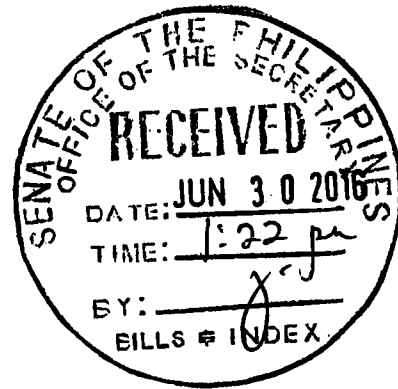


SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



SENATE

S. B. No. 16

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Introduced by SENATOR FRANKLIN M. DRILON

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**AN ACT AMENDING REPUBLIC ACT NO. 7653, OTHERWISE KNOWN AS  
"THE NEW CENTRAL BANK ACT"**

**EXPLANATORY NOTE**

In 1993, the Congress enacted Republic Act No. 7653, otherwise known as the New Central Bank Act, which established the *Bangko Sentral ng Pilipinas* (BSP) as the country's independent central monetary authority. Twenty years hence, the economic milieu in the Philippines has changed. Globalization has fostered the integration of financial markets and reshaped the structure of financial institutions. Thus, there exists a need to strengthen the BSP in order to remain effective in performing its policy-making and regulatory functions.

The improvements sought to be incorporated in the BSP charter shall supplement the existing mechanisms in protecting the savings of depositors, ensure the smooth flow of transactions in the financial system, and enhance the corporate viability of the BSP. The proposed amendments in this bill are three-fold:

1. Strengthening BSP's Monetary Stability Function
  - a. Restoration of authority to issue negotiable certificates of indebtedness even during normal times, a power granted to the old Central Bank of the Philippines;
  - b. Removal of thresholds in the growth of monetary aggregates, credit and prices as guiding principles in monetary administration, in view of current international trends in monetary policy frameworks adopting inflation targeting.
2. Strengthening BSP's Financial Stability Function
  - a. Formal recognition of financial stability in BSP's statutory mandate, as well as providing statutory oversight of payment and settlement systems;
  - b. Enhancement of BSP's supervisory authority by expanding the coverage of regulated entities to include other categories of financial institutions; grant of authority to impose sanctions on transfers and

acquisitions of substantial shares of banks and quasi-banks without BSP approval; grant of full flexibility to conduct risk-based supervision of financial institutions; strengthening of administrative and criminal sanctions to include, among other things, forfeiture of profits from unauthorized financial transactions; and improvement of resolution mechanisms to deal with distressed financial institutions; and

- c. Legal protection for BSP officials and staff when performing official duties similar to that provided to officers and employees of the Philippine Deposit Insurance Corporation.

### 3. Strengthening BSP's Corporate and Financial Viability

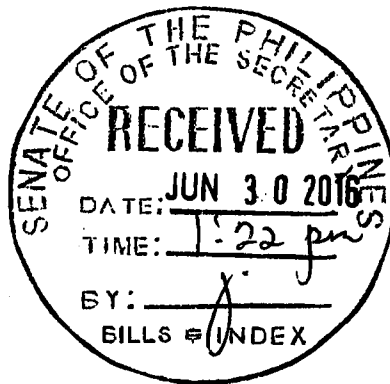
- a. Additional BSP capitalization of P150 billion, payable in 3 years;
- b. Flexibility to establish adequate loss allowances and create reserve buffers against future risks and contingencies, and restoration of tax exemption; and
- c. Enhancement of credit operations by granting exemption from court processes relating to collateral obtained from banks similar to that enjoyed by Land Bank of the Philippines (LBP); and authority to deputize legal staff in extrajudicial foreclosure of mortgaged properties in the same manner that legal staff of LBP and Development Bank of the Philippines (DBP) are authorized to do so.

These amendments, once enacted into law, will empower the BSP to aptly respond to challenges and innovations of a globalized economy and, more significantly, to effectively perform its constitutional mandates. Indeed, an empowered BSP is indispensable in ensuring a competitive, robust and inclusive economy.

In view of the foregoing, the immediate approval of this bill is earnestly sought.

  
**FRANKLIN M. DRILON**  
Senator

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



SENATE  
S. B. No. 16

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Introduced by SENATOR FRANKLIN M. DRILON

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**AN ACT AMENDING REPUBLIC ACT NO. 7653, OTHERWISE KNOWN AS  
"THE NEW CENTRAL BANK ACT"**

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

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

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

7           The capital of the *Bangko Sentral* shall be **TWO HUNDRED**  
8 **[Fifty]** billion pesos (P[50,]**200,000,000,000**), to be fully  
9 subscribed by the Government of the Republic, hereafter  
10 referred to as the Government. [Ten billion pesos  
11 (P10,000,000,000) of which] **THE UNPAID**  
12 **SUBSCRIPTION** shall be fully paid for by the Government **IN**  
13 **THREE (3) CONSECUTIVE ANNUAL INSTALLMENTS**  
14 **UNTIL 2017.** [upon the effectivity of this Act and the balance  
15 to be paid for within a period of two (2) years from the  
16 effectivity of this Act in such manner and form as the  
17 Government, through the Secretary of Finance and the Secretary  
18 of Budget and Management, may thereafter determine.]

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

1           SEC. 3. *Responsibility and Primary Objective.* — The *Bangko*  
2           *Sentral* shall provide policy directions in the areas of money,  
3           banking, and credit. It shall have supervision over the  
4           operations of banks and exercise such regulatory powers as  
5           provided in this Act and other pertinent laws over the  
6           operations of finance companies and non-bank financial  
7           institutions performing quasi-banking functions, [hereafter  
8           referred to as quasi-banks,] **CREDIT CARD COMPANIES,**  
9           **MONEY CHANGERS, E-MONEY ISSUERS,**  
10           **REMITTANCE AGENTS, PAYMENT AND SETTLEMENT**  
11           **SYSTEM OPERATORS** and **OTHER** institutions performing  
12           similar functions **AS MAY BE DETERMINED BY THE**  
13           **MONETARY BOARD.**

14           The primary objective of the *Bangko Sentral* is to maintain price  
15           stability conducive to a balanced and sustainable growth of the  
16           economy. It shall also promote and maintain monetary **AND**  
17           **FINANCIAL** stability and the convertibility of the peso.

18           **THE BANGKO SENTRAL SHALL OVERSEE THE**  
19           **PAYMENTS AND SETTLEMENTS SYSTEMS IN THE**  
20           **PHILIPPINES IN ACCORDANCE WITH SOUND AND**  
21           **PRUDENT PRACTICES.**

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

23           SEC. 11. *Meetings.* — The Monetary Board shall meet at least  
24           once a week. The Board may be called to a meeting by the  
25           Governor of the *Bangko Sentral* or by two (2) other members of  
26           the Board.

27           The presence of four (4) members shall constitute a quorum:  
28           *Provided,* That in all cases the Governor or his duly designated  
29           alternate shall be among the four (4).

1 Unless otherwise provided in this Act, all decisions of the  
2 Monetary Board shall require the concurrence of at least four (4)  
3 members.

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

8 **THE MEETINGS OF THE MONETARY BOARD MAY BE**  
9 **CONDUCTED THROUGH MODERN TECHNOLOGIES**  
10 **SUCH AS, BUT NOT LIMITED TO,**  
11 **TELECONFERENCING AND VIDEOCONFERENCING.**

12 **SEC. 4.** Section 16 of the same Act is hereby amended to read as follows:

13 **SEC. 16. Responsibility.** — Members of the Monetary Board,  
14 officials, examiners, and employees of the *Bangko Sentral* who  
15 willfully violate this act or who are guilty of negligence, abuses  
16 or acts of malfeasance or misfeasance [or fail to exercise  
17 extraordinary diligence] in the performance of [his] **THEIR**  
18 duties shall be held liable for any loss or injury suffered by the  
19 *Bangko Sentral* or other banking institutions as a result of such  
20 violation, negligence, abuse, malfeasance[,] **OR** misfeasance [or  
21 failure to exercise extraordinary diligence].

22 Similar responsibility shall apply to members, officers, and  
23 employees of the *Bangko Sentral* for: (1) the disclosure of any  
24 information of a confidential nature, or any information on the  
25 discussions or resolutions of the Monetary Board, or about the  
26 confidential operations of the *Bangko Sentral*, unless the  
27 disclosure is in connection with the performance of official  
28 functions with the *Bangko Sentral*, or is with prior  
29 authorization of the Monetary Board or the Governor; or (2) the  
30 use of such information for personal gain or to the detriment of  
31 the government, the *Bangko Sentral* or third parties: *Provided,*

1           *however*, that any data or information required to be submitted  
2 to the President and/or the Congress, or to be published under  
3 the provisions of this act shall not be considered confidential.

4           **THE ABOVE NOTWITHSTANDING, UNLESS THE**  
5 **ACTIONS OF THE *BANGKO SENTRAL* OR ANY OF ITS**  
6 **OFFICERS AND EMPLOYEES ARE FOUND TO BE IN**  
7 **WILLFUL VIOLATION OF THIS ACT, PERFORMED IN**  
8 **BAD FAITH, WITH MALICE AND/OR GROSS**  
9 **NEGLIGENCE, THE *BANGKO SENTRAL*, MEMBERS**  
10 **OF THE MONETARY BOARD, ITS OFFICERS AND**  
11 **EMPLOYEES, ARE HELD FREE AND HARMLESS TO**  
12 **THE FULLEST EXTENT PERMITTED BY LAW FROM**  
13 **ANY LIABILITY, AND THEY SHALL BE INDEMNIFIED**  
14 **FOR ANY AND ALL LIABILITIES, LOSSES, CLAIMS,**  
15 **DEMANDS, DAMAGES, DEFICIENCIES, COSTS AND**  
16 **EXPENSES OF WHATSOEVER KIND AND NATURE**  
17 **THAT MAY ARISE IN CONNECTION WITH THE**  
18 **PERFORMANCE OF THEIR DUTIES DONE IN GOOD**  
19 **FAITH AND CONSISTENT WITH THE POWERS AND**  
20 **FUNCTIONS AUTHORIZED BY LAW.**

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

22           **SEC. 21. *Deputy Governors.*** — The Governor of the *Bangko*  
23 *Sentral*, with the approval of the Monetary Board, shall appoint  
24 not more than [three (3)] **FIVE (5)** Deputy Governors who  
25 shall perform duties as may be assigned to them by the  
26 Governor and the Board.

27           In the absence of the Governor, a Deputy Governor designated  
28 by the Governor shall act as chief executive of the *Bangko*  
29 *Sentral* and shall exercise the powers and perform the duties of  
30 the Governor. Whenever the Government is unable to attend  
31 meetings of government boards or councils in which he is an ex

1 officio member pursuant to provisions of special laws, a Deputy  
2 Governor as may be designated by the Governor shall be vested  
3 with authority to participate and exercise the right to vote in  
4 such meetings.

5 **SEC. 6.** Section 23 of the same Act is hereby amended to read as follows:

6 **SEC. 23. Authority to Obtain Data and Information.** — The  
7 *Bangko Sentral* shall have the authority to **REQUIRE**  
8 **[request]** from government offices and instrumentalities, or  
9 government-owned or -controlled corporations, any data which  
10 it may require for the proper discharge of its functions and  
11 responsibilities. The *Bangko Sentral* through the Governor or  
12 in his absence, a duly authorized representative shall have the  
13 power to issue a subpoena for the production of the books and  
14 records for the aforesaid purpose. Those who refuse the  
15 subpoena without justifiable cause, or who refuse to supply the  
16 **[bank] BANGKO SENTRAL** with data **[requested or]**  
17 required, shall be subject to punishment for contempt in  
18 accordance with the provisions of the Rules of Court.

19 Data on individual firms, other than banks, gathered by the  
20 **[Department of Economic Research and other departments or**  
21 **units of the]** *Bangko Sentral* shall not be made available to any  
22 person or entity outside of the *Bangko Sentral* whether public  
23 or private except under order of the court or under such  
24 conditions as may be prescribed by the Monetary Board:  
25 *Provided, however,* That the collective data on firms may be  
26 released to interested persons or entities: *Provided, finally,* That  
27 in the case of data on banks, the provisions of Section 27 of this  
28 Act shall apply.

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

30 **SEC. 25. Supervision and Examination.** — The *Bangko Sentral*  
31 shall have supervision over, and conduct **[periodic] REGULAR**

1 or special examinations of, banking institutions and quasi-  
2 banks, including their subsidiaries and affiliates engaged in  
3 allied activities.

4 **THE *BANGKO SENTRAL* SHALL HAVE REGULATORY**  
5 **AUTHORITY OVER, AND CONDUCT REGULAR OR**  
6 **SPECIAL EXAMINATIONS OF, ENTITIES WHICH**  
7 **UNDER THIS ACT OR BY SPECIAL LAWS ARE**  
8 **SUBJECT TO ITS JURISDICTION.**

9 **THE *BANGKO SENTRAL* SHALL ALSO HAVE THE**  
10 **POWER TO OBTAIN INFORMATION FOR**  
11 **SUPERVISORY PURPOSES ON TRANSACTIONS**  
12 **BETWEEN A SUPERVISED INSTITUTION AND ITS**  
13 **PARENT OR OTHER AFFILIATE COMPANIES, AND**  
14 **EXAMINE THESE TRANSACTIONS. THIS POWER**  
15 **INCLUDES THE AUTHORITY OF THE *BANGKO***  
16 ***SENTRAL* TO LOOK INTO THE MAIN ACTIVITIES OF**  
17 **COMPANIES AFFILIATED WITH THE PARENT**  
18 **COMPANIES THAT HAVE A MATERIAL IMPACT ON**  
19 **THE SAFETY AND SOUNDNESS OF THE BANK AND**  
20 **THE BANKING GROUP.**

21 **A PARENT COMPANY MEANS A CORPORATION**  
22 **WHICH OWNS DIRECTLY OR INDIRECTLY VOTING**  
23 **STOCK OF A SUPERVISED INSTITUTION OF THE**  
24 ***BANGKO SENTRAL* SUFFICIENT TO CONTROL ITS**  
25 **MANAGEMENT AND OPERATIONS, SUBJECT TO THE**  
26 **GUIDELINES ISSUED BY THE MONETARY BOARD.**

27 **AS USED IN THIS SECTION AND SECTION 25-A, AND**  
28 **SUBJECT TO THE GUIDELINES ISSUED BY THE**  
29 **MONETARY BOARD, CONTROL EXISTS WHEN THE**  
30 **PARENT OWNS DIRECTLY OR INDIRECTLY MORE**  
31 **THAN ONE HALF OF THE STOCK OF A SUPERVISED**



1           **INSTITUTION. CONTROL ALSO EXISTS EVEN WHEN**  
2           **THE PARENT OWNS ONE HALF OR LESS OF THE**  
3           **VOTING STOCK OF THE SUPERVISED INSTITUTION**  
4           **WHEN THERE IS POWER OVER MORE THAN ONE**  
5           **HALF OF THE VOTING RIGHTS BY PROXY OR BY**  
6           **VIRTUE OF AN AGREEMENT WITH OTHER**  
7           **INVESTORS, OR OTHER SIMILAR ARRANGEMENTS,**  
8           **WHICH THEREBY ENABLES THE PARENT COMPANY**  
9           **TO CAST THE MAJORITY OF VOTES AT MEETINGS OF**  
10          **THE STOCKHOLDERS OF THE SUPERVISED**  
11          **INSTITUTION, OR TO ELECT THE MAJORITY OF**  
12          **MEMBERS OF THE BOARD OF DIRECTORS OF THE**  
13          **SUPERVISED INSTITUTION OR TO APPOINT KEY**  
14          **EXECUTIVE OFFICERS WHO SHALL DIRECTLY OR**  
15          **INDIRECTLY CONTROL THE MANAGEMENT AND**  
16          **OPERATIONS OF THE SUPERVISED INSTITUTION.**

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

25          The department heads and the examiners of the supervising  
26          and/or examining departments are hereby authorized to  
27          administer oaths to any director, officer, or employee of any  
28          institution under their respective supervision or subject to their  
29          examination, and to compel the presentation of all books,  
30          documents, papers or records necessary in their judgment to  
31          ascertain the facts relative to the true condition of any  
32          institution as well as the books and records of persons and

1 entities relative to or in connection with the operations,  
2 activities or transactions of the institution under examination  
3 subject to the provision of existing laws protecting or  
4 safeguarding the secrecy or confidentiality of bank deposits as  
5 well as investments of private persons, natural or juridical, in  
6 debt instruments issued by the Government.

7 No restraining order or injunction shall be issued by the court  
8 enjoining the *Bangko Sentral* from examining any institution  
9 subject to supervision or examination by the *Bangko Sentral*,  
10 unless there is convincing proof that the action of the *Bangko*  
11 *Sentral* is plainly arbitrary and made in bad faith and the  
12 petitioner or plaintiff files with the clerk or judge of the court in  
13 which the action is pending a bond executed in favor of the  
14 *Bangko Sentral*, in an amount to be fixed by the court. The  
15 provisions of Rule 58 of the New Rules of Court insofar as they  
16 are applicable and not inconsistent with the provisions of this  
17 section shall govern the issuance and dissolution of the  
18 restraining order or injunction contemplated in this section.

19 **SEC. 8.** A new section entitled Section 25-A is hereby inserted in the same  
20 Act to read as follows:

21 **SEC. 25-A. AUTHORITY TO APPROVE TRANSFER OF**  
22 **SHARES - TRANSFERS OR ACQUISITIONS, OR A**  
23 **SERIES THEREOF, OF TEN PERCENT (10%) OF**  
24 **VOTING RIGHTS IN BANKS OR QUASI-BANKS SHALL**  
25 **REQUIRE THE PRIOR APPROVAL OF THE BANGKO**  
26 **SENTRAL. THE SELLING OR CONVEYING**  
27 **STOCKHOLDER SHALL SUBMIT SUCH TRANSFER OR**  
28 **ACQUISITION FOR APPROVAL BY THE BANGKO**  
29 **SENTRAL WITHIN SUCH PERIOD AS MAY BE**  
30 **PRESCRIBED BY THE MONETARY BOARD. IN**  
31 **APPROVING SUCH TRANSFERS OR ACQUISITIONS,**  
32 **REGARD SHALL BE GIVEN BY THE BANGKO**

1           **SENTRAL TO THE FITNESS OF THE INCOMING**  
2           **STOCKHOLDERS AS MAY BE INDICATED IN THEIR**  
3           **INTEGRITY, REPUTATION AND FINANCIAL**  
4           **CAPACITY. WITHOUT BANGKO SENTRAL**  
5           **APPROVAL, NO SUCH TRANSFER OR ACQUISITION**  
6           **SHALL HAVE LEGAL EFFECT NOR SHALL THE SAME**  
7           **BE RECOGNIZED IN THE BOOKS OF THE**  
8           **INSTITUTION OR BY ANY GOVERNMENT AGENCY,**  
9           **AND THE TRANSFEROR-STOCKHOLDERS SHALL**  
10          **REMAIN ACCOUNTABLE AND RESPONSIBLE**  
11          **THEREFOR. TRANSFER OF ACTUAL CONTROL OR**  
12          **MANAGEMENT OF THE INSTITUTION TO THE NEW**  
13          **STOCKHOLDERS OR THEIR REPRESENTATIVES**  
14          **PRIOR TO BANGKO SENTRAL APPROVAL SHALL**  
15          **MAKE THE TRANSFEROR, THE TRANSFEREE AND**  
16          **ANY PERSON RESPONSIBLE THEREFOR LIABLE**  
17          **UNDER SECTIONS 36 AND 37 OF THIS ACT.**  
18          **NOTWITHSTANDING ANY PROVISION OF LAW TO**  
19          **THE CONTRARY, THE BANGKO SENTRAL MAY**  
20          **SHARE WITH THE PHILIPPINE DEPOSIT**  
21          **INSURANCE CORPORATION ANY INFORMATION**  
22          **THAT THE BANGKO SENTRAL MAY OBTAIN**  
23          **PERTAINING TO TRANSFER OR ACQUISITION OF**  
24          **SHARES OR SERIES OF TRANSFERS OR**  
25          **ACQUISITION OF SHARES IN BANKS AND QUASI-**  
26          **BANKS.**

27          **SEC. 9.** Section 28 of the same Act is hereby amended to read as follows:

28            **SEC. 28. Examination and Fees.** — The supervising and  
29            examining department head, personally or by deputy, shall  
30            examine the [books] **OPERATIONS** of every bank[ing] **AND**  
31            **QUASI-BANK, INCLUDING THEIR SUBSIDIARIES**  
32            **AND AFFILIATES ENGAGED IN ALLIED ACTIVITIES,**

1           **AND OTHER ENTITIES WHICH UNDER THIS ACT OR**  
2           **SPECIAL LAWS ARE SUBJECT TO *BANGKO SENTRAL***  
3           **SUPERVISION, IN ACCORDANCE WITH THE**  
4           **GUIDELINES SET BY THE MONETARY BOARD**  
5           **TAKING INTO CONSIDERATION SOUND AND**  
6           **PRUDENT PRACTICES. [once in every twelve (12) months,**  
7           and at such other times as the Monetary Board by an affirmative  
8           vote of five (5) members, may deem expedient and to make a  
9           report on the same to the Monetary Board:] *Provided*, That  
10          there shall be an interval of at least twelve (12) months between  
11          [annual] **REGULAR** examinations; **PROVIDED,**  
12          **FURTHER, THAT THE MONETARY BOARD, BY AN**  
13          **AFFIRMATIVE VOTE OF AT LEAST FIVE (5)**  
14          **MEMBERS, MAY AUTHORIZE A SPECIAL**  
15          **EXAMINATION IF THE CIRCUMSTANCES WARRANT.**

16          The **INSTITUTION** [bank] concerned shall afford to the head  
17          of the appropriate supervising and examining departments and  
18          to his authorized deputies full opportunity to examine its books  
19          **AND RECORDS**, cash and [available] assets and general  
20          condition **AND REVIEW ITS SYSTEMS AND**  
21          **PROCEDURES** at any time during **BUSINESS** [banking]  
22          hours when requested to do so by the *Bangko Sentral*:  
23          *Provided, however*, That none of the reports and other papers  
24          relative to such examinations shall be open to inspection by the  
25          public except insofar as such publicity is incidental to the  
26          proceedings hereinafter authorized or is necessary for the  
27          prosecution of violations in connection with the business of such  
28          institutions.

29          [Banking and quasi-banking institutions which are subject to  
30          examination by the *Bangko Sentral*] **SUPERVISED**  
31          **INSTITUTIONS** shall pay to the *Bangko Sentral*, **NO LATER**  
32          **THAN MAY 31 OF EACH YEAR** [within the first thirty (30)

1 days of each year], an annual **SUPERVISION** fee [in an  
2 amount equal to a percentage,] as may be prescribed by the  
3 Monetary Board.[,of its average total assets during the  
4 preceding year as shown on its end-of-month balance sheets,  
5 after deducting cash on hand and amounts due from banks,  
6 including the *Bangko Sentral* and banks abroad.] **IN**  
7 **DETERMINING THE ANNUAL SUPERVISION FEE,**  
8 **THE MONETARY BOARD SHALL CONSIDER THE**  
9 **COST OF SUPERVISION.**

10 **SEC. 10.** A new section entitled Section 28-A is hereby inserted in the same  
11 Act to read as follows:

12 **SEC. 28-A. BANGKO SENTRAL COORDINATION. -**  
13 **THE SUSPENSION OR REVOCATION OF ANY**  
14 **GOVERNMENT LICENSE NECESSARY FOR THE**  
15 **OPERATION OF A BANGKO SENTRAL-SUPERVISED**  
16 **ENTITY MUST BE DONE ONLY WITH PRIOR**  
17 **CONSULTATION WITH THE BANGKO SENTRAL.**

18 **SEC. 11.** Section 30 of the same Act is hereby amended to read as follows:

19 **SEC. 30. Proceedings in Receivership and Liquidation. -**  
20 Whenever, upon report of the head of the supervising or  
21 examining department, the Monetary Board finds that a bank or  
22 quasi-bank:

- 23 (a) is unable to pay its liabilities as they become due in the  
24 ordinary course of business: *Provided*, That this shall not  
25 include inability to pay caused by extraordinary demands  
26 induced by financial panic in the banking community;
- 27 (b) has insufficient realizable assets, as determined by the  
28 *Bangko Sentral*, to meet its liabilities; or
- 29 (c) cannot continue in business without involving probable  
30 losses to its depositors or creditors; or

1 (d) has willfully violated a cease and desist order under  
2 Section 37 that has become final, involving acts or  
3 transactions which amount to fraud or a dissipation of  
4 the assets of the institution; in which cases, the Monetary  
5 Board may summarily and without need for prior hearing  
6 forbid the institution from doing business in the  
7 Philippines and designate the Philippine Deposit  
8 Insurance Corporation as receiver of the banking  
9 institution.

10 [For a quasi-bank, any person of recognized competence in  
11 banking or finance may be designated as receiver.]

12 The receiver shall immediately gather and take charge of all the  
13 assets and liabilities of the institution, administer the same for  
14 the benefit of its creditors, and exercise the general powers of a  
15 receiver under the Revised Rules of Court but shall not, with the  
16 exception of administrative expenditures, pay or commit any act  
17 that will involve the transfer or disposition of any asset of the  
18 institution: *Provided*, That the receiver may deposit or place the  
19 funds of the institution in nonspeculative investments. The  
20 receiver shall determine as soon as possible, but not later than  
21 ninety (90) days from takeover, whether the institution may be  
22 rehabilitated or otherwise placed in such a condition so that it  
23 may be permitted to resume business with safety to its  
24 depositors and creditors and the general public: *Provided*, That  
25 any determination for the resumption of business of the  
26 institution shall be subject to prior approval of the Monetary  
27 Board.

28 **IN ORDER TO REHABILITATE THE CLOSED**  
29 **INSTITUTION OR TO RESTORE ITS OPERATIONS**  
30 **WITH SAFETY TO ITS DEPOSITORS, CREDITORS**  
31 **AND THE GENERAL PUBLIC, OR TO MERGE OR**  
32 **CONSOLIDATE THE CLOSED INSTITUTION WITH**

1           **ANOTHER QUALIFIED INSTITUTION, THE RECEIVER**  
2           **MAY IMMEDIATELY TRANSFER OR DISPOSE OF ANY**  
3           **OR ALL OF THE ASSETS OF THE CLOSED**  
4           **INSTITUTION, CAUSE QUASI-REORGANIZATION OF**  
5           **THE INSTITUTION, AND SUCH OTHER ACTS AS MAY**  
6           **BE AUTHORIZED BY LAW.**

7           If the receiver determines that the institution cannot be  
8           rehabilitated or permitted to resume business in accordance  
9           with the next preceding paragraph, the Monetary Board shall  
10          notify in writing the board of directors of **THE RECEIVER'S**  
11          [its] findings and direct the receiver to proceed with the  
12          liquidation of the institution. The receiver shall:

13           (1) file *ex parte* with the proper regional trial court, and  
14           without requirement of prior notice or any other action, a  
15           petition for assistance in the liquidation of the institution  
16           pursuant to a liquidation plan adopted by the Philippine  
17           Deposit Insurance Corporation for general application to  
18           all closed banks. In case of quasi-banks, the liquidation  
19           plan shall be adopted by the Monetary Board. Upon  
20           acquiring jurisdiction, the court shall, upon motion by the  
21           receiver after due notice, adjudicate disputed claims  
22           against the institution, assist the enforcement of  
23           individual liabilities of the stockholders, directors and  
24           officers, and decide on other issues as may be material to  
25           implement the liquidation plan adopted. The receiver  
26           shall pay the cost of the proceedings from the assets of  
27           the institution.

28           (2) convert the assets of the institutions to money, dispose of  
29           the same to creditors and other parties, for the purpose of  
30           paying the debts of such institution in accordance with  
31           the rules on concurrence and preference of credit under  
32           the Civil Code of the Philippines and he may, in the name

1 of the institution, and with the assistance of counsel as he  
2 may retain, institute such actions as may be necessary to  
3 collect and recover accounts and assets of, or defend any  
4 action against, the institution. The assets of an institution  
5 under receivership or liquidation shall be deemed in  
6 *custodia legis* in the hands of the receiver and shall, from  
7 the moment the institution was placed under such  
8 receivership or liquidation, be exempt from any order of  
9 garnishment, levy, attachment, or execution.

10 The actions of the Monetary Board taken under this section or  
11 under Section 29 of this Act shall be final and executory, and  
12 may not be restrained or set aside by the court except on  
13 petition for *certiorari* on the ground that the action taken was in  
14 excess of jurisdiction or with such grave abuse of discretion as to  
15 amount to lack or excess of jurisdiction. The petition for  
16 *certiorari* may only be filed by the stockholders of record  
17 representing the majority of the capital stock within ten (10)  
18 days from receipt by the board of directors of the institution of  
19 the order directing receivership, liquidation or conservatorship.  
20 The designation of a conservator under Section 29 of this Act or  
21 the appointment of a receiver under this section shall be vested  
22 exclusively with the Monetary Board. Furthermore, the  
23 designation of a conservator is not a precondition to the  
24 designation of a receiver.

25 **THE AUTHORITY OF THE MONETARY BOARD TO**  
26 **PLACE A BANK OR QUASI-BANK UNDER**  
27 **RECEIVERSHIP AS PROVIDED ABOVE MAY ALSO BE**  
28 **EXERCISED OVER NON-STOCK SAVINGS AND LOAN**  
29 **ASSOCIATIONS, BASED ON THE SAME APPLICABLE**  
30 **GROUND. FOR QUASI-BANKS AND NON-STOCK**  
31 **SAVINGS AND LOAN ASSOCIATIONS, ANY PERSON**  
32 **OF RECOGNIZED COMPETENCE IN BANKING,**



1                   **CREDIT OR FINANCE MAY BE DESIGNATED AS A**  
2                   **RECEIVER.**

3           **SEC. 12.** Section 31 of the same Act is hereby amended to read as follows:

4           SEC. 31. *Distribution of Assets.* — In case of liquidation of a  
5           bank, quasi-bank **OR NON-STOCK SAVINGS AND LOAN**  
6           **ASSOCIATION**, after payment of the cost of proceedings,  
7           including reasonable expenses and fees of the receiver to be  
8           allowed by the court, the receiver shall pay the debts of such  
9           institution, under order of the court, in accordance with the  
10          rules on concurrence and preference of credit as provided in the  
11          Civil Code.

12          **SEC. 13.** Section 32 of the same Act is hereby amended to read as follows:

13          SEC. 32. *Disposition of Revenues and Earnings.* — All revenues  
14          and earnings realized by the receiver in winding up the affairs  
15          and administering the assets of any bank, quasi-bank **OR NON-**  
16          **STOCK SAVINGS AND LOAN ASSOCIATION** within the  
17          purview of this Act shall be used to pay the costs, fees and  
18          expenses mentioned in the preceding section, salaries of such  
19          personnel whose employment is rendered necessary in the  
20          discharge of the liquidation together with other additional  
21          expenses caused thereby. The balance of revenues and earnings,  
22          after the payment of all said expenses, shall form part of the  
23          assets available for payment to creditors.

24          **SEC. 14.** Section 34 of the same Act is hereby amended to read as follows:

25          SEC. 34. *Refusal to Make Reports or Permit Examination.* —  
26          Any officer, owner, agent, manager, director or officer-in-charge  
27          of any institution subject to the supervision or examination by  
28          the *Bangko Sentral* within the purview of this act who, being  
29          required in writing by the Monetary Board or by the head of the  
30          supervising and examining department willfully refuses to file

1 the required report or permit any lawful examination into the  
2 affairs of such institution shall be punished by a fine of not less  
3 than fifty thousand pesos (P50,000) nor more than [one  
4 hundred thousand pesos (P100,000)] **TWO MILLION**  
5 **PESOS (P2,000,000)** or by imprisonment of not less than  
6 one (1) year nor more than five (5) years, or both, [in] **AT** the  
7 discretion of the court.

8 **THIS SHALL ALSO APPLY TO THE OFFICER, OWNER,**  
9 **AGENT, MANAGER, DIRECTOR OR OFFICER-IN-**  
10 **CHARGE OF THE AFFILIATE COMPANY/IES AND**  
11 **PARENT COMPANY OF A BANK OR QUASI-BANK, AS**  
12 **WELL AS THE AFFILIATES OF SUCH PARENT**  
13 **COMPANY, WHOSE TRANSACTIONS ARE SUBJECT**  
14 **TO EXAMINATION UNDER THIS LAW.**

15 **SEC. 15.** Section 35 of the same Act is hereby amended to read as follows:

16 *SEC. 35. False Statement.* — The willful making of a false or  
17 misleading statement on a material fact to the Monetary Board  
18 or to the examiners of the *Bangko Sentral* shall be punished by  
19 a fine of not less than One hundred thousand pesos (P100,000)  
20 nor more than [Two hundred thousand pesos (P200,000)]  
21 **TWO MILLION PESOS (P2,000,000)**, or by imprisonment  
22 of not more than (5) years, or both, at the discretion of the court.

23 **SEC. 16.** Section 36 of the same Act is hereby amended to read as follows:

24 *SEC. 36. Proceedings Upon Violation of This Act and Other*  
25 *Banking Laws, Rules, Regulations, Orders or Instructions.* —  
26 Whenever a bank, [or] quasi-bank, **OR OTHER ENTITY**  
27 **WHICH UNDER THIS ACT OR SPECIAL LAWS IS**  
28 **SUBJECT TO BANGKO SENTRAL SUPERVISION** or  
29 whenever any person or entity willfully violates this Act or other  
30 pertinent banking laws being enforced or implemented by the  
31 *Bangko Sentral* or any order, instruction, rule or regulation

1 issued by the Monetary Board, the person or persons  
2 responsible for such violation shall unless otherwise provided in  
3 this Act be punished by a fine of not less than Fifty thousand  
4 pesos (P50,000) nor more than [Two hundred thousand pesos  
5 (P200,000)] **TWO MILLION PESOS (P2,000,000.00)** or  
6 by imprisonment of not less than two (2) years nor more than  
7 ten (10) years, or both, at the discretion of the court.

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

15 **SEC. 17.** Section 37 of the same Act is hereby amended to read as follows:

16 **SEC. 37. Administrative Sanctions on Banks and Quasi-Banks.**

17 — Without prejudice to the criminal sanctions against the  
18 culpable persons provided in Sections 34, 35, and 36 of this Act,  
19 the Monetary Board may, at its discretion, impose upon any  
20 bank or quasi-bank, **INCLUDING THEIR SUBSIDIARIES**  
21 **AND AFFILIATES ENGAGED IN ALLIED ACTIVITIES,**  
22 **OR OTHER ENTITIES WHICH UNDER THIS ACT OR**  
23 **SPECIAL LAWS ARE SUBJECT TO THE BANGKO**  
24 **SENTRAL SUPERVISION, AND/OR** their directors, officers  
25 and/or **EMPLOYEES**, for any willful violation of its charter or  
26 by-laws, willful delay in the submission of reports or  
27 publications thereof as required by law, rules and regulations;  
28 any refusal to permit examination into the affairs of the  
29 institution; any willful making of a false or misleading statement  
30 to the Board or the appropriate supervising and examining  
31 department or its examiners; any willful failure or refusal to  
32 comply with, or violation of, any banking law or any order,

1 instruction or regulation issued by the Monetary Board, or any  
2 order, instruction or ruling by the Governor; or any commission  
3 of irregularities, and/or conducting business in an unsafe or  
4 unsound manner as may be determined by the Monetary Board,  
5 the following administrative sanctions, whenever applicable:

- 6 (a) fines in amounts as may be determined by the Monetary  
7 Board to be appropriate, but in no case to exceed [Thirty  
8 thousand pesos (P30,000)] **ONE MILLION PESOS**  
9 **(P1,000,000.00) FOR EACH TRANSACTIONAL**  
10 **VIOLATION OR ONE HUNDRED THOUSAND**  
11 **PESOS (P100,000.00) PER BANKING [a]day for**  
12 **each CONTINUING violation, taking into consideration**  
13 **the attendant circumstances, such as the nature and**  
14 **gravity of the violation or irregularity and the size of the**  
15 **INSTITUTION, [bank or quasi-bank] PROVIDED:**  
16 **THAT IN CASE PROFIT IS GAINED OR LOSS IS**  
17 **AVOIDED AS A RESULT OF THE VIOLATION, A**  
18 **FINE OF NO MORE THAN THREE (3) TIMES**  
19 **THE PROFIT GAINED OR LOSS AVOIDED MAY**  
20 **BE IMPOSED;**
- 21 (b) suspension of rediscounting privileges or access to  
22 *Bangko Sentral* credit facilities;
- 23 (c) suspension of lending or foreign exchange operations or  
24 authority to accept new deposits or make new  
25 investments;
- 26 (d) suspension of interbank clearing privileges; and/or
- 27 (e) **SUSPENSION OR** revocation of quasi-banking **OR**  
28 **OTHER SPECIAL** license**S.**

1 Resignation or termination from office shall not exempt such  
2 director, officer **OR EMPLOYEE** from administrative or  
3 criminal sanctions.

4 The Monetary Board may, whenever warranted by  
5 circumstances, preventively suspend any director or officer of [a  
6 bank or quasi-bank] **THE INSTITUTION** pending an  
7 investigation: *Provided*, That should the case be not finally  
8 decided by the *Bangko Sentral* within a period of one hundred  
9 twenty (120) days after the date of suspension, said director or  
10 officer shall be reinstated in his position: *Provided, further*,  
11 That when the delay in the disposition of the case is due to the  
12 fault, negligence or petition of the director or officer, the period  
13 of delay shall not be counted in computing the period of  
14 suspension herein provided.

15 The above administrative sanctions need not be applied in the  
16 order of their severity.

17 Whether or not there is an administrative proceeding, if the  
18 institution and/or the directors, officers and/or **EMPLOYEES**  
19 concerned continue with or otherwise persist in the commission  
20 of the indicated practice or violation, the Monetary Board may  
21 issue an order requiring the institution and/or the directors,  
22 officers and/or **EMPLOYEES** concerned to cease and desist  
23 from the indicated practice or violation, and may further order  
24 that immediate action be taken to correct the conditions  
25 resulting from such practice or violation. The cease and desist  
26 order shall be immediately effective upon service on the  
27 respondents.

28 The respondents shall be afforded an opportunity to defend  
29 their action in a hearing before the Monetary Board or any  
30 committee chaired by any Monetary Board member created for  
31 the purpose, upon request made by the respondents within five

1 (5) days from their receipt of the order. If no such hearing is  
2 requested within said period, the order shall be final. If a  
3 hearing is conducted, all issues shall be determined on the basis  
4 of records, after which the Monetary Board may either  
5 reconsider or make final its order.

6 The Governor is hereby authorized, at his discretion, to impose  
7 upon [banking institutions], **BANKS AND QUASI-BANKS,**  
8 **INCLUDING THEIR SUBSIDIARIES AND AFFILIATES**  
9 **ENGAGED IN ALLIED ACTIVITIES, AND OTHER**  
10 **ENTITIES WHICH UNDER SPECIAL LAWS ARE**  
11 **SUBJECT TO *BANGKO SENTRAL* SUPERVISION** for any  
12 failure to comply with the requirements of law, Monetary Board  
13 regulations and policies, and/or instructions issued by the  
14 Monetary Board or by the Governor, fines not in excess of [Ten  
15 thousand pesos (P10,000)] **ONE HUNDRED THOUSAND**  
16 **PESOS (P100,000.00) FOR EACH TRANSACTIONAL**  
17 **VIOLATION OR THIRTY THOUSAND PESOS**  
18 **(P30,000.00) PER BANKING [a] day for each**  
19 **CONTINUING** violation, the imposition of which shall be final  
20 and executory until reversed, modified or lifted by the Monetary  
21 Board on appeal.

22 **SEC. 18.** A new section entitled Section 38-A is hereby inserted in the same  
23 Act to read as follows:

24 **SEC. 38-A. ISSUANCE OF PROVISIONAL REMEDIES**  
25 **AGAINST *BANGKO SENTRAL* ACTIONS. – NO COURT,**  
26 **OTHER THAN THE COURT OF APPEALS AND THE**  
27 **SUPREME COURT, SHALL ISSUE ANY TEMPORARY**  
28 **RESTRAINING ORDER, PRELIMINARY INJUNCTION**  
29 **OR PRELIMINARY MANDATORY INJUNCTION**  
30 **AGAINST THE *BANGKO SENTRAL* FOR ANY ACTION**  
31 **UNDER THIS ACT.**

1 ANY RESTRAINING ORDER OR INJUNCTION ISSUED  
2 IN VIOLATION OF THIS SECTION IS VOID AND OF NO  
3 FORCE AND EFFECT.

4 THE PROVISIONS OF RULE 58 OF THE 1997 RULES  
5 ON CIVIL PROCEDURE IN SO FAR AS THEY ARE  
6 APPLICABLE AND NOT INCONSISTENT WITH THE  
7 PROVISIONS OF THIS ACT SHALL GOVERN THE  
8 ISSUANCE AND DISSOLUTION OF THE  
9 RESTRAINING ORDER OR INJUNCTION AGAINST  
10 THE *BANGKO SENTRAL*.

11 **SEC. 19.** Section 43 of the same Act is hereby amended as follows:

12 *SEC. 43. Computation of Profits and Losses.* – Within the first  
13 thirty (30) days following the end of each year, the *Bangko*  
14 *Sentral* shall determine its net profits or losses. [In the  
15 calculation of net profits, the *Bangko Sentral* shall make  
16 adequate allowance or establish adequate reserves for bad and  
17 doubtful accounts]. **NOTWITHSTANDING ANY**  
18 **PROVISION OF LAW TO THE CONTRARY, THE NET**  
19 **PROFIT OF THE *BANGKO SENTRAL* SHALL BE**  
20 **DETERMINED AFTER ALLOWING FOR EXPENSES OF**  
21 **OPERATION ADEQUATE ALLOWANCES AND**  
22 **PROVISIONS FOR BAD AND DOUBTFUL DEBTS,**  
23 **DEPRECIATION IN ASSETS, AND SUCH OTHER**  
24 **ALLOWANCES AND CONTINGENCIES OR PURPOSES**  
25 **AS THE MONETARY BOARD MAY DETERMINE IN**  
26 **ACCORDANCE WITH PRUDENT FINANCIAL**  
27 **MANAGEMENT.**

28 **SEC. 20.** A new section entitled Section 43-A is hereby inserted in the same  
29 Act to read as follows:

30 **SEC. 43-A. *BANGKO SENTRAL RESERVE FUND.* - THE**  
31 ***BANGKO SENTRAL* SHALL ESTABLISH A RESERVE**

1 FUND TO MITIGATE FUTURE RISKS AND  
2 CONTINGENCIES INHERENT IN CARRYING OUT THE  
3 *BANGKO SENTRAL*-MANDATED FUNCTIONS AS  
4 CENTRAL MONETARY AUTHORITY. THE RESERVE  
5 FUND SHALL CONSIST OF FLUCTUATION RESERVE,  
6 CONTINGENCY RESERVE AND SUCH OTHER  
7 RESERVES AS THE MONETARY BOARD DEEMS  
8 PRUDENT OR NECESSARY.

9 THE FLUCTUATION RESERVE SHALL COVER LOSSES  
10 FROM EXCHANGE RATE AND PRICE VOLATILITY  
11 AND SHALL BE DERIVED FROM THE NET PROFITS  
12 BEFORE DISTRIBUTION, AS PROVIDED UNDER  
13 SECTION 44 OF THIS ACT. ALL OTHER RESERVE  
14 FUNDS SHALL BE SOURCED FROM SURPLUS.

15 **SEC. 21.** Section 45 of the same Act is hereby amended to read as follows:

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



1 depending on whether the revaluations have produced net  
2 profits or net losses.

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

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

21 **SEC. 61. Guiding Principle. — THE MONETARY BOARD**  
22 **SHALL REGULARLY ASSESS PRICE DEVELOPMENTS**  
23 **AND OUTLOOK AND, BASED ON ITS ANALYSIS AND**  
24 **EVALUATION OF INFLATIONARY PRESSURES, USE**  
25 **ITS POLICY INSTRUMENTS TO ATTAIN AND**  
26 **MAINTAIN PRICE STABILITY. [The Monetary Board shall**  
27 **endeavor to control any expansion or contraction in monetary**  
28 **aggregates which is prejudicial to the attainment or**  
29 **maintenance of price stability.]**

30 **SEC. 23.** Section 63 of the same Act is hereby amended to read as follows:

1 SEC. 63. *Action when Abnormal Movements Occur in the*  
2 *[Monetary Aggregates, Credit, Or] Price Level.* — Whenever  
3 abnormal movements in the [monetary aggregates, in credit, or  
4 in] prices endanger the stability of the Philippine economy or  
5 important sectors thereof, the Monetary Board shall:

- 6 (a) take such remedial measures as are appropriate and  
7 within the powers granted to the Monetary Board and the  
8 *Bangko Sentral* under the provisions of this Act; and
- 9 (b) submit to the President of the Philippines and the  
10 Congress, and make public, a detailed report which shall  
11 include, as a minimum, a description and analysis of:

- 12 (1) the causes of the rise or fall of [the monetary  
13 aggregates, of credit or of] prices;
- 14 (2) the extent to which the changes in [the monetary  
15 aggregates, in credit, or in] prices have been  
16 reflected in changes in the level of domestic  
17 output, employment, wages and economic activity  
18 in general, and the nature and significance of any  
19 [such] changes; and
- 20 (3) the measures which the Monetary Board has taken  
21 and the other monetary, fiscal or administrative  
22 measures which it recommends to be adopted.

23 Whenever the [monetary aggregates, or the level of credit,  
24 increases or decreases by more than fifteen percent (15%), or  
25 the] cost of living index increases by more than ten percent  
26 (10%), in relation to the level existing at the end of the  
27 corresponding month of the preceding year, or even though [any  
28 of these] **THIS** quantitative guideline[s have] **HAS** not been  
29 reached when in its judgment the circumstances so warrant, the  
30 Monetary Board shall submit the reports mentioned in this

1 Section, and shall state therein whether, in the opinion of the  
2 Board, said changes in the [monetary aggregates, credit or] cost  
3 of living represent a threat to the stability of the Philippine  
4 economy or of important sectors thereof.

5 The Monetary Board shall continue to submit periodic reports to  
6 the President of the Philippines and to Congress until it  
7 considers that the [monetary, credit or] price disturbances have  
8 disappeared or have been adequately controlled.

9 **SEC. 24.** Section 81 of the same Act is hereby amended to read as follows:

10 **SEC. 81. Guiding Principles.** — The rediscounts, discounts, loans  
11 and advances which the *Bangko Sentral* is authorized to extend  
12 to banking institutions, under the provisions of the present  
13 article of this Act shall be used to influence the volume of credit  
14 consistent with the objective of price stability **AND**  
15 **MAINTENANCE OF FINANCIAL STABILITY.**

16 **SEC. 25.** Section 84 of the same Act is hereby amended to read as follows:

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

27 The Monetary Board may, at its discretion, likewise authorize  
28 the *Bangko Sentral* to grant emergency loans or advances to  
29 banking institutions, even during normal periods, for the  
30 purpose of assisting a bank in a precarious financial condition or

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

8 The amount of any emergency loan or advance shall not exceed  
9 the sum of fifty percent (50%) of total deposits and deposit  
10 substitutes of the banking institution, and shall be disbursed in  
11 two (2) or more tranches. The amount of the first tranche shall  
12 be limited to twenty-five percent (25%) of the total deposit and  
13 deposit substitutes of the institution and shall be secured by **(A)**  
14 **government securities, (B) ACCEPTABLE GUARANTEES**  
15 **BACKED UP BY THE NATIONAL GOVERNMENT OR**  
16 **ITS SECURITIES; (C) [to the extent of their applicable loan**  
17 **values and] other unencumbered first class collaterals and (D)**  
18 **OTHER KINDS OF COLLATERALS AS MAY BE**  
19 **AUTHORIZED BY THE MONETARY BOARD IN**  
20 **ACCORDANCE WITH SOUND RISK MANAGEMENT**  
21 **PRINCIPLES [which the Monetary Board may approve]:**  
22 *Provided,* That if as determined by the Monetary Board, the  
23 circumstances surrounding the emergency warrant a loan or  
24 advance greater than the amount provided hereinabove, the  
25 amount of the first tranche may exceed twenty-five percent  
26 (25%) of the bank's total deposit and deposit substitutes if the  
27 same is adequately secured by applicable loan values of  
28 government securities and unencumbered first class collaterals  
29 approved by the Monetary Board, and the principal stockholders  
30 of the institution furnish an acceptable undertaking to  
31 indemnify and hold harmless from suit a conservator whose  
32 appointment the Monetary Board may find necessary at any  
33 time.

1 Prior to the release of the first tranche, the banking institution  
2 shall submit to the *Bangko Sentral* a resolution of its board of  
3 directors authorizing the *Bangko Sentral* to evaluate other  
4 assets of the banking institution certified by its external auditor  
5 to be good and available for collateral purposes should the  
6 release of the subsequent tranche be thereafter applied for.

7 The Monetary Board may, by a vote of at least five (5) of its  
8 members, authorize the release of a subsequent tranche on  
9 condition that the principal stockholders of the institution:

- 10 (a) furnish an acceptable undertaking to indemnify and hold  
11 harmless from suit a conservator whose appointment the  
12 Monetary Board may find necessary at any time; and
- 13 (b) provide acceptable security which, in the judgment of the  
14 Monetary Board, would be adequate to supplement,  
15 where necessary, the assets tendered by the banking  
16 institution to collateralize the subsequent tranche.

17 In connection with the exercise of these powers, the prohibitions  
18 in Section 128 of this Act shall not apply insofar as it refers to  
19 acceptance as collateral of shares and their acquisition as a  
20 result of foreclosure proceedings, including the exercise of  
21 voting rights pertaining to said shares: *Provided, however,* That  
22 should the *Bangko Sentral* acquire any of the shares it has  
23 accepted as collateral as a result of foreclosure proceedings, the  
24 *Bangko Sentral* shall dispose of said shares by public bidding  
25 within one (1) year from the date of consolidation of title by the  
26 *Bangko Sentral*.

27 Whenever a financial institution incurs an overdraft in its  
28 account with the *Bangko Sentral*, the same shall be eliminated  
29 within the period prescribed in Section 102 of this Act.

1           **SEC. 26.** A new section entitled Section 88-A is hereby inserted in the same  
2 Act to read as follows:

3           **SEC. 88-A. EXEMPTION FROM ATTACHMENT. -**  
4           **COLLATERALS ON LOANS AND ADVANCES**  
5           **GRANTED BY THE *BANGKO SENTRAL*, WHETHER**  
6           **OR NOT THE INTEREST OF THE *BANGKO SENTRAL***  
7           **IS REGISTERED, SHALL NOT BE SUBJECT TO**  
8           **ATTACHMENT, EXECUTION OR ANY OTHER COURT**  
9           **PROCESS OR ADMINISTRATIVE RESTRICTIONS ON**  
10           **LAND USE, NOR SHALL THEY BE INCLUDED IN THE**  
11           **PROPERTY OF INSOLVENT PERSONS OR**  
12           **INSTITUTIONS.**

13           **SEC. 27.** A new section entitled Section 88-B is hereby inserted in the same  
14 Act to read as follows:

15           **SEC. 88-B. DEPUTIZATION OF LEGAL STAFF. - IN**  
16           **CASE OF AN EXTRAJUDICIAL FORECLOSURE OF**  
17           **MORTGAGE, THE *BANGKO SENTRAL* MAY DEPUTIZE**  
18           **ANY OF ITS LAWYERS TO CONDUCT THE PUBLIC**  
19           **AUCTION PURSUANT TO ACT NO. 3135, AS**  
20           **AMENDED. IN CASE OF A JUDICIAL FORECLOSURE,**  
21           **THE *BANGKO SENTRAL* MAY, WITH THE APPROVAL**  
22           **OF THE COURT, LIKEWISE DEPUTIZE ANY OF ITS**  
23           **LAWYERS TO ACT AS SPECIAL SHERIFF IN THE**  
24           **SALE OF A DEBTOR'S PROPERTIES AND IN THE**  
25           **ENFORCEMENT OF COURT WRITS AND PROCESSES**  
26           **RELATED THERETO. THE SPECIAL SHERIFF OF THE**  
27           ***BANGKO SENTRAL* SHALL MAKE A REPORT TO THE**  
28           **PROPER COURT AFTER ANY ACTION HAS BEEN**  
29           **TAKEN BY HIM, WHICH COURT SHALL TREAT SUCH**  
30           **ACTION AS IF IT WERE AN ACT OF ITS OWN**  
31           **SHERIFF IN ALL RESPECTS.**

1 NO RESTRAINING ORDER OR INJUNCTION SHALL  
2 BE ISSUED BY THE COURT ENJOINING THE  
3 *BANGKO SENTRAL* FROM PROCEEDING WITH THE  
4 FORECLOSURE OF THE MORTGAGE UNLESS A BOND  
5 IS POSTED IN FAVOR OF THE *BANGKO SENTRAL* IN  
6 AN AMOUNT EQUIVALENT TO THE TOTAL CLAIM OF  
7 THE *BANGKO SENTRAL*. THE RESTRAINING ORDER  
8 OR INJUNCTION SHALL BE REFUSED OR, IF  
9 GRANTED, SHALL BE DISSOLVED UPON FILING BY  
10 THE *BANGKO SENTRAL* OF A BOND, WHICH SHALL  
11 BE IN THE FORM OF A *BANGKO SENTRAL* CHECK, IN  
12 AN AMOUNT TWICE THE AMOUNT OF THE  
13 ORIGINAL BOND POSTED CONDITIONED THAT THE  
14 *BANGKO SENTRAL* WILL PAY THE DAMAGES  
15 WHICH THE PARTY MAY SUFFER BY THE REFUSAL  
16 OR DISSOLUTION OF THE INJUNCTION. THE  
17 PROVISIONS OF RULE 58 OF THE NEW RULES OF  
18 COURT INsofar AS THEY ARE APPLICABLE AND  
19 NOT INCONSISTENT WITH THE PROVISIONS OF  
20 THIS SECTION SHALL GOVERN THE ISSUANCE AND  
21 DISSOLUTION OF THE RESTRAINING ORDER OR  
22 INJUNCTION CONTEMPLATED IN THIS SECTION.

23 **SEC. 28.** A new section entitled Section 88-C is hereby inserted in the same  
24 Act to read as follows:

25 **SEC. 88-C. RIGHT OF REDEMPTION OF**  
26 **FORECLOSED REAL PROPERTY; RIGHT OF**  
27 **POSSESSION DURING REDEMPTION PERIOD. – THE**  
28 **MORTGAGOR SHALL HAVE THE RIGHT TO REDEEM**  
29 **THE PROPERTY WITHIN ONE (1) YEAR FROM THE**  
30 **DATE OF FORECLOSURE SALE OF THE REAL**  
31 **ESTATE, IN CASE THE MORTGAGOR IS A NATURAL**  
32 **PERSON, AND WITHIN NINETY (90) DAYS BUT NOT**

1           **LATER THAN THE DATE OF REGISTRATION OF THE**  
2           **CERTIFICATE OF FORECLOSURE SALE, IN CASE THE**  
3           **MORTGAGOR IS A JURIDICAL PERSON; PROVIDED**  
4           **HOWEVER, THAT FORECLOSED REAL PROPERTIES**  
5           **IN THE NAME OF A BORROWER BANK, OR OTHER**  
6           **CORPORATE THIRD PARTY MORTGAGOR WHOSE**  
7           **PROPERTIES ARE DIRECTLY MORTGAGED TO THE**  
8           **BANGKO SENTRAL, PURSUANT TO ACT NO. 3135,**  
9           **THE APPLICABLE REDEMPTION PERIOD IS ONE (1)**  
10          **YEAR. REDEMPTION SHALL BE EFFECTED BY**  
11          **PAYING THE PRINCIPAL, INTERESTS, CHARGES,**  
12          **COMMISSIONS AND ALL CLAIMS OF WHATEVER**  
13          **NATURE OF THE BANGKO SENTRAL OUTSTANDING**  
14          **AND DUE AS OF THE DATE OF FORECLOSURE SALE,**  
15          **INCLUDING ALL COSTS AND OTHER EXPENSES**  
16          **INCURRED BY REASON OF THE FORECLOSURE SALE**  
17          **AND CUSTODY OF THE PROPERTY.**

18          **THE BANGKO SENTRAL, AS PURCHASER IN THE**  
19          **FORECLOSURE SALE AND WITHOUT NEED OF**  
20          **POSTING A BOND, MAY TAKE POSSESSION OF THE**  
21          **FORECLOSED PROPERTY DURING THE**  
22          **REDEMPTION PERIOD. THE BANGKO SENTRAL**  
23          **SHALL BE ENTITLED TO THE FRUITS OF THE**  
24          **PROPERTY, THE SAME TO BE APPLIED AGAINST**  
25          **THE REDEMPTION PRICE.**

26           **SEC. 29.** A new section entitled Section 88-D is hereby inserted in the same  
27 Act to read as follows:

28           **SEC. 88-D. UNSECURED BANGKO SENTRAL CLAIMS.**  
29           **- ALL UNSECURED CLAIMS OF THE BANGKO**  
30           **SENTRAL SHALL BE CONSIDERED PREFERRED**  
31           **CREDITS SIMILAR TO TAXES DUE TO THE**  
32           **NATIONAL GOVERNMENT IN THE ORDER OF**



1                   **PREFERENCE UNDER ARTICLE 2244 OF THE NEW**  
2                   **CIVIL CODE.**

3                   **SEC. 30.** A new section entitled Section 89-A is hereby inserted in the same  
4 Act to read as follows:

5                   **SEC. 89-A. FINANCIAL FACILITIES FOR ISLAMIC**  
6                   **BANKS. - THE BANGKO SENTRAL MAY, TAKING**  
7                   **INTO CONSIDERATION THE PECULIAR**  
8                   **CHARACTERISTICS OF ISLAMIC BANKING,**  
9                   **FORMULATE RULES AND REGULATIONS FOR THE**  
10                   **EXTENSION OF FINANCIAL FACILITIES TO ISLAMIC**  
11                   **BANKS PROVIDED SUCH EXPOSURES SHALL BE**  
12                   **PROPERLY SECURED.**

13                   **SEC. 31.** A new section entitled Section 89-B is hereby inserted in the same  
14 Act to read as follows:

15                   **SEC. 89-B. LOANS TO THE PHILIPPINE DEPOSIT**  
16                   **INSURANCE CORPORATION. - THE BANGKO**  
17                   **SENTRAL, PURSUANT TO ITS MANDATE OF**  
18                   **MAINTAINING FINANCIAL STABILITY, MAY LEND**  
19                   **TO THE PHILIPPINE DEPOSIT INSURANCE**  
20                   **CORPORATION FUNDS FOR INSURANCE PURPOSE**  
21                   **AND FOR FINANCIAL ASSISTANCE THAT THE**  
22                   **LATTER IS AUTHORIZED TO EXTEND UNDER**  
23                   **SECTION 17(D) OF REPUBLIC ACT NO. 3591, AS**  
24                   **AMENDED, TO AN INSURED BANK IN DANGER OF**  
25                   **CLOSING IN ORDER TO MINIMIZE LOSSES TO ITS**  
26                   **DEPOSITORS AND CREDITORS. NOTWITHSTANDING**  
27                   **SECTION 18 OF REPUBLIC ACT NO. 3591, AS**  
28                   **AMENDED, THE MONETARY BOARD SHALL**  
29                   **PRESCRIBE INTEREST RATES AND SUCH OTHER**  
30                   **TERMS AND CONDITIONS OF THE LOAN.**

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

1           SEC. 92. *Issue and Negotiation of Bangko Sentral Obligations.*

2           — In order to provide the *Bangko Sentral* with effective  
3 instruments for open market operations, the *Bangko Sentral*  
4 may, subject to such rules and regulations as the Monetary  
5 Board may prescribe and in accordance with the principles  
6 stated in Section 90 of this Act, issue, place, buy and sell freely  
7 negotiable evidences of indebtedness of the *Bangko Sentral*.  
8 [:*Provided*, That issuance of such certificates of indebtedness  
9 shall be made only in cases of extraordinary movement in price  
10 levels.] Said evidences of indebtedness may be issued directly  
11 against the international reserve of the *Bangko Sentral* or  
12 against the securities which it has acquired under the provisions  
13 of Section 91 of this Act, or may be issued without relation to  
14 specific types of assets of the *Bangko Sentral*.

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

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

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

29           SEC. 95. *Definition of Deposit Substitutes.* — The term "deposit  
30 substitutes" is defined as an alternative form of obtaining funds  
31 from the public, other than deposits, through the issuance,

1 endorsement, or acceptance of debt instruments for the  
2 borrower's own account, for the purpose of relending or  
3 purchasing of receivables and other obligations. These  
4 instruments may include, but need not be limited to, bankers  
5 acceptances, promissory notes, participations, certificates of  
6 assignment and similar instruments with recourse, and  
7 repurchase agreements. **THE TERM 'PUBLIC' MEANS**  
8 **BORROWING FROM TWENTY (20) OR MORE**  
9 **LENDERS AT ANY ONE TIME. FOR THIS PURPOSE,**  
10 **"LENDERS" SHALL REFER TO INDIVIDUALS AND**  
11 **CORPORATE ENTITIES THAT ARE NOT ACTING AS**  
12 **FINANCIAL INTERMEDIARIES, SUBJECT TO THE**  
13 **SAFEGUARDS AND REGULATIONS ISSUED BY THE**  
14 **MONETARY BOARD.** The Monetary Board shall determine  
15 what specific instruments shall be considered as deposit  
16 substitutes for the purposes of SECTION 94 of this Act[:].  
17 *Provided, however,* That deposit substitutes of commercial,  
18 industrial and other non-financial companies for the limited  
19 purpose of financing their own needs or the needs of their  
20 agents or dealers shall not be covered by the provisions of  
21 Section 94 of this Act.

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

23 SEC. 101. *Reserve Deficiencies.* - Whenever the reserve position  
24 of any bank or quasi-bank, computed in the manner specified in  
25 the preceding section of this Act, is below the required  
26 minimum, the bank or quasi-bank shall pay the *Bangko Sentral*  
27 one-tenth of one percent (1/10 of 1%) per day on the amount of  
28 the deficiency or the prevailing ninety-one-day treasury bill rate  
29 plus three percentage points, whichever is higher: *Provided,*  
30 *however,* That banks and quasi-banks shall ordinarily be  
31 permitted to offset any reserve deficiency occurring on one or  
32 more days of the week with any excess reserves which they may

1 hold on other days of the same week and shall be required to pay  
2 the penalty only on the average daily deficiency during the week.  
3 In cases of abuse, the Monetary Board may deny any bank or  
4 quasi-bank the privilege of offsetting reserve deficiencies in the  
5 aforesaid manner.

6 If a bank or quasi-bank chronically has a reserve deficiency, the  
7 Monetary Board may limit or prohibit the making of new loans  
8 or investments by the institution and may require that part or all  
9 of the net profits of the institution be assigned to surplus.

10 The Monetary Board may modify or set aside the reserve  
11 deficiency penalties provided in this section, for part or the  
12 entire period of a strike or lockout affecting a bank or a quasi-  
13 bank as defined in the Labor Code, or of a national emergency  
14 affecting operations of banks or quasi-banks **OR IN SUCH**  
15 **OTHER INSTANCES WHERE THE GRANT OF WAIVER**  
16 **IS DETERMINED BY THE MONETARY BOARD TO BE**  
17 **JUSTIFIABLE.** The Monetary Board may also modify or set  
18 aside reserve deficiency penalties for rehabilitation program of a  
19 bank.

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

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

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

1           SEC. 108. *Minimum Capital Ratios.* — The Monetary Board may  
2           prescribe minimum **RISK-BASED CAPITAL ADEQUACY**  
3           ratios **BASED ON INTERNATIONALLY ACCEPTED**  
4           **STANDARDS** [which the capital and surplus of the banks  
5           must bear to the volume of their assets, or to specific categories  
6           thereof,] and may alter said ratios whenever it deems necessary.  
7           **IN THE EXERCISE OF ITS AUTHORITY UNDER THIS**  
8           **SECTION, THE MONETARY BOARD MAY PRESCRIBE**  
9           **A HIGHER MINIMUM CAPITAL ADEQUACY RATIO**  
10           **FOR DIFFERENT BANK CATEGORIES AS MAY BE**  
11           **WARRANTED BY THEIR RISK PROFILE.**

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

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

26           The *Bangko Sentral* may **ACCEPT DEPOSITS AND** pay  
27           interest on **SUCH** deposits **AND OTHER SIMILAR**  
28           **PLACEMENTS** of the Government or of its political  
29           subdivisions and instrumentalities, banks **AND OTHER**  
30           **BANGKO SENTRAL-SUPERVISED INSTITUTIONS.**

31           **SEC. 38.** Section 125 of the same Act is hereby amended to read as follows:

1 SEC. 125. *Tax Exemptions.* — The *Bangko Sentral* shall be  
2 exempt [for a period of five (5) years from the approval of this  
3 Act] from all national, provincial, municipal and city taxes, fees,  
4 charges and assessments.

5 The exemption authorized in the preceding paragraph of this  
6 section shall apply to all property of the *Bangko Sentral*, to the  
7 resources, receipts, expenditures, profits and income of the  
8 *Bangko Sentral*, as well as to all contracts, deeds, documents  
9 and transactions related to the conduct of the business of the  
10 *Bangko Sentral*: *Provided, however,* That said exemptions shall  
11 apply only to such taxes, fees, charges and assessments for  
12 which the *Bangko Sentral* itself would otherwise be liable, and  
13 shall not apply to taxes, fees, charges, or assessments payable by  
14 persons or other entities doing business with the *Bangko*  
15 *Sentral*: *Provided, further,* That foreign loans and other  
16 obligations of the *Bangko Sentral* shall be exempt, both as to  
17 principal and interest, from any and all taxes if the payment of  
18 such taxes has been assumed by the *Bangko Sentral*.

19 **SEC. 39.** Section 128 of the same Act is hereby amended to read as follows:

20 SEC. 128. *Prohibitions.* — The *Bangko Sentral* shall not acquire  
21 shares of any kind or accept them as collateral, and shall not  
22 participate in the ownership or management of any enterprise,  
23 either directly or indirectly; [.] **PROVIDED, THAT THIS**  
24 **PROHIBITION SHALL NOT APPLY WHENEVER THE**  
25 **MONETARY BOARD, BY A VOTE OF AT LEAST FIVE**  
26 **(5) OF ITS MEMBERS, DEEMS AN ACQUISITION OR**  
27 **INVESTMENT TO BE NECESSARY TO QUALIFY OR AS**  
28 **REQUIRED FOR MEMBERSHIP IN INTERNATIONAL**  
29 **AND REGIONAL ORGANIZATIONS.**

30 The *Bangko Sentral* shall not engage in development banking or  
31 financing: *Provided, however,* That outstanding loans obtained

1 or extended for development financing shall not be affected by  
2 the prohibition of this section.

3 **SEC. 40. *Repealing Clause.*** All provisions of existing laws, orders, rules  
4 and regulations, or parts thereof which are in conflict or inconsistent with the  
5 provisions of this Act are hereby repealed, amended or modified accordingly.

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

9 **SEC. 42. *Effectivity.*** This Act shall take effect fifteen (15) days following its  
10 publication in the *Official Gazette* or in a newspaper of general circulation in the  
11 Philippines.