

RECORD OF THE SENATE

TUESDAY, NOVEMBER 23, 1999

OPENING OF THE SESSION

At 3:25 p.m., the Senate President, Hon. Blas F. Ople, called the session to order.

The President. The 40th session of the Second Regular Session of the Eleventh Congress is hereby called to order.

Let us all stand for the opening prayer to be led by Sen. Aquilino Q. Pimentel Jr.

Everybody rose for the prayer.

PRAYER

Senator Pimentel.

Lord, please remove the curse of hypocrisy from among Your servants here in the Senate and guide us so that we will serve our people to the best of our abilities as we have sworn to do.

This we ask in Jesus' name,

Amen.

The President. We thank Senator Pimentel for a very laconic and meaningful prayer.

ROLL CALL

The Secretary will please call the roll.

The Secretary, reading:

Senator Teresa Aquino-Oreta Present
Senator Robert Z. Barbers Present
Senator Rodolfo G. Biazon Present
Senator Renato L. *Compañero* Cayetano .. Present
Senator Anna Dominique M.L. Coseteng .. Absent ***
Senator Franklin M. Drilon Present
Senator Juan Ponce Enrile Present*
Senator Juan M. Flavier Present
Senator Teofisto T. Guingona Jr. Present
Senator Gregorio B. Honasan Present
Senator Robert S. Jaworski Absent ***
Senator Loren B. Legarda-Leviste Present
Senator Ramon B. Magsaysay Jr. Present*
Senator John Henry R. Osmeña Present*
Senator Sergio R. Osmeña III Present

Senator Aquilino Q. Pimentel Jr. Present
Senator Ramon B. Revilla Present
Senator Raul S. Roco Present
Senator Miriam Defensor Santiago Present*
Senator Vicente C. Sotto III **
Senator Francisco S. Tatad Present*
The President Present

The President. With 14 senators present, there is a quorum.

The Majority Leader is recognized.

THE JOURNAL

Senator Drilon. Mr. President, I move that we dispense with the reading of the *Journal* of the previous session and consider it approved.

The President. Is there any objection? [*Silence*] There being none, the motion is approved.

Senator Drilon. I move that we proceed to the Reference of Business.

The President. Is there any objection? [*Silence*] There being none, the motion is approved.

The Secretary will read the Reference of Business.

REFERENCE OF BUSINESS

BILLS ON FIRST READING

The Acting Secretary [Mr. Pineda]. Senate Bill No. 1818, entitled

AN ACT TO REQUIRE 90 DAYS NOTICE BEFORE CHANGING THE ANNUAL PERCENTAGE RATE OF INTEREST APPLICABLE ON ANY CREDIT CARD ACCOUNT OR BEFORE CHANGING THE INDEX USED TO DETERMINE SUCH RATE

Introduced by Senator Santiago

The President. Referred to the Committees on Trade and Commerce; and Banks, Financial Institutions and Currencies

* Arrived after the roll call

** On official mission

*** On account of illness

The President. We will vote first on the anterior amendment. Is there any objection to the amendment? *[Silence]* There being none, the amendment is approved.

Is the Drilon amendment accepted?

Senator Osmeña III. Yes, Mr. President.

The President. Is there any objection to the Drilon amendment? *[Silence]* There being none, the amendment is approved.

Senator Drilon. Mr. President, I move that we close the period of amendments.

The President. Is there any objection? *[Silence]* There being none, the period of amendments is closed.

Senator Drilon. Mr. President, I move that we approve on Second Reading Senate Bill No. 153. There is a clean copy of the bill on the files as of November 22, 1999.

The President. We will have a *viva voce* vote.

SUSPENSION OF SESSION

Senator Drilon. Mr. President, I move that we suspend the session for one minute.

The President. The session is suspended for one minute, if there is no objection. *[There was none.]*

It was 3:39 p.m.

RESUMPTION OF SESSION

At 3:40 p.m., the session was resumed.

The President. The session is resumed.

The Majority Leader is recognized.

APPROVAL OF S. NO. 153 ON SECOND READING

Senator Drilon. Mr. President, I move that we vote on Second Reading on Senate Bill No. 153, as amended.

The President. Is there any objection? *[Silence]* There being none, we shall now vote on Second Reading on Senate Bill No. 153, as amended.

As many as are in favor of the bill, say *aye*.

Several Members. *Aye.*

The President. As many as are against the bill, say *nay*. *[Silence]*

Senate Bill No. 153, as amended, is approved on Second Reading.

SUSPENSION OF CONSIDERATION OF S. NO. 153

Senator Drilon. Mr. President, I move that we suspend consideration of Senate Bill No. 153.

The President. Is there any objection? *[Silence]* There being none, the motion is approved.

BILL ON SECOND READING S. No. 1519—General Banking Law of 1999 *(Continuation)*

Senator Drilon. Mr. President, I move that we resume consideration of Senate Bill No. 1519 as reported out under Committee Report No. 29.

The President. Is there any objection? *[Silence]* There being none, resumption of consideration of Senate Bill No. 1519 is now in order.

Senator Drilon. Mr. President, this is the proposed law amending the General Banking Act. May I ask the Chair to recognize Sen. Raul S. Roco.

The President. Sen. Raul S. Roco is recognized.

Senator Drilon. We are now in the period of individual amendments, Mr. President.

Senator Roco. Thank you, Mr. President.

Senator Drilon. May I suggest that we go page by page, Mr. President.

Senator Roco. Mr. President, on page 1, if there are any proposed changes. We are looking at the draft that is engrossed with the approved committee amendments as of November 17, 1999.

SUSPENSION OF SESSION

Mr. President, I move that we suspend the session for one minute.

The President. Is there any objection? *[Silence]* There being none, the session is suspended for one minute.

It was 3:42 p.m.

RESUMPTION OF SESSION

At 3:52 p.m., the session was resumed.

The President. The session is resumed.

Senator Roco. Mr. President, we are on page 1 of the draft with approved committee amendments as of November 17, if our colleagues would have amendments.

There are none, Mr. President. If none, may we proceed to page 2?

Senator Guingona. On page 2, Mr. President, if there are no anterior amendments in line 22. Before I introduce the amendment, I would just like to ask the distinguished sponsor that this periodic examination, pursuant to our previous discussions, does not preclude examinations where warranted.

Senator Roco. No, Mr. President. In fact, it does not preclude any of the remedies and supervisory or administrative actions that the Bangko Sentral can take under the Bangko Sentral Law. So, this is on top of all those.

Senator Guingona. So, may I ask that the word "periodic" be changed to REGULAR investigation.

Senator Roco. Yes, Mr. President. I have no problem with that. So, "REGULAR investigation which shall not be often..."

It may be difficult to distinguish from the other examinations.

Senator Guingona. No, the special investigations.

Senator Roco. Can I just consult with the... Because there are many rules and regulations affecting this. Can we have a one-minute suspension of the session, Mr. President?

What is the rest of the proposed amendment?

Senator Guingona. And also, we had a discussion about the three years or... In other words, that the same auditor...

Senator Roco. Ah, auditor.

Senator Guingona. Auditor. My personal feeling before was the same auditor should not examine twice so that the defects found in the first year can already be acted upon. But if he is the same auditor...

Senator Roco. May we take first the "periodic". I think that is in a separate section.

SUSPENSION OF SESSION

The President. The Chair declares a one-minute suspension of the session, if there is no objection. *[There was none.]*

It was 3:55 p.m.

RESUMPTION OF SESSION

At 3:57 p.m., the session was resumed.

The President. The session is resumed. Senator Roco is recognized.

Senator Roco. Mr. President, on the proposed amendment on line 22, instead of the word "periodic", replace that with the word SPECIAL.

Senator Guingona. No, the word REGULAR, Mr. President.

Senator Roco. Yes, "REGULAR investigation and examination." This is in line 22. Instead of the word "periodic", he wants it replaced with the word REGULAR. Because in Section 3.2, line 17, we have "special examination" as to laws. In Section 3.4, we want the word REGULAR. The concept however, Mr. President, is, these are the lightning raids and that is why we removed the two. It may have a special lightning raid on a bank. But we are saying lightning should only strike once, because on top of every month's examinations, the auditors walk in immediately. So it is very deleterious to bank efficiency because everybody gets tied down when one is in.

Senator Guingona. But the regular practice is that the auditing should be done regularly on a year-to-year basis.

Senator Roco. That is under the Bangko Sentral law, Mr. President. But we can really accept the amendment, the word REGULAR, if this is to transmit... This is meant to be for lightning raids.

Senator Guingona. All right, and in order not to touch—whether the same auditor will be assigned the following year, may I have an additional provision in line 25, after the semi-colon (;) provided...

Senator Roco. In line 26, "or sound basis". Are we on page 2?

Senator Guingona. I am using it.

Senator Roco. Yes, Mr. President. It should be the same page.

Senator Guingona. The 16th because I have some notes here.

Senator Roco. It is "safe or sound basis".

GUINGONA AMENDMENT

Senator Guingona. On page 2, line 26, after the words "sound basis;" insert the phrase *PROVIDED, THAT THE DEFICIENCIES/IRREGULARITIES FOUND OR DISCOVERED BY ANY REGULAR OR SPECIAL AUDIT SHALL BE IMMEDIATELY ADDRESSED.*

Senator Roco. And that will be at the end of subparagraph 3.4?

Senator Guingona. Yes, Mr. President, subject to style.

Senator Roco. Yes, Mr. President. So the committee can accept the amendment so that subparagraph 3.4 in line 22 shall now read: "REGULAR investigation or examination which shall..." and end up with the phrase as read by the distinguished Minority Leader, subject to normal correcting or styling provisions.

I move that it be accepted by the Chamber, Mr. President.

The President. The Guingona amendment has been accepted by the sponsor. Is there any objection? *[Silence]* There being none, the amendment is approved.

Senator Roco. Thank you, Mr. President.

The President. We are still on page 2.

Senator Roco. We are now on page 3, Mr. President, if nobody else has amendments to page 2.

Senator Santiago. Mr. President, please, I have an amendment.

The President. Senator Santiago is recognized.

Senator Santiago. Thank you. Since we are only on page 2, may I please beg permission from the sponsor to go back to page 1.

Senator Roco. Of course.

Senator Santiago. Thank you. Page 1, line 8 up to page 2, line 4, I am referring to Section 2.2. I would like to propose that Section 2.2 should be deleted on the ground that this provision provides for a separate classification for branches of foreign

banks covered by Republic Act No. 7721. My humble submission is that these branches of foreign banks covered by RA No. 7721 should not constitute a separate and distinct class.

Senator Roco. I am sorry. May I just interrupt the distinguished Senator for a while?

Senator Santiago. Yes, please.

Senator Roco. Line 11 is in brackets already pursuant to the suggestions the senator made during the interpellation. And she will notice that this has already been approved as a committee amendment submitted by the lady senator. So subparagraphs "[C]", "[D]" are all in brackets now.

Senator Santiago. Does this mean that they will be deleted?

Senator Roco. They have been, in fact, already approved. The deletion of these provisions has already been approved... no, [C]. Subparagraph "[C]" in lines 11 to 12 has been deleted.

Senator Santiago. I would like to thank the sponsor for that clarification.

Senator Roco. Yes, Mr. President.

Senator Santiago. In that case, there is no more necessity for the proposition. I will withdraw it, and proceed to page 2.

Senator Roco. Let me just clear that it is only subparagraph "[C]" that was deleted because the Foreign Banks Liberalization Act was not... but the others remain.

"Thrift banks" now become subparagraph "(C)"; "Rural banks" will become subparagraph "(D)", et cetera.

Senator Santiago. Thank you. I just wanted that clarified.

Senator Roco. Yes, Mr. President.

Senator Santiago. May I proceed to page 2, line 30. I am referring to the phrase "also supervise".

Senator Roco. Yes, Mr. President.

Senator Santiago. May I please propose that we should delete the phrase "also supervise" and in its place, use the phrase **HAVE OPERATIONAL SUPERVISION OVER.**

My basis for this proposal is the constitutional provision. I am referring to the Constitution, Article XII, Section 20, which

provides: "It shall have supervision over the operations of banks."

Senator Roco. Yes. Would the distinguished senator want to give us a more definitive meaning of "operational supervision?" The constitutional terms "supervision over control" are fairly distinguished and fairly understood. But with respect to the words "operational supervision," we would need some statement as to what operational supervision means.

Senator Santiago. Please allow me first to read Article XII, Section 20, of the Constitution referring to the BSP. The provision of the Constitution is: "It shall have supervision over the operations of banks and exercise such regulatory powers as may be provided by law over the operations of finance companies and other institutions performing similar functions."

The present General Banking Act distinguishes between supervision and regulation, the latter being the more limited authority. So in proposing the term "operational supervision", I actually mean the power of regulation, a power more limited than the power of supervision.

Senator Roco. So we want to restrict. The effect of the amendment will be to state "shall also supervise the operations and activities of quasi-banks" because that is practically quoted from the Constitution. Yes, it extends. But we want "supervision" and "regulation." Is this what we are saying with the proposed amendment?

Senator Santiago. Maybe against that view, it would be better to amend it so as to read "supervise the operations and EXERCISE REGULATORY POWERS."

Senator Roco. That may be better, Mr. President, only because the terms used will have a definite meaning already under the law. If that is the modified proposed amendment, the committee will be happy to accept it.

May we have it restated, Mr. President?

Senator Santiago. Why do we not just use the phrase of the Constitution and say, "The Bangko Sentral shall HAVE SUPERVISION AND EXERCISE REGULATORY POWERS OVER THE ACTIVITIES OF..."

Senator Roco. Quasi-banks.

Senator Santiago. Yes, Mr. President.

Senator Roco. In Section 25 of the Bangko Sentral Law, Mr. President, it does say that: "The Bangko Sentral shall have

supervision over and conduct periodic or special examinations of banking institutions and quasi-banks including their subsidiaries and affiliates."

We are not averse to using the same phrase to apply specifically to quasi-banks, trust entities and other financial institutions covered by special laws.

Senator Santiago. May I please clarify the proposal in line 30. Line 30 will be amended to read: "The Bangko Sentral shall HAVE SUPERVISION OVER THE OPERATIONS AND EXERCISE REGULATORY POWERS OVER quasi-banks, trust entities and other financial institutions..."

Senator Roco. Yes, it only extends the first part of the constitutional sentence in the second sentence of Section 20 and it becomes consistent. Then we apply it to quasi-banks, et cetera.

Senator Santiago. That is right. Thank you, Mr. President.

Senator Roco. Thank you, Mr. President.

The President. So the Santiago amendment is accepted by the sponsor. Is there any objection?

Senator Roco. Before that, Mr. President. Did we delete the word "also"? It does not matter as a grammatical matter if we can delete "also". But the term "also" showed that in addition to banks, the supervision and regulatory powers were being extended also to quasi-banks.

Senator Santiago. Then there would be no reason to delete the word "also" and it would remain.

Senator Roco. Yes, Mr. President. In which case, Mr. President, we can now accept on that understanding. May we have an approval of the motion.

The President. Is there any objection? *[Silence]* There being none, the amendment is approved.

Senator Roco. Thank you, Mr. President.

We are now on page 3. If there are no amendments with respect to page 3, may we now proceed to page 4. If there are no proposed amendments on page 4, may we proceed to page 5.

Somebody wanted to propose amendments to this stock corporation, and I do not know who it was. In any event, we are now on page 5.

Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. Mr. President, may I go to Section 10, page 5?

Senator Roco. Yes, Mr. President.

Senator Santiago. Mr. President, please.

The President. Senator Santiago is recognized.

Senator Santiago. I believe this might be antecedent. So with the permission of the senator who has the floor, I would like to refer to page 5, line 4—

Senator Roco. Line 4, Section 8. Yes, please.

Senator Santiago.—referring to Section 8. My proposal is to insert the word DOMESTIC between the words “No” and “bank”, so that the phrase would read: “No DOMESTIC bank”.

The reason for my proposal is that Sections 8 and 9 clearly apply only to domestic banks, that is, those incorporated in the Philippines regardless of the nationality of the stockholders. This is the reason why I suggest that the first sentence of the two provisions should be amended to read: “No DOMESTIC bank”. I am referring to both Sections 8 and 9.

Senator Roco. Mr. President, when this bill becomes a law, there will be instances when a foreign-banking corporation can purchase and can have full control over a domestic bank, and that domestic bank will now be governed by a foreign banking corporation. In fact, the foreign banking corporation may conceivably be also operating here because we cannot control its corporate structures the way it wants to operate.

I can appreciate the effort to make it very specific. But it may lead to an inference that a foreign-banking corporation may not be covered by the same restrictions of no par value or prohibition on the treasury stocks. If I may request the lady senator to just reconsider and not propose a modification to the term “bank”.

Senator Santiago. The explanation is acceptable. I withdraw the proposal.

Senator Roco. Thank you, Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. Mr. President, may I address some questions on Section 10 before making amendments.

Senator Roco. Yes, Mr. President.

Senator Guingona. As it is, more than 10 foreign banks are already operating in the Philippines.

Senator Roco. I believe there are 14, Mr. President.

Senator Guingona. Under this section, foreign individuals and nonbank corporations may own up to 40% of the voting stock of a domestic bank.

Senator Roco. Yes, Mr. President.

Senator Guingona. Is the ratio of 60:40 or 70:30 on the totality of Filipino banks vis-a-vis the foreign banks? Does it still prevail?

Senator Roco. Section 10 refers to individual and nonbank corporations—a paint or a computer company—not engaged in banking. I think even now, under the present banking law, the 40% is allowed for foreign individuals and certain corporations under certain instances.

It is one of the unfairness of the present banking law that foreign groups can own up to 40%; but a Filipino family group or a Filipino individual can own only up to 20%, and under certain conditions, it may go up to 30%.

It is one of the mysteries of the present banking law, Mr. President. So we are just saying here, 40% for individuals and foreign nonbank corporations. That is it, no ifs and buts.

But in the foreign banking corporation that is covered by Section 72, if a foreign bank wants to own 100%, what is the difference between 60% and 100%? Now it is allowed up to 60%. But for some who want to buy a local bank, they cannot because they cannot find the 40% who wants to stay. So if somebody wants to come in as long as it qualifies as top three in its country, listed in its country—unless government-owned because we thought of China and the top three may not be listed in China—that is the only exception to my recollection.

Senator Guingona. But is there any prevailing rule as to how much the totality of banks...

Senator Roco. Seventy percent of the total assets of the total banking industry must be in Filipino hands.

Senator Guingona. Seventy percent?

Senator Roco. Seventy percent. That is in the present law. Seventy percent is in the present law.

Senator Guingona. Regardless of this section, 70% of banks—

Senator Roco. Total assets of the bank industry.

Senator Guingona. —total assets of banks.

Senator Roco. Then in the section on merger—and we will appreciate it if the Minority Leader will propose this—we skipped the committee amendments which adopt the European rule on dominant position, that no matter how they merge, they cannot own more than 20% of the total market. That is the European rule under the European common market. So 20% will be presumed, will be understood to be a dominant market and it can be broken up as a violation of anti-trust.

So we would propose later on, and if this is acceptable to the Minority Leader, we will be happy to accept such an amendment that when we encourage mergers, 20% will be the cutoff.

So we will have two limitations now—70% must be in Filipino hands; and no banking corporation, no matter how they merge, will own or will control more than 20% of the business or the market of banking in the Philippines. They can go to Singapore; they can go elsewhere to expand, but not within the Philippines.

Senator Guingona. So this section already envisions the 70-30.

Senator Roco. Yes, Mr. President. It is built within that framework.

Senator Guingona. Would foreign offshore banks be qualified to come in under this section if they have a subsidiary?

Senator Roco. No, that will be Section 71. This is “foreign individuals and nonbank corporations.”

Senator Guingona. They are not operating here. They are offshore. They have a subsidiary. Can they purchase under this?

Senator Roco. May I just ask our distinguished friend, Mr. President? When we say “offshore,” do we mean the ones with offshore banking headquarters?

May we give an example so that I can understand it?

Senator Guingona. There are offshore banks that operate although they cannot engage in peso transactions, I understand.

Senator Roco. They operate, let us say... Is the gentleman referring to foreign regional headquarters, for instance, that are having private banking functions purely for dollar operations?

Senator Guingona. Purely for dollar operations. However, they establish a subsidiary here. Can they invest in a bank under Section 10?

Senator Roco. If it is a banking corporation, we will have to look at Section 71.

Senator Guingona. I see, Mr. President.

Senator Roco. This particular case will refer to a computer firm, pharmaceutical firm or to individuals.

Senator Guingona. It is a subsidiary of the offshore bank.

Senator Roco. If it is banking, it must fall under Section 71. If it is nonbanking, it falls under Section 10.

Senator Guingona. Therefore, if it is an offshore bank and it has a subsidiary, it must fall under Section 71?

Senator Roco. And if it qualifies under the Liberalization Law; it is top three; it is listed; it has so much contribution; and it wants to buy an existing Philippine banking corporation, then those rules will apply.

Senator Guingona. In view of the fact that the World Trade Organization is also seeking to include banking in its coverage, once banking is included and the fact that we have extended banking privileges to 14 foreign-owned banks, that will not extend the “most-favored-nation clause” since this is something in the future that will not automatically extend. I just want to put that on record.

Senator Roco. Mr. President, under the Liberalization Law, we required reciprocity. All the 10 banks that came in allow reciprocal equal treatment in their home country. None of the countries of the banks that were allowed to come in under the Liberalization Law treat us differently. It was one of the conditions. We will allow them in as long as the Philippine bank is treated exactly the same way in their country.

As a consequence, Mr. President, right now, except maybe for BPI and Metrobank, none of these banks may want to open branches or operate as a subsidiary. Even in Singapore, they cannot yet do that.

But at some point in time, Mr. President, if we have... Santander, I think, is in Spain. So at some point in time, BPI cannot then apply for similar treatment in Madrid because Santander is in. Reciprocity was built-in already in the Liberalization Law and I thought it was a very good provision. That one covers the concern of our distinguished friend.

Senator Guingona. What will prevail will be this law plus the totality of 70-30.

Senator Roco. Yes, in the effort to amend the General Banking Law, Mr. President, we do not propose to modify the whole edifice of the legal structure. I think the poetic term is, it must be in the "totality of the legal firmament" and we are not, when we craft this particular statute. We do not propose to change any of the accepted notions and standards already in that legal firmament.

Senator Guingona. With that assurance, I will refrain from...

Senator Roco. Thank you, Mr. President.

The President. The Majority Leader is recognized.

DRILON AMENDMENT

Senator Drilon. On the same page, page 5, line 29, may I propose that we delete the word "third" and substitute the same with the word FOURTH. In other words, "related interest" will include first cousins. Right now, first cousins are excluded.

SUSPENSION OF SESSION

Senator Roco. I have no objection, Mr. President. I move that we suspend the session for one minute.

The President. The session is suspended for one minute, if there is no objection. *[There was none.]*

It was 4:24 p.m.

RESUMPTION OF SESSION

At 4:25 p.m., the session was resumed.

The President. The session is resumed.

Senator Roco is recognized.

Senator Roco. Yes, the committee can accept the amendment, Mr. President.

Senator Santiago. Mr. President, please.

The President. Senator Santiago is recognized.

Senator Santiago. On the same page, page 5...

Senator Roco. May we just have an approval of the amendment, unless it affects that particularly.

Senator Santiago. Yes. It is actually in the same section, Section 11. We are talking of page 5, line 30.

Senator Roco. Yes, Mr. President.

Senator Santiago. My proposal is to delete the phrase "related interests" and to replace it with the phrase FAMILY GROUPS on this explanation. This section in the caption is meant to deal with family groups. But in the definition, what is defined is not "family group" but "related interests."

My basis for this observation is that the definition of "related interests" given in this section is actually the definition of "family group" under the Manual of Regulation for Banks. Under that manual as revised...

Senator Roco. May we then—because it is not related—have first an approval of the proposed amendment which is from third to FOURTH degree of consanguinity or affinity...

Senator Drilon. Mr. President, with the permission of the sponsor. In fact, it is related to the question raised by the lady senator from Iloilo because on page 17, lines 29 and 30, it says, "The Monetary Board shall define the term "related interests". In fact, I thought that page 17, lines 29 and 30, would be related to Section 11 which is found on page 5.

SUSPENSION OF SESSION

Senator Roco. Mr. President, I move that we suspend the session for one minute.

The President. The session is suspended for one minute, if there is no objection. *[There was none.]*

It was 4:27 p.m.

RESUMPTION OF SESSION

At 4:28 p.m., the session was resumed.

The President. The session is resumed.

Senator Roco is recognized.

DRILON-SANTIAGO AMENDMENTS

Senator Roco. After the informal discussion with the Majority Leader and the lady senator from Iloilo, we have now combined the proposed amendments so that Section 11 shall now read as follows: "Stockholdings of individuals related to each other within the FOURTH degree of consanguinity or affinity,

legitimate or common law, shall be considered FAMILY GROUPS OR related interests..." The rest of the provision remains, Mr. President.

Senator Santiago. What will be the caption of this section?

Senator Roco. Probably, *Stockholdings of Family Groups OR RELATED INTERESTS.*

Senator Santiago. Yes, that could be accurate.

Thank you.

The President. Is there any objection to this amendment accepted by the sponsor? *[Silence]* There being none, the amendment is approved.

Senator Roco. At this point, Mr. President, may I beg permission to suspend consideration of this measure.

SUSPENSION OF CONSIDERATION
OFS.NO.1519

Senator Drilon. I move that we suspend consideration of Senate Bill No. 1519.

The President. Is there any objection? *[Silence]* There being none, the motion is approved.

Senator Roco. Thank you, Mr. President.

SUSPENSION OF SESSION

Senator Drilon. We will be calling next the proposed amendments to the Charter of the APT-COP.

I move that we suspend the session for one minute to enable the sponsor to come to the Hall.

The President. The session is suspended for one minute, if there is no objection. *[There was none.]*

It was 4:29 p.m.

RESUMPTION OF SESSION

At 4:31 p.m., the session was resumed.

The President. The session is resumed.

The Majority Leader is recognized.

BILL ON SECOND READING

S. No. 1582 — Extending the Term of COP and APT
(Continuation)

Senator Drilon. Mr. President, I move that we resume consideration of Senate Bill No. 1582 as reported out under Committee Report No. 76.

The President. Is there any objection? *[Silence]* There being none, resumption of consideration of Senate Bill No. 1582 is now in order.

Senator Drilon. Mr. President, this is the proposed measure to extend the term of the Committee on Privatization and Asset Privatization Trust. We are still in the period of interpellations.

May I ask the Chair to recognize Sen. Juan Ponce Enrile and Sen. Aquilino Q. Pimentel Jr. to continue the interpellation.

The President. Senator Enrile is recognized as the sponsor.

Senator Enrile. I am ready, Mr. President.

The President. Senator Pimentel is recognized to interpellate.

Senator Pimentel. Thank you, Mr. President.

For the record, I would like to thank the honorable sponsor for providing us with the list of government-owned or controlled corporations that have been privatized as of November 15, 1999, as well as a list of those which had been partially sold, a list of GOCCs that are for dissolution, and finally the list of remaining GOCCs as of November 15, 1999.

My first question, Mr. President, is: Where did the money go for the sale of these privatized GOCCs?

Senator Enrile. I think, Mr. President, in the case of those assets transferred to the Asset Privatization Trust, the proceeds, net of administrative costs and expenses, went to the National Treasury.

Senator Pimentel. It appears from the list that was furnished to me that there are 24 GOCCs that are for dissolution. Will the gentleman kindly tell us what is the reason for trying to dissolve these GOCCs?

Senator Enrile. Mr. President, I suppose the operational viability of these corporations are in doubt. So the wiser course of action would be to dissolve these instead of continue these in operation.