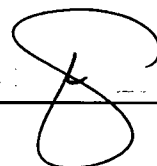


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

25 FEB -4 P 6:39

SENATE

REC'D



COMMITTEE REPORT NO. 526

Submitted by the Committee on Banks, Financial Institutions, and Currencies on
FEB -4 2020.

Re: Senate Bill No. 2981

Recommending its approval in substitution of Senate Bill Nos. 123, 2760 and 2839.

Sponsor: Senator Mark A. Villar

MR. PRESIDENT:

The Committee on Banks, Financial Institutions, and Currencies, to which were referred:

Senate Bill No. 123 introduced by Senator Cynthia A. Villar, entitled:

**"AN ACT PROVIDING FOR A NEW CHARTER OF THE LAND BANK
OF THE PHILIPPINES"**

Senate Bill No. 2760 introduced by Senator Francis G. Escudero, entitled:

**"AN ACT PROVIDING FOR A NEW CHARTER OF THE LAND BANK
OF THE PHILIPPINES"**

Senate Bill No. 2839 introduced by Senator Mark A. Villar, entitled:

**"AN ACT
PROVIDING FOR A NEW CHARTER FOR THE LAND BANK OF THE
PHILIPPINES, REPEALING FOR THE PURPOSE SECTIONS 74 TO
100 OF REPUBLIC ACT NO. 3844, AS AMENDED, OTHERWISE
KNOWN AS THE AGRICULTURAL REFORM CODE OF 1963"**

have considered the same and have the honor to report them back to the Senate with the recommendation that the attached **Senate Bill No. 2981** prepared by the Committee, entitled:

**"AN ACT
PROVIDING FOR A NEW CHARTER OF THE LAND BANK OF THE
PHILIPPINES, REPEALING FOR THE PURPOSE SECTIONS 74 TO
100 OF REPUBLIC ACT NO. 3844 OR THE "AGRICULTURAL LAND
REFORM CODE", AS AMENDED"**

be approved in substitution of Senate Bill Nos. 123, 2760 and 2839, with Senators Villar C., Escudero, and Villar M., as authors thereof

Respectfully submitted:

Chairperson



SEN. MARK A. VILLAR

Chairperson, Committee on Banks, Financial Institutions, and Currencies

Vice-Chairperson



SEN. WIN GATCHALIAN

Committee on Committee on Banks, Financial Institutions, and Currencies

Members

**SEN. ALAN PETER "COMPAÑERO"
S. CAYETANO**

*Committee on Banks, Financial
Institutions, and Currencies*



SEN. JOSEPH VICTOR "JV" G. EJERCITO

*Committee on Banks, Financial Institutions,
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SEN. MANUEL "LITO" M. LAPID

*Committee on Banks, Financial
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SEN. LOREN LEGARDA

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SEN. IMEE R. MARCOS

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SEN. ROBINHOOD C. PADILLA

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and Currencies*

SEN. GRACE POE

*Committee on Committee on Banks,
Financial Institutions, and Currencies*



SEN. CYNTHIA A. VILLAR

*Committee on Banks, Financial Institutions,
and Currencies*

Continues Bareguo
SEN. RISA HONTIVEROS
*Committee on Banks, Financial
Institutions, and Currencies*
will interpellate.

Ex-Officio Members

Sigst *will interpellate*
SEN. JINGGOY EJERCITO ESTRADA
Senate President Pro-Tempore

SEN. FRANCIS "TOL" N. TOLENTINO
Majority Leader

"will interpellate"
A. Pimentel
SEN. AQUILINO PIMENTEL III
Minority Leader

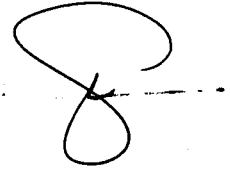
HON. FRANCIS G. ESCUDERO
Senate President

25 FEB -4 26:39

SENATE

S. No. 2981

RECEIVED



(In Substitution of S.B. Nos. 123, 2760, and 2839)

Prepared by the Committee on Banks, Financial Institutions & Currencies, with
Senators Villar C., Escudero, Villar M., as authors thereof

AN ACT

**PROVIDING FOR A NEW CHARTER OF THE LAND BANK OF THE
PHILIPPINES, REPEALING FOR THE PURPOSE SECTIONS 74 TO 100 OF
REPUBLIC ACT NO. 3844 OR THE "AGRICULTURAL LAND REFORM CODE",
AS AMENDED**

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

1 **SECTION 1. Short Title.** - This Act shall be known as the "*New Land Bank of*
2 *the Philippines Act*".

3 **SEC. 2. Declaration of Policy.** - It is the policy of the State to support
4 agriculture by providing adequate financial, production, marketing, and other support
5 services, to promote countryside and countrywide development, and to strengthen
6 the powers and functions of its premier government financial institution (GFI) that
7 deliver essential funding and financial services for sustained economic growth.

8 The State recognizes the role of GFIs in advancing meaningful and
9 comprehensive agrarian reform and stimulating economic development by servicing
10 small farmers and fisherfolk, local government units (LGUs), micro, small, and medium
11 enterprises (MSMEs), and other sectors that generate employment and drive economic
12 progress.

13 **SEC. 3. Name and Corporate Existence.** - The Land Bank of the Philippines,
14 hereinafter referred to as the "Bank", created under Republic Act No. 3844 or the
15 "Agricultural Land Reform Code," as amended, shall operate under the provisions of
16 this Act. The Bank shall continue to exist as a body corporate and shall have perpetual
17 existence. The Governance Commission for Government-Owned or -Controlled

Corporations (GCG) shall not be precluded from evaluating the performance and determining the relevance of the Bank as a government-owned or -controlled corporation (GOCC) consistent with the principles and policies of Republic Act No. 10149 or the "GOCC Governance Act of 2011".

SEC. 4. Primary Objective of the Bank. - As a GFI, the Bank shall pursue its social mission of spurring countryside and countrywide development and shall be responsible for broad-based agricultural, rural, and industrial development while promoting financial inclusion by providing banking services to rural financial institutions, small farmers and fisherfolk, agrarian reform beneficiaries, agricultural and industrial enterprises, and MSMEs, and by granting loans to finance agrarian reform and agriculture-related undertakings, infrastructure and sustainable national government development projects: *Provided*, That these objectives shall be pursued with the utmost consideration for its financial viability, operational agility, and market competitiveness to effectively participate in national development and the attainment of meaningful and inclusive economic growth. The Bank shall also adopt policies on digitalization to improve operational efficiency and governance while promoting financial inclusion.

SEC. 5. Principal Office, Branches, and Other Offices. - The Bank shall have its principal office and place of business in Metro Manila. The Bank may open and maintain branches and agencies in accordance with applicable regulations of the *Bangko Sentral ng Pilipinas* (BSP).

SEC. 6. Corporate Powers. - In addition to the general powers of a corporation under Republic Act No. 11232, or the "Revised Corporation Code of the Philippines", the Bank shall have the power to:

(a) Adopt, amend, or change its by-laws; to adopt, alter, and use a seal; to lease or own real and personal property and to sell or otherwise dispose of the same; to enter into contracts; to sue and be sued; and exercise the general powers of a corporation mentioned in Republic Act No. 11232, including the power to acquire or establish subsidiaries registered with the Securities and Exchange Commission with the right to receive dividends from such subsidiaries in accordance with Section 28 hereof;

(b) Hold, purchase, acquire and own real and personal property; introduce necessary improvements thereon to enhance and develop their social and economic value; and sell, mortgage, or otherwise dispose of the same;

(c) Make contracts, negotiate and secure loans from both local and foreign sources: *Provided*, That before undertaking such credit operations, the Bank, through the Secretary of Finance, shall request the opinion of the Monetary Board of the BSP on the monetary implications of the contemplated action. All loans from foreign sources shall be subject to approval by the President of the Philippines and shall be fully guaranteed by the Philippine Government;

1 (d) Grant short-, medium-, and long-term loans and advances against the
2 security of real estate or other acceptable assets for the establishment, development
3 or expansion of agricultural, agrarian reform, industrial, home building or home
4 financing projects, and other productive enterprises;

5 (e) Grant loans to farmers' cooperatives and associations to facilitate farm
6 production, marketing of crops, and acquisition of essential commodities;

7 (f) Establish a Directors' and Officers' Liability Fund, or obtain Directors' and
8 Officers' Liability Insurance from the Government Service Insurance System or other
9 reputable insurance companies duly accredited by the appropriate regulatory body,
10 without prejudice to the right of the Bank to put up its own legal insurance fund, as
11 may be determined by its Board of Directors;

12 (g) Borrow from, or rediscount notes, bills of exchange and other credit
13 instruments with the BSP subject to the provisions of Republic Act No. 7653 or "The
14 New Central Bank Act", as amended, and relevant BSP rules and regulations;

15 (h) Accept and manage trust funds and properties and carry on the business of
16 a trust corporation;

17 (i) Provide continuing assistance through credit and capacity building to farmers
18 and fishers cooperatives, associations, and organizations nationwide;

19 (j) Act as official government depository bank with authority to maintain
20 deposits and deposit substitutes of the National Government, its agencies, bureaus,
21 instrumentalities, GOCCs, LGUs, and autonomous regions, as well as other territorial
22 and political subdivisions, subject to such rules and regulations as the Monetary Board
23 of the BSP may prescribe;

24 (k) Engage in financial leasing of movable and immovable properties in
25 connection with government projects;

26 (l) Dispose of its acquired assets;

27 (m) Offer and issue common and preferred shares of stocks in such manner
28 and in such quantities as approved by the Secretary of Finance, upon the
29 recommendation of the Board and in accordance with applicable laws, rules, and
30 regulations. The preferred shares shall be non-voting. Other features of preferred
31 shares shall be determined by the Board in accordance with applicable laws and
32 regulations;

33 (n) Engage internationally recognized auditing firms as the Bank's external
34 auditor to audit its financial statements, in case the Bank issues shares to the public;
35 and

(o) Exercise all such powers and services as may be necessary to carry out the business of a bank under Republic Act No. 8791 or "The General Banking Law of 2000," subject to the existing rules and regulations of the Monetary Board of the BSP, in order to perform its mandate under this Act.

Unless otherwise provided for in this Act, the exercise of the above-mentioned powers shall be subject to applicable laws, rules and regulations and regulations promulgated by the BSP.

SEC. 7. Authorized Capital Stock - Par Value. - The capital stock of the Bank shall be One trillion pesos (Php1,000,000,000,000.00) with a par value of One hundred pesos (Php100.00) per share. The Board shall determine the classification of shares, their corresponding rights, privileges, or restrictions, if any: *Provided*, That the National Government shall own, at all times, at least seventy percent (70%) of the total outstanding capital stock of the Bank.

Two hundred billion pesos (Php200,000,000,000.00) or twenty percent (20%) of the authorized shares of the Bank shall be subscribed and One hundred sixty-three billion seven hundred eighty-seven million seven hundred eleven thousand three hundred eight pesos (Php163,787,711,308.00) or at least eighty-one and 89/100 percent (81.89%) of the total subscription shall be paid up by the National Government; *Provided, further*, That the Bank may allocate part or all of its unrestricted retained earnings toward paying for the capitalization of the Bank.

When dividends are declared for stockholders, the dividend due to the National Government shall at all times be in proportion to its ownership of the Bank.

SEC. 8. Investment by Government-Owned or Controlled Corporations. - Unless otherwise provided in their respective charters, GOCCs, including GFIs, are authorized to invest in shares of stock of the Bank. These investments shall form part of the National Government's ownership in the Bank.

SEC. 9. Voting of Shares. - The voting power of all the common shares of stock of the Bank owned and controlled by the government shall be vested in the President of the Philippines or in any *ex-officio* member of the Board.

Sec. 10. Issuance by the Bank of Bonds, Eligible Capital Instruments, and other Securities. - The Bank may issue all kinds of bonds, notes, debentures, other evidence of indebtedness, derivatives, commodities, negotiable instruments, eligible capital instruments, and other securities, and the renewal or refunding thereof within and/or outside the Philippines, at such terms, rates, and conditions as the Board of Directors may determine. Such issuance shall be subject to compliance with the provisions of applicable laws, and rules and regulations promulgated by the Monetary Board of the BSP.

1 The Bank shall acquire, assign, or otherwise dispose of marketable securities
2 and other debt instruments that are essential to the effective conduct of its general
3 banking activities.

4 The Bank shall provide for appropriate reserves, as necessary, for the
5 redemption or retirement of the foregoing. These bonds and other obligations shall be
6 redeemable at the option of the Bank at or before maturity and in such manner as
7 may be stipulated therein, and shall bear such rate of interest as may be fixed by the
8 Bank.

9 Such obligations shall be secured by the assets of the Bank, including stocks,
10 bonds, debentures, and other securities purchased or held by it under the provisions
11 of this Act, as necessary to ensure the successful issuance of such obligations. These
12 bonds and other obligations may be long-, medium-, or short-term, with a fixed or
13 floating interest rate.

14 **Sec. 11. Applicability of the New Government Procurement Reform**
15 **Act.** - All procurement activities of the Bank shall adhere to the provisions of Republic
16 Act No. 9184 or the "Government Procurement Reform Act", as amended by Republic
17 Act No. 12009, their implementing rules and regulations, and any amendments
18 thereto, whichever may be applicable, except for the engagement of professional or
19 technical services necessary for issuance of securities, including debt instruments, and
20 selecting investments. These services include issue and deal management, fund
21 management, investment analysis, advisory, arrangement, underwriting, securities
22 brokerage and dealership, and capital market and equity research analysis: *Provided,*
23 That the selection process for engaging these professional and technical services shall
24 be open, competitive, and approved by the Board.

25 **SEC. 12. Board of Directors, Composition, Tenure, and Per Diems.** -
26 powers and functions of the Bank shall be vested in and exercised by a Board of
27 Directors which shall be composed of nine (9) members as follows:

- 28 (a) The Secretary of Finance as the *ex-officio* Chairperson of the Board;
- 29 (b) The President of the Bank as Vice Chairperson;
- 30 (c) The Secretary of Agriculture as an *ex-officio* member;
- 31 (d) The Secretary of Agrarian Reform as an *ex-officio* member;
- 32 (e) The Secretary of Labor and Employment as *ex-officio* member;
- 33 (f) The Secretary of the National Economic and Development Authority as an
34 *ex-officio* member; and
- 35 (g) Three (3) independent directors to be appointed by the President of the
36 Philippines in accordance with the appointment process and the Fit and Proper Rule

1 under Republic Act No. 10149, wherein one (1) shall represent the agricultural sector
2 and two (2) shall represent the private sector, preferably with expertise in finance,
3 economics, and banking.

4 In the event that private persons acquire shares of stock of the Bank, there
5 shall be two (2) additional members of the Board of Directors who shall be elected in
6 accordance with Republic Act No. 11232.

7 The *ex-officio* members of the Board may each designate an alternate, who
8 shall be an official with a rank not lower than Assistant Secretary.

9 The Chairperson shall preside over the meetings of the Board. In case the
10 Chairperson is absent or incapacitated, the Vice Chairperson shall preside over
11 meetings of the Board. In case of incapacity or absence of both the Chairperson and
12 the Vice Chairperson, the Board shall designate a temporary chairperson from among
13 its members.

14 No person shall be elected or appointed as director of the Bank unless such
15 person is a Filipino citizen, of good moral character, and has attained proficiency,
16 expertise and recognized competence in one (1) or more of the following: banking,
17 finance, economics, law, agriculture, agrarian reform, business management,
18 governance, sustainability, digital transformation, rural economy, cooperation, small-
19 scale industry, information technology, and information security.

20 Except for the President, no incumbent officer or employee of the Bank may be
21 appointed as a member of the Board; nor shall any incumbent officer of any other
22 bank be eligible as a member of the Board.

23 The term of office for the independent directors shall be for a period of one (1)
24 year or until such time that their successors are appointed and have qualified.
25 Appointment to any vacancy shall be only for the unexpired term of the predecessor,
26 pursuant to Republic Act No. 10149.

27 The compensation, per diems, allowances, incentives, and other benefits, for
28 the members of the Board shall be consistent with the principles and policies of
29 Republic Act No. 10149.

30 **SEC. 13. Powers and Duties of the Board of Directors.** - The Board shall
31 have the following duties, powers, and authority:

32 (a) Formulate policies necessary to carry out the provisions of this Act and to
33 prescribe, amend, and repeal by-laws, rules, and regulations for the effective
34 operation of the Bank, the conduct of its general business and the exercise of powers
35 granted to it by law;

36 (b) Decide on matters concerning loans, other credit accommodations,
37 guarantees issued or obtained by the Bank, prescribe the terms and conditions to

1 govern the grant of the foregoing, and engage in such other financial activities under
2 such terms and conditions consistent with the provisions of this Act, banking laws, and
3 regulations promulgated by the Monetary Board of the BSP, as it may deem necessary:
4 *Provided*, That the Board may delegate the authority to approve loans, other credit
5 accommodations, and guarantees to such officers as it may deem necessary;

6 (c) Upon the recommendation of the President, adopt an annual budget for the
7 effective operation and administration of the Bank;

8 (d) Compromise or release, in whole or in part, any claim or settled liability to
9 the Bank regardless of the amount involved, under such terms and conditions as it
10 may impose to protect the interests of the Bank. The authority to compromise shall
11 extend to claims against the Bank: *Provided*, That the Board may delegate the
12 authority to compromise or release any claim or settled liability to the President or
13 such other officers of the Bank as it may deem necessary;

14 (e) Establish such branches, agencies and other offices deemed necessary and
15 convenient in accordance with applicable rules and regulations of the BSP;

16 (f) Notwithstanding any law to the contrary, adopt an organizational structure,
17 staffing pattern and personnel qualification standards for the Bank and reorganize,
18 rationalize and restructure the same, or realign the various functions in the Bank to
19 ensure effective accomplishment of its mandates and strategic goals, align its
20 organizational structure and staffing pattern with industry standards, and guarantee
21 its responsiveness to regulatory requirements, consistent with the principles and
22 policies of Republic Act No. 10149, to meet the demands, maintain service quality,
23 and support the expansion of the developmental mandate of the Bank;

24 (g) Design, adopt, and revise, as it may deem necessary, an early separation
25 plan for employees of the Bank to ensure the availability of a qualified human resource
26 pool capable of implementing the Bank's authorities under this Charter in a manner
27 responsive and attuned to market developments, and provide incentives for those who
28 shall be separated from the service, consistent with the principles and policies of
29 Republic Act No. 10149;

30 (h) Maintain, manage, and operate the existing "Provident Fund" of the Bank,
31 which shall consist of contributions made both by the Bank and its officers or
32 employees as a common fund for the payment of benefits to such officers and
33 employees, or their heirs, under such terms and conditions consistent with the
34 principles and policies of Republic Act No. 10149; and

35 (i) Perform other functions, duties and responsibilities necessary, related, and
36 incidental to the above-mentioned powers and functions.

1 The Board shall exercise its powers in a manner consistent with the principles
2 of transparency, fairness, and accountability: *Provided*, That the Board may delegate
3 its powers to the President as it may deem necessary.

4 **SEC. 14. *President and Chief Executive Officer.*** - The President of the
5 Bank shall be the Chief Executive Officer (CEO) who shall be elected annually by the
6 members of the Board from among its ranks. The President and CEO shall be subject
7 to the disciplinary powers of the Board. No person shall be appointed President of the
8 Bank unless the person is of good moral character and reputation, with at least ten
9 (10) years of previous experience in banking, and has a reputed proficiency, expertise,
10 and recognized competence in banking or financial management.

11 The President shall carry out and administer the policies, measures, orders, and
12 resolutions approved by the Board; direct and supervise the operation and
13 administration of the Bank; and exercise such other powers and perform such other
14 functions or duties as may be directed or assigned by law, regulations, and executive
15 issuances.

16 The President shall be assisted by Vice Presidents and other officials. The salary
17 of the President, Vice President, and other officials shall be consistent with the policies
18 and principles of Republic Act No. 10149. During the absence or temporary incapacity
19 of the President, or in case of vacancy or permanent incapacity and pending
20 appointment of a new President of the Bank, the Board shall designate the Officer-in-
21 Charge of the Bank.

22 The President shall have the following powers and duties:

23 (a) Sign and execute all contracts concluded by the Bank; enter into all
24 necessary obligations required or permitted by this Act; and sign all notes, securities
25 certificates, and other major documents of the Bank;

26 (b) Exercise, as CEO of the Bank, the powers of control and supervision over
27 the decisions and actions of subordinate officers, and all other powers that may be
28 granted by the Board;

29 (c) Report to the Board the main facts concerning the operations of the Bank
30 and to recommend changes in policies that are deemed advisable;

31 (d) Appoint, promote, or remove employees and officers of the Bank: *Provided*,
32 That promotions, transfers, assignments, or reassignments of officers and personnel
33 of the Bank are personnel actions deemed made in the interest of the service, any
34 provision of civil service laws to the contrary notwithstanding;

35 (e) Determine the rates of allowances, honoraria, and such other additional
36 compensation of the Bank's technical staff and consultants, consistent with the
37 principles and policies of Republic Act No. 10149 and other relevant laws;

1 (f) Submit an annual report to the President of the Philippines and Congress on
2 the result of the operations of the Bank; and

3 (g) As required by circumstances, delegate any of the powers, duties or
4 functions to any officer or director of the Bank.

5 **SEC. 15. *Qualifications of Executive Officers.*** - No person shall be
6 appointed to any executive position in the Bank mentioned in the preceding section
7 unless qualified by the Fit and Proper Rule, in accordance with Republic Act No. 10149,
8 civil service laws, rules, and regulations: *Provided*, That in determining whether a
9 person is fit and proper for a particular position, the following shall be considered:
10 integrity or probity, physical and mental fitness, relevant education, training, and
11 competencies for the job, such as knowledge and expertise, skills, and diligence to
12 fully carry out responsibilities.

13 **SEC. 16. *Legal Department.*** - Any provision of law to the contrary
14 notwithstanding, the Bank shall have its own Legal Department which shall have the
15 power to represent the Bank in cases filed before courts, tribunals, and quasi-judicial
16 bodies; render opinions; and prepare and review contracts and agreements. The Head
17 of the Legal Department shall be appointed by the President.

18 In appropriate cases, the Bank may also avail of the legal services of external
19 counsel, subject to the approval of the Board and the Office of the Government
20 Corporate Counsel (OGCC). The present Legal Services Group of the Bank shall serve
21 as its in-house legal counsel and principal law office under the control and supervision
22 of the OGCC.

23 **SEC. 17. *Foreclosure of Collaterals and Disposal of Bank Acquired***
24 ***Properties.*** - The foreclosure of collaterals and disposal of bank acquired properties
25 shall be governed by the following:

26 (a) *Foreclosure of Mortgage Collaterals* - The foreclosure of mortgage
27 collaterals for loans may be made either judicially or extrajudicially;

28 (b) *Deputization of Legal Staff* - In case of an extrajudicial foreclosure of
29 mortgage in connection with loans and advances, the Bank may, upon the
30 recommendation of its Legal Department, designate any member of its legal staff to
31 conduct the public auction pursuant to Act No. 3135 or "An Act to Regulate the Sale
32 of Property under Special Powers Inserting In or Annexed to Real Estate Mortgage,"
33 as amended.

34 In case of a judicial foreclosure in connection with loans and advances under
35 this Section, the Bank may, with the approval of the court, deputize any of its legal
36 staff to act as special sheriff in the sale of the debtor's properties and in the
37 enforcement of court writs and related processes.

1 After an action is taken, the special sheriff of the Bank shall make a report to
2 the proper court, which shall treat such action as if it were an act of its own sheriffs
3 in all respects.

4 The sale of mortgaged properties under existing laws or this Act shall be
5 conducted under the direction of the sheriff of the province or any special sheriff of
6 the Bank, or of a municipal judge or notary public of the city or municipality where
7 the sale is to be made, who shall be entitled to collect fees provided for in the Rules
8 of Court with respect to the sale of properties under execution;

9 (c) *Disposal of Real Estate and Other Properties in the Collection of Debt* - Real
10 estate and other properties acquired by the Bank in the collection of debts or
11 investment by way of foreclosure or other means shall be sold or disposed of in
12 accordance with law within five (5) years after their respective dates of acquisition.
13 For this purpose, the Board of Directors shall be the appropriate regulatory authority
14 to promulgate the necessary implementing rules and regulations;

15 (d) *Exemption from Attachment* - The provisions of any law to the contrary
16 notwithstanding, collaterals, securities on loans, or other credit accommodations and
17 guarantees granted by the Bank or its predecessors-in-interest shall not be subject to
18 attachment, execution, stay order, or any other court process, nor shall they be
19 included in the property of insolvent persons or institutions unless all debts and
20 obligations of the debtors to the Bank and its predecessors-in-interest have been paid,
21 including accrued interest, penalties, collection expenses, and other charges; and

22 (e) *Right of Redemption of Foreclosed Property, Right of Possession During*
23 *Redemption Period* - Any individual or juridical mortgagor of the Bank whose real
24 property has been judicially sold at public auction, or any individual mortgagor of the
25 Bank whose real property has been extrajudicially sold at public auction shall, within
26 one (1) year counted from the date of registration of the Certificate of Foreclosure
27 Sale with the applicable Register of Deeds, have the right to redeem the real property
28 by paying to the Bank all of the latter's claims as determined by the Bank.

29 Notwithstanding the provisions of Act No. 3135, as amended, juridical
30 mortgagors whose real property have been extrajudicially sold at public auction shall
31 have the right to redeem the property until, but not after, the registration of the
32 Certificate of Foreclosure Sale with the applicable Register of Deeds, which registration
33 shall in no case be more than three (3) months from the date of foreclosure, whichever
34 is earlier.

35 The Bank may take possession of the foreclosed property during the
36 redemption period and during such period, it shall be entitled to the fruits of the
37 property with no obligation to account for them, the same being considered
38 compensation for the interest that would otherwise accrue on the account. Neither
39 shall the Bank be obliged to post a bond for the purpose of such possession.

1 **SEC. 18. Human Resource.** - The Board, upon the recommendation of the
2 President and CEO, shall provide for an organizational structure and staffing pattern
3 of officers and employees of the Bank.

4 All positions in the Bank shall be consistent with the principles and policies of
5 Republic Act No. 10149: *Provided*, That the Board shall determine the positions that
6 are considered highly-technical, including their compensation and other emoluments:
7 *Provided, further*, That such compensation and emoluments shall be comparable with
8 the prevailing rates in the private sector.

9 The Bank officers and employees, including all members of the Board, shall not
10 engage directly or indirectly in partisan political activities or take part in any election
11 activity except to vote.

12 No officer or employee of the Bank shall be dismissed except as provided by
13 law.

14 **SEC. 19. Environmental, Social, and Governance Principles.** - As an
15 integral part of the National Government, the Bank is inherently mandated to be
16 socially responsible and to act and operate as a good corporate citizen. The Governing
17 Board of the Bank shall recognize and perform the obligations that the Bank has
18 towards the National Government—its majority stockholder, as well as the minority
19 stockholders when existing, together with the employees, suppliers, customers, and
20 other stakeholders, and the communities in which it operates.

21 **SEC. 20. Disclosure and Inhibition from Board Meeting of Member**
22 ***with Personal or Pecuniary Interest.*** - Whenever any member attending a Board
23 meeting or any of such member's relative within the second civil degree of
24 consanguinity or affinity, has a personal or pecuniary interest, directly or indirectly, in
25 any matter in the agenda or in its discussion or resolution, the said member shall
26 disclose said interest to the Board and shall inhibit oneself in the discussion or
27 resolution of the matter and must retire from the meeting during the deliberation
28 thereon. The Board members present in the meeting shall still constitute a quorum
29 despite the inhibition of the subject member in any matter, discussion or resolution in
30 the same meeting

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

34 For this purpose, the members of the Board shall, at the beginning of their
35 respective terms, disclose to the Board any and all interests they may have in any
36 corporation, partnership, or association and shall disclose to the Board, any change
37 thereto.

1 **SEC. 21. Prohibition on Persons with Personal or Pecuniary Interest.**

2 - No member of the Board, officer, attorney, agent, or employee of the Bank shall in
3 any manner, directly or indirectly participate in the deliberation upon determination of
4 any question affecting their direct personal interest or that of relatives within the
5 second civil degree of consanguinity or affinity, or of any corporation, partnership, or
6 association in which the member, officer, attorney, agent, or employee has a direct
7 interest. Any person violating the provision of this section shall be removed from office
8 and shall upon conviction be penalized with a fine of not less than Fifty thousand pesos
9 (Php50,000.00) but not more than Two million pesos (Php2,000,000.00), or
10 imprisonment of not less than two (2) years but not more than ten (10) years, or both,
11 at the discretion of the court.

12 **SEC. 22. Prohibition on Owning Stock in or Incurring Indebtedness to**
13 **the Bank.** - The Governor of the BSP, all other members of the Monetary Board, and
14 the head of the auditing department of the Bank are prohibited from owning stock in
15 the Bank, or from becoming indebted to the Bank, directly or indirectly.

16 **SEC. 23. Borrowing by Directors, Officers and Employees; Restrictions**
17 **and Limitations.** - No (1) director, officer, or employee of the Bank; or (2) any
18 corporation, partnership, or company wherein any member of the Bank's Board, officer
19 or employee, or their relatives within the first civil degree of consanguinity or affinity
20 is a director, officer or controlling shareholder either directly or indirectly, for one's
21 self or a representative or agent of others, shall borrow any of the deposits of funds
22 from the Bank, become a guarantor, or in any manner be an obligor for money
23 borrowed from the Bank or loaned by it: *Provided*, That this prohibition on loans to
24 directors, officers and employees shall not include loans allowed in the form of fringe
25 benefits granted in accordance with rules and regulations as may be prescribed by the
26 Monetary Board: *Provided, further*, That this prohibition shall not apply to loans to
27 corporations wherein the director, officer or employee of the Bank sits on the board
28 of the borrower corporation to represent the interest of the Bank.

29 **SEC. 24. Rules and Regulations on Conflict of Interest.** - The Board is
30 hereby authorized to issue rules and regulations to determine and resolve conflict of
31 interest questions, which shall, in particular, include the requirement for all officers
32 and employees of the Bank to disclose any shareholdings they, or their relatives within
33 the second civil degree of consanguinity or affinity, may have in any corporation,
34 partnership, or company in excess of two percent (2%) of the equity of said
35 corporation, partnership, or company or in any related party transactions defined by
36 the Monetary Board of the BSP and the Board of the Bank.

37 **SEC. 25. Prohibition on Officers and Employees of the Bank to Disclose**
38 **Client Account Records.** - Except as required by law, or upon order of a court of
39 competent jurisdiction, or the express order of the President of the Philippines, or
40 written permission of the client, no officer or employee of the Bank shall reveal or
41 allow to be examined, inquired about, or looked into by any third person, government

1 official, bureau, or office any information relative to details of individual accounts or
2 specific banking transactions, condition, or businesses of any of its clients, or funds or
3 properties in the custody of the Bank belonging to private individuals: *Provided*, That
4 with respect to deposits or whatever nature, the provisions of existing law shall apply.

5 This prohibition shall not apply to the exchange of confidential credit
6 information among GFIs or banks, in accordance with established banking practices
7 or as may be allowed by law.

8 **SEC. 26. Exaction of Fee, Commission, Gift or Charge.** - No unauthorized
9 fee, commission, gift, or charge of any kind shall be exacted, demanded, or paid, for
10 obtaining loans from the Bank. An officer, employee, or agent of the Bank found guilty
11 shall be penalized by a fine of not less than Fifty thousand pesos (Php50,000.00) but
12 not more than Two million pesos (Php2,000,000.00), imprisonment of not less than
13 six (6) years and one (1) month but not more than fifteen (15) years, perpetual
14 disqualification from public office, and confiscation or forfeiture in favor of the
15 government of any prohibited interest and unexplained wealth.

16 **SEC. 27. Examination of the Bank by the Bangko Sentral ng Pilipinas**
17 **(BSP).** - The Bank shall be subject to supervision and examination by the appropriate
18 department of the BSP: *Provided*, That in conducting the said examination, the BSP
19 shall duly consider the Bank's risk-taking activities in furtherance of its mandate.

20 **SEC. 28. Control Over Subsidiaries and Dividends from Subsidiaries.** -
21 The Bank, through its President and CEO, may temporarily appoint directors in cases
22 where urgent action is needed from the subsidiaries but the present number of
23 directors does not constitute a quorum.

24 Without impairing its viability and the purposes for which it has been
25 established, every subsidiary shall declare and remit at least fifty percent (50%) of its
26 annual net earnings as cash, stock, or property dividends to the Bank as the parent
27 corporation: *Provided*, That the percentage of annual net earnings that shall be
28 declared by such subsidiary may be adjusted by the President and CEO.

29 **SEC. 29. General Penal Provisions.** - Any director, officer or employee of
30 the Bank who violates, or permits any of its officers, employees or agents or any other
31 person to violate, any of the provision of this Act not specifically punished in the
32 preceding sections and any person violating or aiding and abetting the violation of this
33 Act shall be penalized with a fine not less than Fifty thousand pesos (Php50,000.00)
34 but not more than Two million pesos (Php2,000,000.00), or imprisonment for a period
35 of not less than two (2) years but not more than ten (10) years, or both, at the
36 discretion of the court.

37 **SEC. 30. Other Liability of Guilty Board Member, Officer, or Employee.**
38 - A member of the Board, officer or employee of the Bank who willfully violates any of
39 the provisions of this Act shall, in addition to the criminal and administrative liability

1 resulting from such act, be held liable for any loss or injury suffered by the Bank as a
2 result of such violation.

3 **SEC. 31. *Liability of Directors, Officers, or Partners of the Offending***
4 ***Corporation or Partnership.*** - If the violation of the provisions of this Act is
5 committed by a corporation or partnership, its directors, officers, or partners who
6 participated in the violation shall be criminally liable.

7 **SEC. 32. *Applicability of Banking Laws.*** - The provisions of Republic Act
8 No. 7653, as amended, Republic Act No. 8791, and other applicable banking laws,
9 insofar as they are not in conflict with any provision of this Act, shall apply to the
10 Bank.

11 The penal provisions of Section 66 of Republic Act No. 8791, in relation to
12 Sections 34, 35, 36 and 37 of Republic Act No. 7653, as amended, shall be applicable
13 to directors, officers, employees and borrowers of the Bank.

14 **SEC. 33. *Interpretation.*** - Nothing in this Act shall operate to abolish the
15 Bank and affect the validity or legality of any right, duty, or obligation created by or
16 in respect of the Bank prior to the effectivity this Act.

17 **SEC. 34. *Transitory Provision.*** - Within one hundred eighty (180) days after
18 the effectivity of this Act, the Bank is authorized to reorganize and/or rationalize the
19 Bank's organizational structure to attract fresh and critical talents to join the Bank's
20 workforce in response to dynamic industry trends, incentivize early separation of
21 tenured employees and those with medical conditions who will be considered for
22 retirement before the optional retirement age of sixty (60) years old, and improve
23 headcount management and succession planning, consistent with the principles and
24 policies of Republic Act No. 10149.

25 Employees who shall retire from the service or are separated therefrom on
26 account of the reorganization of the Bank under the provisions of this Charter shall be
27 entitled to all gratuities and benefits provided for under existing laws and/or
28 supplementary retirement plans adopted by and effective in the Bank, consistent with
29 the principles and policies of Republic Act No. 10149.

30 **SEC. 35. *Separability Clause.*** - If any provision of this Act is declared
31 unconstitutional, the remainder thereof not otherwise affected shall remain in full force
32 and effect.

33 **SEC. 36. *Repealing Clause.*** - Sections 74 to 100 of Republic Act No. 3844 or
34 the "Agricultural Land Reform Code", as amended, are hereby repealed. All other laws,
35 presidential decrees, executive orders, letters of construction, proclamations or
36 administrative regulations that are inconsistent with any provision hereof are hereby
37 repealed, amended or modified accordingly.

- 1 **SEC. 37. *Effectivity.*** - This Act shall take effect after fifteen days (15)
2 following its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,