



HOUSE OF REPRESENTATIVES

H. No. 9556

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BY REPRESENTATIVES CUA, LUSOTAN, GONZALEZ, YAP (E.), DALIPE, RODRIGUEZ, SAVELLANO, AGABAS, BOLILIA, NIETO, CABATBAT, BAUTISTA-BANDIGAN, BIAZON, CUARESMA, DAZA, DUAVIT, FARIÑAS (R.C.), GARCIA (J.E.), GASATAYA, GO (E.C.), LIMKAICHONG, NUÑEZ-MALANYAON, SAGARBARRIA, TEJADA, VIOLAGO, ZAMORA (W.K.), ABUEG-ZALDIVAR, BALINDONG, BORDADO, BRAVO, CARI, DAGOOC, DALOG, DELOSO-MONTALLA, DIMAPORO (A.), DUJALI, DY (F.), GORRICETA, GULLAS, GUYA, HOFER, LABADLABAD, MACEDA, NATIVIDAD-NAGAÑO, NAVA, OUANO-DIZON, PLAZA, SANCHEZ, TAMBUNTING, TAN (A.S.), TIANGCO, TUTOR, VARGAS ALFONSO, VERGARA, BAÑAS-NOGRALES, CASTELO, GO (M.), LARA, LACSON, LOYOLA, RAMIREZ-SATO, SANGCOPAN, TADURAN, YAP (V.) AND CANAMA, PER COMMITTEE REPORT NO. 1035

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AN ACT  
PROVIDING FOR A NEW CHARTER OF THE  
DEVELOPMENT BANK OF THE PHILIPPINES,  
REPEALING FOR THE PURPOSE EXECUTIVE ORDER NO. 81, AS AMENDED

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

3  
4 *Sec 2. Declaration of Policy.* It is the policy of the State to strengthen the powers and functions  
5 of the Development Bank of the Philippines, hereinafter referred to as the Bank, as a premier  
6 government developmental financial institution that provides developmental financing and banking  
7 services necessary in the achievement of sustained economic growth. The State recognizes that the Bank  
8 plays an important role in the country’s aspiration to meet the challenges of globalization and the  
9 integration of the Association of South East Asian Nations (ASEAN) by assisting Philippine industries  
10 and other strategic sectors of the economy and enhancing their capability to compete in the global  
11 market.

12  
13 The State shall support the Bank in pursuing corporate citizenship programs through initiatives  
14 that promote the welfare of the Filipino people, particularly the underprivileged. The Bank shall carry  
15 out relevant and meaningful programs through its flagship initiatives in education, health,  
16 environmental preservation and social outreach programs.

17  
18 *Sec. 3. Name and Corporate Existence.* – The Bank, shall henceforth operate under the  
19 provisions of this Act. The Bank shall continue to exist as a body corporate and shall have perpetual  
20 existence from the date of effectivity of this Act.

21  
22 *Sec. 4. Primary Objective of the Bank.* – As a partner in national development, the Bank shall  
23 support the programs of the government that enable growth and productivity such as infrastructure  
24 programs, tourism development projects, agriculture-based entrepreneurial ventures, socially-beneficial  
25 programs in education, health care, and socialized housing, those that support the protection of the  
26 environment, and other public sector programs: *Provided*, That this objective shall be pursued with

1 utmost consideration of the need and responsibility to preserve and protect the financial viability of the  
2 Bank while ensuring that it remains globally competitive. As a universal bank, it shall at all times  
3 safeguard its financial position in order that it can effectively participate in the accomplishment of the  
4 national goal of attaining meaningful and inclusive economic growth.  
5

6 *Sec. 5. Corporate Powers.* — In addition to the general powers of a corporation under RA  
7 11232 otherwise known as the “Revised Corporation Code of the Philippines”, the Bank shall have  
8 the power to:  
9

10 a) Exercise all such powers and services as may be necessary to carry on the business of  
11 a universal bank under R.A. 8791 or “The General Banking Law of 2000” subject to the existing rules  
12 and regulations of the Monetary Board in order to perform its mandate under this Act;  
13

14 b) Accept and manage trust funds and properties and carry on the business of a trust corporation;  
15

16 c) Act as official government depository with authority to maintain deposits and deposit  
17 substitutes of the national government, its agencies, bureaus and instrumentalities, and government-  
18 owned or controlled corporations, and local government units, subject to such rules and regulations as  
19 the Monetary Board may prescribe;  
20

21 d) Adopt, amend, or change its by-laws; to adopt, alter and use a seal; to lease or own real and  
22 personal property and to sell or otherwise dispose of the same; to make contracts; to sue and be sued;  
23 and to exercise the general powers of a corporation mentioned in the Revised Corporation Code of the  
24 Philippines, including the power to acquire or establish subsidiaries registered with the Securities and  
25 Exchange Commission (SEC) and enter into joint venture agreements for purposes of developing or  
26 disposing acquired assets and Bank properties, insofar as such powers are not inconsistent or  
27 incompatible with the provisions of this Act and banking laws, rules and regulations;  
28

29 e) Obtain from the Government Service Insurance System (GSIS) or other reputable insurance  
30 companies duly accredited by the appropriate regulatory body, directors, officers and liability insurance  
31 coverage, without prejudice to the right of the bank, as may be determined by its board of directors, to  
32 put up its own legal insurance fund;  
33

34 f) Act as loan or credit facility programs administrator with respect to the loans granted by the  
35 national government;  
36

37 g) Develop and dispose the Bank’s owned properties. To add value to, improve profitability  
38 on, and enhance the marketability of bank’s owned property, the bank may further develop or renovate  
39 the same either with its own capital or through a joint venture arrangement with private companies or  
40 individuals, without need of approval by the National Economic Development Authority (NEDA);  
41

42 h) Dispose of its acquired assets which shall not be subject to any injunction or restraining order  
43 issued by any court, commission, tribunal or office which shall bar, impede or delay the sale and  
44 disposition thereof except on questions of ownership and national or public interest; and  
45

46 i) Engage in financial leasing of movable and immovable properties in connection with  
47 government projects.  
48

49 Unless otherwise provided for in this Act, the exercise of the above-mentioned powers shall be  
50 subject to applicable laws, as well as regulations promulgated by the *Bangko Sentral ng Pilipinas* (BSP)  
51 and other applicable prevailing laws, rules and regulations. The Bank shall observe utmost transparency  
52 in dispensing loans and selling of government assets. The Bank must ensure that its resources are not  
53 being unduly taken advantage of by its management to favor certain private interests: *Provided, That,*  
54 in any case: (a) no grant of loan or disposition of asset shall be implemented by the Bank unless it  
55 undergoes the requisite evaluation and approval process; and (b) the file pertaining to the transaction

1 contains a full disclosure of: (i) how the account originated and endorsed to the approving bodies; and  
2 (ii) the deliberation made by the approving bodies on the transaction is faithfully recorded and the record  
3 of such deliberation and pertinent account files are kept and made available for audit in the future by  
4 authorized officials, subject to prevailing laws, rules and regulations on retention and management of  
5 public records.

6  
7 *Sec. 6. Principal Office, Branches, and other Offices.* – The Bank's principal office and place  
8 of business shall be in Metro Manila. It may open and maintain branches and agencies in accordance  
9 with existing regulations of the BSP.

10  
11 *Sec. 7. Authorized Capital Stock-Par Value.*— The capital stock of the Bank shall be One  
12 hundred billion pesos (P100,000,000,000.00) to be divided into one billion (1,000,000,000) common  
13 shares with par value of One hundred pesos (P100.00) per share, which shall be fully subscribed by the  
14 national government.

15  
16 The President of the Philippines, may approve the increase of the capitalization of the Bank to  
17 be fully subscribed by the national government, upon the recommendation of the Board and the  
18 concurrence of the Secretary of Finance, up to such an amount as may be necessary to attain the  
19 objectives of this Act.

20  
21 *Sec. 8. Voting of Shares.* — The voting power of all the common shares of stock of the Bank  
22 shall be vested in the President of the Philippines or to the delegated or authorized representative,  
23 subject to prevailing laws, rules and regulations.

24  
25 *Sec. 9. Loans and Other Investments.* — Loans and other investments of the Bank shall be  
26 subject to the same limits and ceilings imposed on universal banks by the Monetary Board.

27  
28 *Sec. 10. Issuance of Bonds, Eligible Capital Instruments, and other Securities.* — The Bank  
29 may issue all kinds of bonds, notes, debentures, other evidences of indebtedness, derivatives,  
30 commodities, negotiable instruments, eligible capital instruments, and other securities, and the renewal  
31 or refunding thereof within or outside the Philippines, at such terms, rates, and conditions as the Board  
32 may determine, subject to compliance with the provisions of applicable laws, and rules and regulations  
33 promulgated by the Monetary Board.

34  
35 The Bank shall provide for appropriate reserves for the redemption or retirement of the bonds.  
36 These bonds and other obligations shall be redeemable at the option of the Bank at or before maturity  
37 and in such manner as may be stipulated therein and shall bear such rate of interest as may be fixed by  
38 the Bank.

39  
40 Such obligations shall be secured by the assets of the Bank, including the stocks, bonds,  
41 debentures, and other securities purchased or held by it under the provisions of this Act. These bonds  
42 and debentures may be long-term, medium, or short-term, with fixed interest rate or floating interest  
43 rate.

44  
45 *Sec. 11. Board of Directors; Composition; Tenure; Per Diems.* — The affairs and business of  
46 the Bank shall be directed, and its properties managed and preserved, by a Board of Directors consisting  
47 of nine (9) members, headed by the Secretary of Finance as Chairperson. The other members of the  
48 board shall be appointed by the President of the Philippines from a shortlist prepared by the Governance  
49 Commission for Government –Owned and –Controlled Corporations (GCG) subject to prior vetting  
50 from the BSP and its rules on disqualification, watchlist files and the fit and proper rule, in accordance  
51 with the procedure laid down in R.A. No. 10149 otherwise known as the “GOCC Governance Act of  
52 2011”: *Provided, however,* That, the position of Chairperson of the Board and President of the Bank  
53 shall not be held by the same person.

1 The directors must always meet the fit and proper requirements under R.A. No. 8791 and the  
2 guidelines of the BSP and the GCG.

3  
4 The Chairperson shall preside over the meetings of the Board.

5  
6 The President of the Bank shall be the Vice-Chairperson of the Board. In case the Chairperson  
7 is absent or incapacitated, the President shall act as Chairperson. In case of incapacity or absence of  
8 both the Chairperson and the Vice-Chairperson, the Board shall designate a temporary chairperson from  
9 among its members.

10  
11 No person shall be appointed director of the Bank unless that person is a natural-born citizen  
12 of the Philippines, not less than thirty-five (35) years of age, of good moral character and has attained  
13 proficiency, expertise and recognized competence in one or more of the following: banking, finance,  
14 accounting, information technology, information security, economics, law, agriculture, business  
15 management, public utility or government administration.

16  
17 At least four (4) of the members of the Board shall come from the private sector. Except for the  
18 Chairperson and the President, no incumbent officer or employee of the Bank may be appointed as a  
19 member of the Board; nor shall any incumbent director, officer, or employee of any other bank be  
20 eligible as a member of the Board.

21  
22 The President and Chief Executive Officer (CEO) shall be elected annually by the members of  
23 the Board in accordance with Section 13 hereof.

24  
25 The term of office of the President and the members of the Board shall be for a period of one  
26 (1) year or until such time as their successors are appointed.

27  
28 The members of the Board, including the President and CEO, shall receive per diems for every  
29 meeting actually attended, and receive such other allowances, incentives and emoluments, including  
30 reasonable transportation and representation allowances and performance-based incentives, comparable  
31 to those received by directors in private banks of the universal bank category, subject, however, to  
32 existing laws and regulations.

33  
34 *Sec. 12. Powers and Duties of the Board of Directors.* — The Board shall have the following  
35 duties, powers, and authority:

36  
37 a) To formulate policies necessary to carry out effectively the provisions of this Act and  
38 to prescribe, amend, and repeal by-laws, rules and regulations for the effective operation of the Bank,  
39 and the manner in which the general business of the Bank may be conducted and the powers granted by  
40 law to the Bank are exercised;

41  
42 b) To approve loans, other credit accommodations and guarantees issued or obtained by  
43 the Bank, and prescribe terms and conditions to govern the granting of the foregoing, and engage in  
44 such other financial activities under such terms and conditions as it may be deemed necessary,  
45 consistent with the provisions of this Act and the existing banking laws and regulations promulgated  
46 by the Monetary Board: *Provided, That*, the Board may delegate the authority to approve loans to such  
47 officers or committees as may be deemed necessary;

48  
49 c) To approve investment activities with terms and conditions beneficial to the Bank and  
50 subject to the regulations promulgated by the Monetary Board;

51  
52 d) To adopt an annual budget for the effective operation and administration of the Bank;

1 e) To create and establish a "Provident Fund" which shall consist of contributions, made  
2 both by the Bank and its officers or employees, to a common fund for the payment of benefits to such  
3 officers or employees, or their heirs, under such terms and conditions as the Board may fix;  
4

5 f) To compromise or release, in whole or in part, any claim or settled liability to the Bank  
6 regardless of the amount involved, under such terms and conditions it may impose to protect the  
7 interests of the Bank. This authority to compromise shall extend to claims against the Bank;  
8

9 g) To appoint, promote or remove officers from the rank of Vice President or its  
10 equivalent, and other more senior officer positions, excluding the Chairperson and the Vice  
11 Chairperson: *Provided, That* no person shall be appointed to any executive position in the Bank  
12 mentioned in the preceding section unless one is of good moral character, of unquestionable integrity  
13 and responsibility, who is of recognized competence in the field of one or more of the following:  
14 economics, agriculture, industry, law, banking or finance, accounting, information technology,  
15 information security, and possesses demonstrated administrative skill and ability;  
16

17 h) To establish such branches, agencies and other offices which the Board shall determine  
18 to be necessary and convenient in accordance with existing rules and regulations of the BSP;  
19

20 i) To establish a human resource management system which shall govern the selection,  
21 hiring, appointment, transfer, promotion or dismissal of all personnel, and determination of  
22 compensation and benefits of all employees, subject to existing laws and regulations such as R. A. No.  
23 10149. Such system shall aim to establish professionalism and excellence at all levels of the Bank in  
24 accordance with sound principles of management;  
25

26 j) To reorganize the bank personnel as the Board may deem necessary; and to rationalize  
27 the organization and structure of the Bank to promote cost-savings and efficiency. The Board is  
28 authorized to design and adopt an early retirement or separation incentive plan for the purpose of  
29 providing a financial package of benefits, apart from that granted under the GSIS law, due to  
30 retrenchment, reorganization, streamlining of its organization, merger with another bank or a similar  
31 occurrence to enable its personnel who may or may not yet be qualified for optional retirement under  
32 existing retirement laws to retire or be separated from the service with additional financial benefits:  
33 *Provided, That* the provisions of the Civil Service Law and its implementing rules shall, at all times, be  
34 observed: *Provided, further,* That any separation benefit and incentive which may be granted by the  
35 Bank equivalent to at least two months basic salary for every year of service, in addition to those  
36 provided under existing laws, for those personnel referred to in this section shall be sourced from the  
37 corporate funds of the Bank. This provision shall be subject to applicable existing laws, rules and  
38 regulations;  
39

40 k) To promote and sponsor the local or foreign training or study of officers and employees  
41 in the related fields such as banking, finance, treasury, money market, risk management, information  
42 technology and law. Toward this end, the Bank is authorized to defray the costs of such training or  
43 study. The Board shall provide rules and regulations to govern the training or study programs of the  
44 Bank, subject to applicable existing regulations on training and study, as well as accounting and auditing  
45 rules; and  
46

47 l) To obtain from GSIS or other reputable insurance companies, duly accredited by the  
48 appropriate regulatory body, directors, officers and liability insurance coverage, without prejudice to  
49 the right of the Bank, as may be determined by the Board, to put up its own legal insurance fund, subject  
50 to the regulations issued by the GCG.  
51

52 The Board shall exercise its powers in a manner consistent with the principles of transparency,  
53 fairness and accountability.

1           **Sec. 13. President and Chief Executive Officer.** — The President of the Bank shall be the Chief  
2 Executive Officer who shall be elected by the Board from among themselves with the written advice  
3 and consent of the President of the Philippines. No person shall be appointed President of the Bank  
4 unless one is at least forty (40) years of age, of good moral character and reputation, with at least ten  
5 (10) year previous experience in banking, and has a reputed proficiency, expertise and recognized  
6 competence in banking or financial management.

7  
8           The President shall, among other powers and duties, execute, carry out and administer the  
9 policies, measures, orders and resolutions approved by the Board; direct and supervise the operation  
10 and administration of the Bank; and exercise such other powers and perform such other function or duty  
11 as may be directed or assigned by law, regulations, executive issuances or by the Board from time to  
12 time.

13  
14           The President shall have the following powers and duties:

15  
16           (a) To sign and execute all contracts concluded by the Bank and enter into all necessary  
17 obligations required or permitted by this Act, upon proper authorization by the Board; and sign all notes,  
18 securities certificates, and other major documents of the Bank;

19  
20           (b) To exercise, as Chief Executive Officer of the Bank, the powers of control and  
21 supervision over decisions and actions of subordinate officers and all other powers that may be granted  
22 by the Board;

23  
24           (c) To report to the Board the main facts concerning the operations of the Bank and to  
25 recommend changes in policies which one may deem advisable;

26  
27           (d) To submit an annual report to the President of the Philippines on the result of the  
28 operations of the Bank;

29  
30           (e) To recommend to the Board the appointment, promotion, or removal of all officers of  
31 the Bank, with the rank of at least vice-president or its equivalent;

32  
33           (f) To appoint, promote or remove employees and officers below the rank of vice-  
34 president or its equivalent: *Provided*, That promotions, transfers, assignments or reassignments of  
35 officers and personnel of the Bank are personnel actions deemed made in the interest of the service and  
36 not disciplinary, any provision of the Civil Service Law to contrary notwithstanding; and

37  
38           (g) As required by circumstances, to delegate any of the powers, duties or functions to any  
39 officer or director of the Bank, with the approval of the Board.

40  
41           **Sec. 14. Legal Matters and Cases.** — The Bank shall have its own chief legal counsel as head  
42 of the legal department, who shall be appointed by the Board of the Bank upon recommendation of its  
43 President. The other members of the legal department shall be appointed in accordance with the Bank's  
44 policies on hiring and promotion.

45  
46           In appropriate cases, the Bank may avail also of the legal services of any government legal  
47 office authorized to render such services to government-owned or controlled corporations.

48  
49           Notwithstanding Section 10 of Chapter 3, Title III, Book IV of Executive Order 292, otherwise  
50 known as the "Administrative Code of 1987", the Legal Department can also act as the principal law  
51 office of the Bank duly authorized to appear in its behalf in any court or quasi-judicial body. The hiring  
52 of any external private counsel may be authorized by the Board, upon the recommendation of the chief  
53 legal counsel, without need of securing the approval of the Office of the Government Corporate Counsel  
54 (OGCC) and the Commission on Audit (COA), any provision of a general or special law to the contrary  
55 notwithstanding.

1  
2 The Bank may, upon the recommendation of its chief legal counsel, deputize any member of its  
3 legal staff to act as special sheriff in foreclosure cases, in the sale or attachment of the debtor's properties  
4 and in the enforcement of court writs and processes in cases involving the Bank. The special sheriff of  
5 the Bank shall make a report to the proper court after any action taken which shall treat such action as  
6 if it were an act of its own sheriffs in all respects.  
7

8 The sale of mortgaged properties under the provisions of existing laws or of this Act shall be  
9 conducted under the direction of the sheriff of the province or any special sheriff of the Bank, or of a  
10 municipal judge or notary public of the city or municipality where the sale is to be made, who shall be  
11 entitled to collect the fees provided for in the Rules of Court with respect to sale of properties under  
12 execution.  
13

14 *Sec. 15. Foreclosure by the Bank.* — Unless warranted by the circumstances as may be  
15 determined by the Board or otherwise directed by the President of the Bank or his duly authorized  
16 representative for justifiable reasons, the Bank, after the lapse of sixty (60) days from the date the  
17 account became past due as defined under the rules and regulations of the BSP, shall immediately  
18 foreclose the collaterals and/or securities for any loan, credit, accommodation, and/or guarantees  
19 granted by the Bank whenever the arrearages on such account, including accrued interest and other  
20 charges, amount to at least twenty percent (20%) of the total outstanding obligations, including interest  
21 and other charges, as appearing in the books of account and/or related records of the Bank.  
22

23 Upon application of foreclosure of the collateral of delinquent borrowers, whether judicially or  
24 extra-judicially, by the Bank, the court and/or officials concerned shall immediately act and give priority  
25 to the same and schedule the publication thereof within five (5) days from receipt of the application,  
26 the auction sale to be held not later than ten (10) days from date of the last publication. The certificate  
27 of sale must be issued on the date of sale and the same must be registered by the Register of Deeds  
28 concerned not later than five (5) days after submission of the certificate of sale.  
29

30 As a result of foreclosure or any other legal proceedings wherein the properties of the debtor  
31 which are foreclosed, attached, or levied upon in satisfaction of a judgment are sold to the Bank, the  
32 said properties shall be placed in the possession and control of the Bank, with the assistance of the  
33 Philippine National Police whenever necessary. The petition for writ of possession shall be acted upon  
34 by the court within fifteen (15) days from the date of filing.  
35

36 The Bank is hereby directed to report to the Office of the President of the Philippines any  
37 official who delays the proceedings as provided herein or who violates any of the provisions of this  
38 section.  
39

40 This provision is without prejudice to the right of the Bank to enter into a compromise  
41 agreement pursuant to Section 12(f) of this Act.  
42

43 *Sec. 16. Right of Redemption.* — Any individual or juridical mortgagor of the Bank whose real  
44 property has been judicially sold at public auction, or any individual mortgagor of the Bank whose real  
45 property has been extra-judicially sold at public auction shall, within one (1) year counted from the date  
46 of registration of the certificate of foreclosure sale with the applicable Register of Deeds, has the right  
47 to redeem the real property by paying to the Bank all of the latter's claims as determined by the Bank.  
48

49 Notwithstanding the provisions of Act No. 3135 entitled "An Act to Regulate the Sale of  
50 Property Under Special Powers Inserting In or Annexed to Real Estate Mortgage", as amended, juridical  
51 mortgagors whose real property has been extra-judicially sold at public auction shall have the right to  
52 redeem the property until, but not after the registration of the certificate of foreclosure sale with the  
53 applicable Register of Deeds, which registration shall in no case be more than three (3) months from  
54 the date of foreclosure, whichever is earlier.

1 The Bank may take possession of the foreclosed property during the redemption period. When  
2 the Bank takes possession during such period, it shall be entitled to the fruits of the property with no  
3 obligation to account for them, the same being considered compensation for the interest that would  
4 otherwise accrue on the account. Neither shall the Bank be obliged to post a bond for the purpose of  
5 such possession.  
6

7 *Sec. 17. Exemption from Attachment.* — The provisions of any law to the contrary  
8 notwithstanding, collaterals, securities on loans or other credit accommodation and guarantees granted  
9 by the Bank or its predecessors-in-interest shall not be subject to attachment, execution or any other  
10 court process, nor shall they be included in the property of insolvent persons or institutions, unless all  
11 debts and obligations of the debtor to the Bank and its predecessors-in-interest have been previously  
12 paid, including accrued interest, penalties, collection expenses, and other charges.  
13

14 No attachment or execution shall be issued against the Bank or its property before final  
15 judgment in any suit, action or proceeding in any court.  
16

17 *Sec. 18. Personnel.* — The Board shall provide for an organization and staff of officers and  
18 employees of the Bank and establish a bank personnel management system which shall govern the  
19 selection, hiring, appointment, transfer, promotion, or dismissal of all bank personnel, including the  
20 continuous reorganization thereof.  
21

22 The appointments in the Bank, except those which are policy-determining, primarily  
23 confidential or highly technical in nature, shall be made only according to the Civil Service Law and  
24 regulations: *Provided*, That no qualification or eligibility requirements for positions in the Bank shall  
25 be imposed other than those set by the Board: *Provided, further*, That the Monetary Board shall  
26 prescribe, pass upon and review the qualifications of individuals appointed as officers and disqualify  
27 those found unfit: *Provided, finally*, That the Board or the President in accordance with Sections 12 and  
28 13 of this Act, respectively, may without need of obtaining prior approval from any other government  
29 agency, appoint its contractual personnel whose services are deemed necessary in order not to unduly  
30 disrupt the operations of the Bank except in the conduct of business involving bank deposits.  
31

32 All positions in the bank shall be governed by the compensation and position classification  
33 system (CPCS) and qualification standards subject to the approval of the President of the Philippines  
34 based on a comprehensive job analysis of actual duties and responsibilities and the compensation plan  
35 shall be comparable with the prevailing compensation plans of universal banks in the private sector.  
36

37 The Board shall fix the total compensation package and other remunerations and emoluments  
38 of bank personnel, including the President and Chief Executive Officer. The total compensation  
39 package shall include reasonable allowances, incentives, bonuses, privileges and other benefits,  
40 comparable to those given in private banks of the universal bank category, as may be necessary or  
41 proper for the effective management, operation and administration of the Bank.  
42

43 The Bank's CPCS shall be subject to periodic review by the Board once every two (2) years,  
44 without prejudice to yearly merit or increases based on the bank's productivity and profitability. The  
45 Bank shall be exempt from all existing laws, rules, and regulations on compensation, position  
46 classification and qualification standards.  
47

48 The foregoing actions of the Board in the immediately preceding three (3) paragraphs of this  
49 section shall be subject to existing laws and regulations, such as R. A. No. 10149.  
50

51 No officer or employee of the Bank subject to the Civil Service Law shall be dismissed except  
52 for cause as provided by law.  
53

54 *Sec. 19. Inhibition from Board Meeting of Member with Personal Interest.* — Whenever any  
55 member attending a meeting of the Board of Directors, or any of one's relatives within the fourth civil



1 degree or consanguinity or affinity has a personal or pecuniary interest, directly or indirectly, in any  
2 matter in the agenda of the board meeting or in the discussion or resolution of any given matter, said  
3 member shall disclose said interest to the Board and shall not participate in the discussion or resolution  
4 of the matter and must retire from the meeting during the deliberation thereon. The members of the  
5 Board of Directors present in the meeting should still constitute a quorum despite the inhibition of the  
6 member with personal or pecuniary interest in any matter, discussion or resolution in the same meeting.  
7

8 The minutes of the meeting, which shall note the subject matter, the fact that a member had a  
9 personal interest in it, and the withdrawal of the member concerned, may be made available to the  
10 public.  
11

12 For this purpose, the member of the Board shall, at the beginning of their respective terms,  
13 disclose to the Board any and all interests they may have in any corporation, partnership or association  
14 and shall, thereafter, disclose to the Board, any change thereto.  
15

16 *Sec. 20. Prohibition on Persons with Personal/Pecuniary Interest.* — No member of the Board,  
17 officer, attorney, agent, or employee of the Bank shall in any manner, directly participate in the  
18 deliberation upon or the determination of any question affecting one's direct personal interest or the  
19 personal interests of relatives within the fourth civil degree of consanguinity or affinity, or of any  
20 corporation, partnership, or association in which the member has a direct interest. Any person violating  
21 the provisions of this section shall be removed from office and shall upon conviction be punished with  
22 a fine of not less than Fifty thousand pesos (P50,000) nor more than Two million pesos (P2,000,000)  
23 or by imprisonment of not less than two (2) years nor more than ten (10) years, or by both fine and  
24 imprisonment at the discretion of the court.  
25

26 *Sec. 21. Borrowing by Directors, Officers and Employees; Restriction and Limitation.* — No  
27 (1) director, officer or employee of the Bank; or (2) any corporation, partnership, or company wherein  
28 any member of the Bank's Board of Directors, officer or employee, or their relatives within the first  
29 civil degree of consanguinity or affinity is a director, officer or controlling shareholder either directly  
30 or indirectly, for one's self or as representative or agent of others, borrow any of the deposits of funds  
31 from the Bank, nor shall become a guarantor, or in any manner be an obligor for money borrowed from  
32 the Bank or loaned by it: *Provided*, That this prohibition on loans to directors, officers and employees  
33 shall not include loans allowed in the form of fringe benefits granted in accordance with rules and  
34 regulations as may be prescribed by the Monetary Board: *Provided, further*, That this prohibition shall  
35 not apply to loans to corporations wherein the director, officer or employee of the Bank sits on the  
36 board of the borrower corporation to represent the interest of the Bank.  
37

38 *Sec. 22. Rules and Regulations on Conflict of Interest.* — The Board of Directors is hereby  
39 authorized to issue rules and regulations for the purposes of determining and resolving conflict of  
40 interest questions, which rules shall, in particular, include the requirement on all officers and employees  
41 of the Bank to disclose any shareholdings they, or their relatives within the fourth civil degree of  
42 consanguinity or affinity, may have in any corporation, partnership, or company in excess of 2% of the  
43 equity of said corporation, partnership, or company or in any related party transactions defined by the  
44 Monetary Board of the BSP and the Board of Directors of the Bank.  
45

46 *Sec. 23. Prohibition on Officers and Employees of the Bank.* — Except as required by law, or  
47 upon order of a court of competent jurisdiction, or the express order of the President of the Philippines  
48 or written permission of the client, no officer or employee of the Bank shall reveal nor allow to be  
49 examined, inquired or looked into, by any third person, government official, bureau or office any  
50 information relative to details of individual accounts or specific banking transactions, condition or  
51 business of any of its clients, or funds or properties in the custody of the Bank belonging to private  
52 individuals: *Provided*, That in respect to deposits or whatever nature, the provisions of existing law  
53 shall apply.

1 This prohibition shall not apply to the exchange of confidential credit information among  
2 government financial institutions or among banks, in accordance with established banking practices or  
3 as may be allowed by law.  
4

5 *Sec. 24. Exaction of Fee, Commission, Gift or Charge.* — No unauthorized fee, commission,  
6 gift, or charge of any kind shall be exacted, demanded, or paid, for obtaining loans from the Bank, and  
7 any officer, employee, or agent of the Bank found guilty of exacting, demanding, or receiving any fee  
8 services in obtaining any service or transaction from the Bank, shall be punished by a fine of not less  
9 than Fifty thousand pesos (P50,000) nor more than Two million pesos (P2,000,000), imprisonment for  
10 not less than six (6) years and one (1) month nor more than fifteen (15) years, and perpetual  
11 disqualification from public office and confiscation or forfeiture in favor of the government of any  
12 prohibited interest and unexplained wealth.  
13

14 *Sec. 25. Examination of the Bank.* — The Bank shall be subject to supervision and examination  
15 by the appropriate department of the BSP, and audit by the COA.  
16

17 *Sec. 26. General Penal Provisions.* — Any director, officer or employee of the Bank who  
18 violates, or permits any of the officers, employees or agents of said Bank or any other person to violate,  
19 any of the provisions of this Act not specifically punished in the preceding sections and any person  
20 violating any provision of this Act or aiding and abetting the violation thereof, shall be punished with  
21 a fine not less than Fifty thousand pesos (P50,000) nor more than Two million pesos (P2,000,000) or  
22 by imprisonment not less than two (2) years nor more than ten (10) years, or both, at the discretion of  
23 the court.  
24

25 *Sec. 27. Other Liability of Guilty Officer or Employee.* — Any member of the Board of  
26 Directors or officer or employee of the Bank who willfully violates any of the provisions of this Act  
27 shall, in addition to the criminal and administrative liability resulting from such act, be held liable for  
28 any loss or injury suffered by the Bank as a result of such violation.  
29

30 *Sec. 28. Liability of Directors, Officers or Partners of Offending Corporation or Partnership.*  
31 — If the violation of the provisions of this Act is committed by a corporation or partnership, the  
32 directors, officers or partners hereof who participated in the violation shall be criminally liable for such  
33 violation.  
34

35 *Sec. 29. Applicability of Banking Laws.* — The provisions of Republic Act No. 7653, otherwise  
36 known as the New Central Bank Act, as amended by R.A. 11211, Republic Act No. 8791, and other  
37 applicable banking laws, insofar as not in conflict with any provision of this Act, shall apply to the  
38 Bank.  
39

40 The penal provisions of Section 66 R.A. No. 8791, in relation to secs. 34, 35, 36 and 37 of R.A.  
41 No. 7653, as amended by R.A. 11211 shall be applicable to directors, officers, employees and borrowers  
42 of the Bank.  
43

44 *Sec. 30. Separability Clause.* — In the event that any provision of this Act or the applicability  
45 of such provisions to any person or circumstances is declared invalid, the remainder of the Act or the  
46 application of said provision to other persons or circumstances shall not be affected by such declaration.  
47

48 *Sec. 31. Repealing Clause.* — The provisions of Presidential Decree No. 985, Presidential  
49 Decree No. 1597, Republic Act No. 6758, as amended, Joint Resolution No. 4, the provisions of any  
50 other law, special charters, executive orders, administrative orders, proclamations, rules and regulations  
51 issued pursuant to Executive Order No. 81, as amended, or parts thereof, or any other laws, rules and  
52 regulations which may be inconsistent with any of the provisions of this Act, are hereby amended  
53 accordingly.  
54

55 Executive Order No. 81, as amended, is hereby repealed.

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*Sec. 32. Effectivity.* —This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation in the Philippines.

**APPROVED**