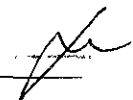


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SENATE BILL NO. 2964

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Prepared by the Committees on Banks, Financial Institutions and Currencies and
Government Corporations and Public Enterprises

AN ACT
INCREASING THE MAXIMUM DEPOSIT INSURANCE COVERAGE, AND
STRENGTHENING THE REGULATORY AND ADMINISTRATIVE
AUTHORITY, AND FINANCIAL CAPABILITY OF THE PHILIPPINE
DEPOSIT INSURANCE CORPORATION (PDIC), AMENDING FOR THIS
PURPOSE REPUBLIC ACT NUMBERED THREE THOUSAND FIVE
HUNDRED NINETY-ONE, AS AMENDED, OTHERWISE KNOWN AS THE
PDIC CHARTER, AND FOR OTHER PURPOSES

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

1
2 SECTION 1. *Statement of State Policy and Objectives.* - It is hereby
3 declared to be the policy of the State to strengthen the mandatory deposit
4 insurance coverage system to generate, preserve and maintain more faith and
5 confidence in the country's banking system.

6
7 Towards this end, the government must extend all means and
8 mechanisms necessary for the Philippine Deposit Insurance Corporation to
9 effectively fulfill its vital task of promoting and safeguarding the interests of the
10 depositing public by way of providing permanent and continuing insurance
11 coverage on all insured deposits, and in helping develop a sound and stable
12 banking system at all times.

13
14 SEC. 2. Section 4 (f) of Republic Act No. 3591, as amended, is hereby
15 amended by adding an additional paragraph, to read as follows:

16
17 “(f) The term “deposit” means the unpaid balance of
18 money or its equivalent received by a bank in the usual
19 course of business and for which it has given or is obliged
20 to give credit to a commercial, checking, savings, time or

1 thrift account, or issued in accordance with *Bangko Sentral*
2 rules and regulations and other applicable laws, together
3 with such other obligations of a bank, which, consistent
4 with banking usage and practices, the Board of Directors
5 shall determine and prescribe by regulations to be deposit
6 liabilities of the bank. x x x.

7
8 **THE CORPORATION SHALL NOT PAY DEPOSIT**
9 **INSURANCE FOR THE FOLLOWING ACCOUNTS OR**
10 **TRANSACTIONS, WHETHER DENOMINATED,**
11 **DOCUMENTED, RECORDED OR BOOKED AS**
12 **DEPOSIT BY THE BANK:**

- 13
14 1) **INVESTMENT PRODUCTS SUCH AS BONDS**
15 **AND SECURITIES, TRUST ACCOUNTS, AND**
16 **OTHER SIMILAR INSTRUMENTS;**
17
18 2) **DEPOSIT ACCOUNTS OR TRANSACTIONS**
19 **WHICH ARE UNFUNDED, OR THAT ARE**
20 **FICTITIOUS OR FRAUDULENT;**
21
22 3) **DEPOSITS THAT ARE MARKETED, SOLICITED,**
23 **ACCEPTED, RECEIVED, EVIDENCED BY,**
24 **AND/OR RECORDED, IN VIOLATION OF LAW,**
25 **OR THE RULES AND REGULATIONS ISSUED**
26 **BY THE BANGKO SENTRAL NG PILIPINAS**
27 **(BSP);**
28
29 4) **DEPOSIT ACCOUNTS OR TRANSACTIONS**
30 **CONSTITUTING, AND/OR EMANATING FROM,**
31 **UNSAFE AND UNSOUND BANKING**
32 **PRACTICE/S, AS DETERMINED BY THE**
33 **CORPORATION, IN CONSULTATION WITH**
34 **THE BSP; AND**
35

1 5) DEPOSITS THAT ARE DETERMINED TO BE
2 THE PROCEEDS OF AN UNLAWFUL ACTIVITY
3 AS DEFINED UNDER REPUBLIC ACT 9160, AS
4 AMENDED.

5
6 PARAGRAPHS 3 AND 4 ABOVE SHALL
7 IMMEDIATELY AND EXCLUSIVELY APPLY TO
8 DEPOSITS MADE AFTER THE PUBLICATION OF A
9 CEASE AND DESIST ORDER OR A WARNING
10 ISSUED BY THE CORPORATION AGAINST SUCH
11 DEPOSIT TRANSACTIONS.

12
13 THE ACTIONS OF THE CORPORATION TAKEN
14 UNDER THIS SECTION SHALL BE FINAL AND
15 EXECUTORY, AND MAY NOT BE RESTRAINED OR
16 SET ASIDE BY THE COURT, EXCEPT ON
17 APPROPRIATE PETITION FOR CERTIORARI ON
18 THE GROUND THAT THE ACTION WAS TAKEN IN
19 EXCESS OF JURISDICTION OR WITH SUCH GRAVE
20 ABUSE OF DISCRETION AS TO AMOUNT TO A
21 LACK OR EXCESS OF JURISDICTION. THE
22 PETITION FOR CERTIORARI MAY ONLY BE FILED
23 WITHIN THIRTY (30) DAYS FROM NOTICE OF
24 DENIAL OF CLAIM FOR DEPOSIT INSURANCE.”

25
26 SEC. 3. Section 4(g) of the same Act is hereby amended to read as follows:

27
28 “(g) The term “insured deposit” means the amount due to
29 any depositor for deposits in an insured bank net of any
30 obligation of the depositor to the insured bank as of date
31 of closure, but not to exceed **FIVE HUNDRED**
32 **THOUSAND PESOS** [Two Hundred Fifty Thousand
33 Pesos (P250,000.00)] (P500,000.00). Such net amount shall
34 be determined according to such regulations as the Board
35 of Directors may prescribe, x x x *Provided, further,* That the
36 aggregate of the interest of each co-owner over several

1 joint accounts, whether owned by the same or different
2 combinations of individuals, juridical persons or entities,
3 shall likewise be subject to the maximum insured deposit
4 of FIVE HUNDRED THOUSAND PESOS [two hundred
5 fifty thousand pesos (P250,000.00)] (P500,000.00). x x x.
6 **PROVIDED, FINALLY, THAT, IN CASE OF A**
7 **CONDITION THAT THREATENS MONETARY AND**
8 **FINANCIAL STABILITY THAT MAY HAVE**
9 **SYSTEMIC CONSEQUENCES, AS DEFINED IN**
10 **SECTION 18¹ HEREOF, AS DETERMINED BY THE**
11 **MONETARY BOARD, THE MAXIMUM DEPOSIT**
12 **INSURANCE COVER MAY BE ADJUSTED IN SUCH**
13 **AMOUNT, FOR SUCH A PERIOD, AND/OR FOR**
14 **SUCH DEPOSIT PRODUCTS, AS MAY BE**
15 **DETERMINED BY A UNANIMOUS VOTE OF THE**
16 **BOARD OF DIRECTORS IN A MEETING CALLED**
17 **FOR THE PURPOSE AND CHAIRED BY THE**
18 **SECRETARY OF FINANCE, SUBJECT TO THE**
19 **APPROVAL OF THE PRESIDENT OF THE**
20 **PHILIPPINES."**

21
22 SEC. 4. In the maximum deposit insurance coverage of Five Hundred
23 Thousand Pesos (P500,000.00) provided in Section 4(g) of Republic Act 3591, as
24 amended herein, the first Two Hundred Fifty Thousand Pesos (P250,000.00)
25 thereof shall be for the account of the Corporation. The remaining Two Hundred
26 Fifty Thousand Pesos (P250,000.00) shall be the obligation of, and deemed
27 automatically appropriated and paid by the National Government in such
28 manner and form as the Secretary of Finance and the Secretary of Budget and
29 Management may thereafter determine; *Provided, that*, after six (6) years from the
30 effectivity of this Act, the entire maximum deposit insurance coverage shall be
31 for the account of the Corporation.

32
33 SEC. 5. Section 8, paragraph Eighth of the same Act is hereby amended to
34 read as follows:
35

¹ Formerly Section 17 of the PDIC Charter

1 “Eighth - To conduct examination of banks with
2 prior approval of the Monetary Board: *Provided*, That no
3 examination can be conducted within twelve (12) months
4 from the last examination date: *Provided, further*, That,
5 **THE CORPORATION MAY, WITH PRIOR**
6 **MONETARY BOARD APPROVAL, CONDUCT**
7 **SPECIAL EXAMINATION AT SUCH OTHER TIMES**
8 **AS THE BOARD OF DIRECTORS, BY AN**
9 **AFFIRMATIVE VOTE OF A MAJORITY OF ALL OF**
10 **ITS MEMBERS, MAY DEEM EXPEDIENT;**
11 **PROVIDED, THAT,** To avoid overlapping of efforts, the
12 examination shall maximize the efficient use of the
13 relevant reports, information, and findings of the Bangko
14 Sentral which it shall make available to the Corporation.
15 [*Provided, finally*, That The Board of Directors shall, in
16 close coordination with the Monetary Board, prescribe
17 such guidelines as may be necessary to ensure that there
18 are no duplications of functions.]”
19

20 SEC. 6. Section 8 of the same Act is amended to include an additional
21 paragraph as follows:
22

23 **“THIRTEENTH - TO ESTABLISH,**
24 **ORGANIZE, AND OPERATE BRIDGE BANKS AS**
25 **PROVIDED IN THIS ACT. ”**
26

27 SEC. 7. A new Section 9 (h) of the same Act is hereby added to read as
28 follows:
29

30 “Section 9.
31

32 (h) **UNLESS THE ACTIONS OF THE**
33 **CORPORATION OR ANY OF ITS OFFICERS AND**
34 **EMPLOYEES ARE FOUND TO BE IN WILLFUL**
35 **VIOLATION OF THIS ACT, PERFORMED IN BAD**
36 **FAITH, WITH MALICE AND/OR GROSS**

1 NEGLIGENCE, THE CORPORATION, ITS
2 DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS
3 ARE HELD FREE AND HARMLESS TO THE FULLEST
4 EXTENT PERMITTED BY LAW FROM ANY
5 LIABILITY, AND THEY SHALL BE INDEMNIFIED
6 FOR ANY AND ALL LIABILITIES, LOSSES, CLAIMS,
7 DEMANDS, DAMAGES, DEFICIENCIES, COSTS
8 AND EXPENSES OF WHATSOEVER KIND AND
9 NATURE THAT MAY ARISE IN CONNECTION WITH
10 THE PERFORMANCE OF THEIR FUNCTIONS,
11 WITHOUT PREJUDICE TO ANY CRIMINAL
12 LIABILITY UNDER EXISTING LAWS.”
13

14 SEC. 8. Section 9 (h) of the same Act is accordingly renumbered as Section
15 9 (i).
16

17 SEC. 9. A new provision numbered Section 13 shall be inserted in the
18 same Act to read as follows:
19

20 “Section 13. THE CORPORATION MAY FORM,
21 ESTABLISH, ORGANIZE, AND OPERATE AND/OR
22 CONTRACT TO OPERATE SUBSIDIARIES OR
23 CORPORATIONS WHOSE PRIMARY PURPOSE IS
24 TO OPERATE AS A BRIDGE BANK AND/OR
25 MANAGE ACQUIRED ASSETS OF THE
26 CORPORATION.
27

28 (1) A BRIDGE BANK REFERS TO A
29 TEMPORARY BANK LICENSED BY THE BANGKO
30 SENTRAL NG PILIPINAS (BSP), ESTABLISHED AND
31 OPERATED TO ACQUIRE ASSETS AND ASSUME
32 LIABILITIES OF A FAILED BANK TO FACILITATE
33 ITS RESOLUTION. THE BRIDGE BANK SHALL:
34

35 (A) HAVE AUTHORITY TO PURCHASE
36 ASSETS, ASSUME DEPOSITS AND

1 OTHER LIABILITIES WHICH THE
2 CORPORATION MAY DETERMINE TO
3 BE APPROPRIATE; AND
4

5 (B) PERFORM SUCH BANKING
6 FUNCTIONS AS THE MONETARY
7 BOARD MAY AUTHORIZE,
8 CONSISTENT WITH THE OBJECTIVES
9 OF THIS SECTION.
10

11 (2) A BRIDGE BANK RESOLUTION
12 MEASURE MAY BE ADOPTED ONLY IF THE BOARD
13 OF DIRECTORS DETERMINES THAT—
14

15 (A) IT IS A COST-EFFECTIVE AND VIABLE
16 RESOLUTION MEASURE AND THE
17 AMOUNT NECESSARY TO
18 IMPLEMENT SUCH MEASURE IS LESS
19 THAN THE ESTIMATED INSURED
20 DEPOSITS OF THE FAILED BANK;
21 AND
22

23 (B) THE PRESERVATION OF CRITICAL
24 BANKING FUNCTIONS IS IN THE
25 BEST INTEREST OF THE DEPOSITORS
26 AND THE PUBLIC.
27

28 (3) FOR THE EFFECTIVE IMPLEMENTATION
29 OF A BRIDGE BANK RESOLUTION MEASURE, THE
30 CORPORATION MAY:
31

32 (A) SELL, ASSIGN, TRANSFER, OR CONVEY
33 ITS SHAREHOLDINGS IN ITS
34 SUBSIDIARY TO THE FAILED BANK;
35

1 (B) TRANSFER SUCH ASSETS AND
2 DEPOSIT LIABILITIES OF A FAILED
3 BANK TO THE BRIDGE BANK, AS THE
4 CORPORATION MAY DEEM
5 APPROPRIATE. ALL TRANSFERS
6 UNDER THIS SUBSECTION SHALL:

7
8 (1) NOT BE SUBJECT TO ANY TAXES,
9 SUCH AS CAPITAL GAINS TAX, AS
10 WELL AS INCOME TAX, VALUE
11 ADDED TAX AND DOCUMENTARY
12 STAMP TAX, AND OTHER TAXES,
13 AS MAY BE APPLICABLE;

14
15 (2) BE CONSIDERED IN *CUSTODIA*
16 *LEGIS* IN THE HANDS OF THE
17 BRIDGE BANK. FROM THE TIME
18 THE ASSETS ARE TRANSFERRED
19 TO A BRIDGE BANK, ITS ASSETS
20 SHALL NOT BE SUBJECT TO
21 ATTACHMENT, EXECUTION,
22 GARNISHMENT, LEVY,
23 FORECLOSURE OR ANY OTHER
24 COURT PROCESSES. THEREFORE,
25 A JUDGE, OFFICER OF THE COURT
26 OR ANY PERSON WHO SHALL
27 ISSUE, ORDER, PROCESS OR
28 CAUSE THE ISSUANCE OR
29 IMPLEMENTATION OF THE WRIT
30 OF GARNISHMENT, LEVY,
31 ATTACHMENT OR EXECUTION
32 SHALL BE LIABLE UNDER
33 SECTION 22² HEREOF.

34

² Formerly Section 21 of the PDIC Charter.

1 (3) BE EFFECTIVE WITHOUT ANY
2 CONSENT FROM THE
3 STOCKHOLDERS, CREDITORS,
4 DEPOSITORS AND ALL OTHER
5 STAKEHOLDERS OF THE FAILED
6 BANK, NOTWITHSTANDING ANY
7 PROVISION OF LAW TO THE
8 CONTRARY.

9
10 (C) MAKE ADVANCES TO THE BRIDGE
11 BANK OR CLOSED BANK, UPON SUCH
12 TERMS AND CONDITIONS AND IN
13 SUCH FORM AND AMOUNTS AS THE
14 BOARD OF DIRECTORS MAY
15 PRESCRIBE, SUFFICIENT FUNDS FOR
16 THE BRIDGE BANK TO OPERATE.
17 THESE ADVANCES SHALL PARTAKE
18 OF THE NATURE OF PUBLIC FUNDS,
19 AND AS SUCH, MUST BE CONSIDERED
20 A PREFERRED CREDIT SIMILAR TO
21 TAXES DUE TO THE NATIONAL
22 GOVERNMENT IN THE ORDER OF
23 PREFERENCE UNDER ARTICLE 2224 OF
24 THE NEW CIVIL CODE;

25
26 (D) CONDUCT DUE DILIGENCE ON AN
27 INSURED BANK, AND EXAMINE AND
28 AUDIT THE DEPOSIT ACCOUNTS
29 AND/OR RECORDS, OF AN INSURED
30 BANK, SO AS TO ESTABLISH A
31 DEPOSIT PROFILE OF THE BANK AS
32 TO THE NUMBER OF DEPOSIT
33 ACCOUNTS AND TOTAL INSURED
34 DEPOSITS; PROVIDED, THAT THE
35 INFORMATION ON INDIVIDUAL
36 ACCOUNTS OBTAINED THROUGH

1 SUCH EXAMINATION OR AUDIT
2 SHALL NOT BE DISCLOSED OR
3 RELEASED TO ANY OTHER PARTY
4 EXCEPT TO THE CORPORATION'S
5 BOARD OF DIRECTORS OR UPON
6 ORDER OF THE COURT; AND

7
8 (E) APPOINT, INSTALL, DESIGNATE,
9 AND/OR REMOVE THE DIRECTORS
10 AND OFFICERS OF A BRIDGE BANK
11 AND FIX THEIR COMPENSATION.

12
13 (4) THE 90-DAY PERIOD PROVIDED UNDER
14 SECTION 30 OF REPUBLIC ACT 7653, AS AMENDED,
15 WITHIN WHICH THE RECEIVER SHALL
16 DETERMINE WHETHER THE INSTITUTION MAY BE
17 REHABILITATED SHALL NOT BE APPLICABLE.

18
19 (5) THE BRIDGE BANK SHALL TERMINATE
20 AT THE END OF TWO (2) YEARS FOLLOWING THE
21 DATE IT WAS GRANTED A BANKING LICENSE,
22 SUBJECT TO THE PROVISIONS IN PARAGRAPHS
23 (6) AND (7); PROVIDED, FURTHER, THAT THE
24 BOARD OF DIRECTORS MAY EXTEND THE STATUS
25 OF THE BRIDGE BANK IF DEEMED NECESSARY TO
26 CONCLUDE PENDING NEGOTIATIONS FOR THE
27 SALE, MERGER OR ACQUISITION OF THE BRIDGE
28 BANK BY A BUYER OR ACQUIRER. PROVIDED,
29 FINALLY, THAT THE MAXIMUM EXTENSION
30 SHALL BE ONE (1) YEAR.

31
32 (6) TERMINATION OF BRIDGE BANK.—THE
33 STATUS OF ANY BRIDGE BANK AS SUCH SHALL
34 TERMINATE UPON THE EARLIEST OF—
35

1 (A) THE MERGER OR CONSOLIDATION
2 OF THE BRIDGE BANK WITH
3 ANOTHER BANK THAT IS NOT A
4 BRIDGE BANK; OR

5
6 (B) THE SALE OF THE BRIDGE BANK TO A
7 QUALIFIED BUYER, AS MAY BE
8 DETERMINED BY THE BOARD OF
9 DIRECTORS; OR

10
11 (C) THE ASSUMPTION OF ALL OR
12 SUBSTANTIALLY ALL OF THE (1)
13 DEPOSITS AND OTHER LIABILITIES
14 AND/OR (2) ASSETS OF THE BRIDGE
15 BANK BY AN INSURED BANK THAT
16 IS NOT A BRIDGE BANK, OR OTHER
17 ENTITY AS PERMITTED UNDER
18 APPLICABLE LAW. FOLLOWING THE
19 ASSUMPTION OF ALL OR
20 SUBSTANTIALLY ALL OF THE
21 LIABILITIES OF THE BRIDGE BANK
22 AND THE SALE OF ALL OR
23 SUBSTANTIALLY ALL OF THE ASSETS
24 OF THE BRIDGE BANK, THE BRIDGE
25 BANK SHALL BE LIQUIDATED IN
26 ACCORDANCE WITH THE
27 PROVISIONS OF LAW RELATING TO
28 THE LIQUIDATION OF CLOSED
29 BANKS; AND

30
31 (D) THE EXPIRATION OF THE PERIOD
32 PROVIDED IN PARAGRAPH (5), OR
33 THE EARLIER DISSOLUTION OF THE
34 BRIDGE BANK AS PROVIDED IN
35 PARAGRAPH (7).
36

1 (7) DISSOLUTION OF BRIDGE BANK. —

2
3 (A) NOTWITHSTANDING ANY OTHER
4 PROVISION OF LAW TO THE
5 CONTRARY, IF THE BRIDGE BANK'S
6 STATUS AS SUCH HAS NOT
7 PREVIOUSLY BEEN TERMINATED BY
8 THE OCCURRENCE OF AN EVENT
9 SPECIFIED IN SUBPARAGRAPH (A),
10 (B) OR (C), OF PARAGRAPH (6), THE
11 CORPORATION'S BOARD OF
12 DIRECTORS, MAY DISSOLVE A
13 BRIDGE BANK AT ANY TIME IT
14 DEEMS NECESSARY.

15
16 (B) THE CORPORATION, AS SUCH
17 RECEIVER, SHALL WIND UP THE
18 AFFAIRS OF THE BRIDGE BANK IN
19 CONFORMITY WITH THE
20 PROVISIONS OF LAW RELATING TO
21 THE LIQUIDATION OF CLOSED
22 BANKS. WITH RESPECT TO ANY
23 SUCH BRIDGE BANK, THE
24 CORPORATION, AS SUCH RECEIVER,
25 SHALL HAVE ALL THE RIGHTS,
26 POWERS, AND PRIVILEGES, AND
27 SHALL PERFORM THE DUTIES
28 RELATED TO THE EXERCISE OF SUCH
29 RIGHTS, POWERS, OR PRIVILEGES
30 GRANTED BY LAW TO A RECEIVER
31 OF ANY INSURED BANK.

32
33 (8) MATTERS RELATING TO THE
34 EXERCISE BY THE CORPORATION OF THE
35 FUNCTIONS UNDER THIS SECTION SHALL BE
36 SUBJECT TO VISITORIAL AUDIT ONLY.

1
2 (9) THE ACTIONS OF THE CORPORATION
3 UNDER THIS SECTION SHALL BE FINAL AND
4 EXECUTORY, AND MAY NOT BE RESTRAINED OR
5 SET ASIDE BY THE COURT, EXCEPT ON PETITION
6 FOR CERTIORARI WITH THE COURT OF APPEALS
7 ON THE GROUND THAT THE ACTION WAS TAKEN
8 IN EXCESS OF JURISDICTION OR WITH SUCH
9 GRAVE ABUSE OF DISCRETION AS TO AMOUNT
10 TO A LACK OR EXCESS OF JURISDICTION. THE
11 PETITION FOR CERTIORARI MAY ONLY BE FILED
12 WITHIN TEN (10) DAYS FROM PUBLICATION OF
13 THE NOTICE ON THE ESTABLISHMENT OF A
14 BRIDGE BANK.
15

16 (10) THE BOARD OF DIRECTORS SHALL
17 PROMULGATE THE IMPLEMENTING RULES AND
18 REGULATIONS TO IMPLEMENT THE PROVISIONS
19 OF THIS SECTION."
20

21 SEC. 10. Sections 13 to 28 of the same Act shall be accordingly
22 renumbered as Sections 14 to 29.
23
24

25 SEC. 11. An additional paragraph in Section 18 of the same Act (as
26 renumbered herein) is hereby added to read as follows:
27

28 "CORPORATE FUNDS
29

30 SECTION 18. X X X. C) IT IS HEREBY
31 DECLARED TO BE THE POLICY OF THE STATE
32 THAT THE DEPOSIT INSURANCE FUND OF THE
33 CORPORATION SHALL BE PRESERVED AND
34 MAINTAINED AT ALL TIMES. ACCORDINGLY, ALL
35 TAX OBLIGATIONS OF THE CORPORATION FOR A
36 PERIOD OF FIVE (5) YEARS RECKONED FROM THE

1 DATE OF EFFECTIVITY OF THIS ACT SHALL BE
2 CHARGEABLE TO THE TAX EXPENDITURE FUND
3 (TEF) IN THE ANNUAL GENERAL
4 APPROPRIATIONS ACT PURSUANT TO THE
5 PROVISIONS OF EXECUTIVE ORDER NO. 93;
6 PROVIDED, THAT, ON THE 6TH YEAR AND
7 THEREAFTER, THE CORPORATION SHALL BE
8 EXEMPT FROM INCOME TAX AND VALUE-ADDED
9 TAX ON ASSESSMENTS COLLECTED FROM
10 MEMBER BANKS. IN THE CASE OF ITS OTHER TAX
11 LIABILITIES, THE CORPORATION SHALL BE
12 EXEMPT IF THE NATIONAL GOVERNMENT HAS
13 ATTAINED A BALANCED BUDGET. OTHERWISE,
14 THESE TAX OBLIGATIONS SHALL CONTINUE TO
15 BE CHARGEABLE TO THE TEF.

16
17 MOREOVER, THE EXEMPTION GRANTED
18 HEREIN SHALL NOT BE AFFECTED BY
19 SUBSEQUENT LAWS TO THE CONTRARY UNLESS
20 THIS SECTION IS EXPRESSLY, SPECIFICALLY AND
21 CATEGORICALLY REVOKED OR REPEALED BY
22 LAW AND A PROVISION IS ENACTED TO
23 SUBSTITUTE OR REPLACE THE EXEMPTION
24 REFERRED TO HEREIN AS AN ESSENTIAL FACTOR
25 TO MAINTAIN OR PROTECT THE SUFFICIENCY
26 AND SUSTAINABILITY OF THE DEPOSIT
27 INSURANCE FUND.”

28
29 SEC. 12. Section 17 (c) of the same Act shall be accordingly renumbered as
30 Section 18 (d).

31
32 SEC. 13. Section 20 (as renumbered herein) is hereby amended to read as
33 follows:

34
35 “Section 20. With the approval of the President of
36 the Philippines, the Corporation is authorized to issue

1 bonds, debentures, and other obligations, **BOTH LOCAL**
2 **OR FOREIGN**, as may be necessary for purposes of
3 **PROVIDING LIQUIDITY FOR** settlement of insured
4 deposits in closed banks as well as for financial assistance
5 as provided herein: Provided, That the Board of Directors
6 shall determine the interest rates, maturity and other
7 requirements of said obligations: Provided, further, That
8 the Corporation shall provide for appropriate reserves for
9 the redemption or retirement of said obligation.

10
11 All notes, debentures, bonds, or such obligations
12 issued by the Corporation shall be exempt from taxation
13 **BOTH AS TO PRINCIPAL AND INTEREST, AND**
14 **SHALL BE FULLY GUARANTEED BY THE**
15 **GOVERNMENT OF THE REPUBLIC OF THE**
16 **PHILIPPINES. SUCH GUARANTEE, WHICH IN NO**
17 **CASE SHALL EXCEED TWO TIMES THE DEPOSIT**
18 **INSURANCE FUND AS OF DATE OF THE DEBT**
19 **ISSUANCE, SHALL BE EXPRESSED ON THE FACE**
20 **THEREOF.**

21
22 **THE BOARD OF DIRECTORS SHALL HAVE**
23 **THE POWER TO PRESCRIBE RULES AND**
24 **REGULATIONS FOR THE ISSUANCE, REISSUANCE,**
25 **SERVICING, PLACEMENT AND REDEMPTION OF**
26 **THE BONDS HEREIN AUTHORIZED TO BE ISSUED**
27 **AS WELL AS THE REGISTRATION OF SUCH BONDS**
28 **AT THE REQUEST OF THE HOLDERS THEREOF."**

29
30 SEC. 14. An additional paragraph shall be inserted under Section 2, to
31 read as follows:

32
33 "SECTION 2. xxx The Board of Directors shall
34 have the authority:

1 **7. TO REVIEW THE ORGANIZATIONAL SET-**
2 **UP OF THE CORPORATION AND ADOPT A NEW OR**
3 **REVISED ORGANIZATIONAL STRUCTURE AS IT**
4 **MAY DEEM NECESSARY FOR THE CORPORATION**
5 **TO UNDERTAKE ITS MANDATE AND**
6 **FUNCTIONS.”**

7
8
9 **SEC. 15. Separability Clause.** If any provision or section of this Act or the
10 application thereof to any person or circumstances is held invalid, the other
11 provisions or sections of this Act, in the application of such provision or section
12 to other persons or circumstances, shall not be affected thereby.

13
14 **SEC. 16. Repealing Clause.** All acts or parts of acts and executive orders,
15 administrative orders, or parts thereof, which are inconsistent with the
16 provisions of this Act, are hereby repealed.

17
18 **SEC. 17. Effectivity Clause.** This Act shall take effect fifteen (15) days
19 following the completion of its publication in the Official Gazette or in two (2)
20 newspapers of general circulation.

21
22 **Approved.**