or of its political
6 subdivisions and instrumentalities, [as well as on
7 deposits of] banks, [with the Bangko Sentral] AND
8 OTHER BANGKO SENTRAL-SUPERVISED INSTITUTIONS."

9 SEC. 38. Section 123 of the same Act is hereby amended to
10 read as follows:

11 "SEC. 123. *Financial Advice on Official Credit*
12 *Operations.* - Before undertaking any credit operation
13 abroad, the Government, through the Secretary of
14 Finance, shall request the opinion, in writing, of the
15 Monetary Board on the monetary implications of the
16 contemplated action. Such opinions must similarly
17 be requested by all political subdivisions and
18 instrumentalities of the Government before any credit
19 operation abroad is undertaken by them.

20 "The opinion of the Monetary Board shall be based
21 on the gold and foreign exchange resources and
22 obligations of the nation and on the effects of the
23 proposed operation on the balance of payments and on
24 monetary aggregates.

25 "Whenever the Government, or any of its
26 political subdivisions or instrumentalities, contemplates
27 borrowing within the Philippines, the prior opinion of

1 the Monetary Board shall likewise be requested in order
2 that the Board may render an opinion on the probable
3 effects of the proposed operation on monetary
4 aggregates, the price level, and the balance of
5 payments.

6 "A CREDIT OPERATION OR BORROWING AS
7 PROVIDED HEREIN MAY TAKE THE FORM OF DIFFERENT
8 CREDIT FACILITIES SUCH AS A SINGLE LOAN, SERIES OF
9 LOANS UNDER A BORROWING PROGRAM, OR CREDIT
10 LINES. NO PRIOR MONETARY BOARD OPINION SHALL
11 BE REQUIRED FOR INDIVIDUAL DRAWDOWNS OR
12 BORROWINGS WITHIN APPROVED CREDIT LINES OR
13 BORROWING PROGRAMS."

14 SEC. 39. Section 125 of the same Act is hereby amended to
15 read as follows:

16 "SEC. 125. *Tax Exemptions.* - The Bangko
17 Sentral shall be exempt [for a period of five (5) years
18 from the approval of this Act] from all national,
19 provincial, municipal and city taxes[, fees, charges and
20 assessments.] ON INCOME DERIVED FROM ITS
21 GOVERNMENTAL FUNCTIONS, SPECIFICALLY:

22 "(A) INCOME FROM ITS ACTIVITIES OR
23 TRANSACTIONS IN THE EXERCISE OF ITS SUPERVISION
24 OVER THE OPERATIONS OF BANKS AND ITS REGULATORY
25 AND EXAMINATION POWERS OVER NON-BANK
26 FINANCIAL INSTITUTIONS PERFORMING QUASI-BANKING
27 FUNCTIONS, MONEY SERVICE BUSINESSES, CREDIT

1 GRANTING BUSINESSES AND PAYMENT SYSTEMS
2 OPERATORS;

3 "(B) INCOME IN PURSUIT OF ITS PRIMARY
4 OBJECTIVE TO MAINTAIN PRICE STABILITY CONDUCTIVE
5 TO A BALANCED AND SUSTAINABLE GROWTH OF THE
6 ECONOMY, AND THE PROMOTION AND MAINTENANCE
7 OF MONETARY AND FINANCIAL STABILITY AND THE
8 CONVERTIBILITY OF THE PESO.

9 "ALL OTHER INCOMES NOT INCLUDED IN THE
10 ABOVE ENUMERATION SHALL BE CONSIDERED AS
11 PROPRIETARY INCOME AND SHALL BE SUBJECT TO ALL
12 TAXES, CHARGES, FEES AND ASSESSMENTS."

13 "[The exemptions authorized in the preceding
14 paragraph of this section shall apply to all property of
15 the Bangko Sentral, to the resources, receipts,
16 expenditures, profits and income of the Bangko Sentral,
17 as well as to all contracts, deeds, documents and
18 transactions related to the conduct of the business of
19 the Bangko Sentral: *Provided, however,* That said
20 exemptions shall apply only to such taxes, fees, charges
21 and assessments for which the Bangko Sentral itself
22 would otherwise be liable, and shall not apply to taxes,
23 fees, charges, or assessments payable by persons or
24 other entities doing business with the Bangko Sentral:
25 *Provided, further,* That foreign loans and other
26 obligations of the Bangko Sentral shall be exempt, both
27 as to principal and interest, from any and all taxes if

1 the payment of such taxes has been assumed by the
2 Bangko Sentral.]”

3 SEC. 40. Section 128 of the same Act is hereby amended to
4 read as follows:

5 “SEC. 128. *Prohibitions.* – The Bangko Sentral
6 shall not acquire shares of any kind or accept them
7 as collateral, and shall not participate in the
8 ownership or management of any enterprise, either
9 directly or indirectly[.]: *PROVIDED, THAT THIS*
10 *PROHIBITION SHALL NOT APPLY WHENEVER THE*
11 *MONETARY BOARD, BY A VOTE OF AT LEAST FIVE (5) OF*
12 *ITS MEMBERS: (A) DEEMS AN ACQUISITION OR*
13 *INVESTMENT TO BE NECESSARY TO QUALIFY OR AS*
14 *REQUIRED FOR MEMBERSHIP IN INTERNATIONAL AND*
15 *REGIONAL ORGANIZATIONS; OR (B) DETERMINES THAT*
16 *INVESTING IN AND/OR OPERATING AN ENTERPRISE WILL*
17 *BE CONSISTENT WITH THE EFFECTIVE FULFILLMENT OF*
18 *ITS MANDATE AND WILL NOT CONSTITUTE ANY*
19 *CONFLICT OF INTEREST.*

20 “The Bangko Sentral shall not engage in
21 development banking or financing: *Provided, however,*
22 *That outstanding loans obtained or extended for*
23 *development financing shall not be affected by the*
24 *prohibition of this section.”*

25 SEC. 41. *Separability Clause.* – If any provision or section of
26 this Act is held to be unconstitutional or invalid, the other
27 provisions or sections hereof which are not affected thereby shall
28 continue to be in full force and effect.

1 SEC. 42. *Repealing Clause.* – All provisions of existing laws,
2 orders, rules and regulations, or parts thereof which are in conflict
3 or inconsistent with the provisions of this Act are hereby repealed,
4 amended or modified accordingly.

5 SEC. 43. *Effectivity.* – This Act shall take effect fifteen (15)
6 days following its publication in the *Official Gazette* or in a
7 newspaper of general circulation.

Approved,

O