



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS

26 February 2019

CUSTOMS MEMORANDUM CIRCULAR
NO. 63 - 2019

To: All Deputy Commissioners
All Directors and Division Chiefs
All District/Port Collectors
And Others Concerned

Subject: RA 11211/THE NEW CENTRAL BANK ACT

Attached is the letter of Atty. Concepcion Zeny E. Ferrolino-Enad, Director, Malacañang Records Office dated 18 February 2019 endorsing a copy of Republic Act No. 11211 entitled:

**"AN ACT AMENDING REPUBLIC ACT NUMBER 7653,
OTHERWISE KNOWN AS "THE NEW CENTRAL BANK ACT",
AND FOR OTHER PURPOSES".**

For your information and guidance.

For record purposes, please confirm the dissemination of this circular throughout your offices within fifteen (15) days from receipt hereof.


REY LEONARDO B. GUERRERO
Commissioner

MAR 01 2019



MASTER COPY



DEPARTMENT OF FINANCE
Republic of the Philippines



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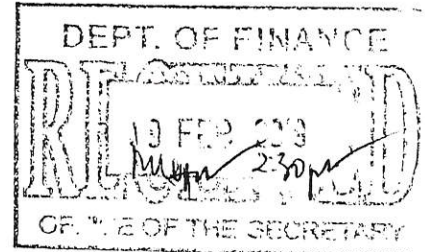
Office of the President
of the Philippines
Malacañang

All USAs/COS/Assts.
Heads of Attached
Agencies

MALACAÑANG RECORDS OFFICE

Manila, February 18, 2019

SECRETARY CARLOS G. DOMINGUEZ III
Department of Finance
Manila



Sir:

I have the honor to transmit for your information and guidance certified copies of the following Presidential Issuances:

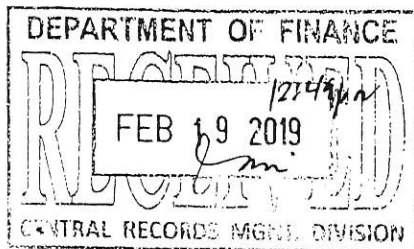
1. Republic Act No. 11199 which was approved on February 7, 2019 entitled "AN ACT RATIONALIZING AND EXPANDING THE POWERS AND DUTIES OF THE SOCIAL SECURITY COMMISSION TO ENSURE THE LONG-TERM VIABILITY OF THE SOCIAL SECURITY SYSTEM, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 1161, AS AMENDED BY REPUBLIC ACT NO. 8282, OTHERWISE KNOWN AS THE "SOCIAL SECURITY ACT OF 1997".
2. Republic Act No. 11203 which was approved on February 14, 2019 entitled "AN ACT LIBERALIZING THE IMPORTATION, EXPORTATION AND TRADING OF RICE, LIFTING FOR THE PURPOSE THE QUANTITATIVE IMPORT RESTRICTION ON RICE, AND FOR OTHER PURPOSES".
3. Republic Act No. 11211 which was approved on February 14, 2019 entitled "AN ACT AMENDING REPUBLIC ACT NUMBER 7653, OTHERWISE KNOWN AS "THE NEW CENTRAL BANK ACT", AND FOR OTHER PURPOSES".
4. Republic Act No. 11213 which was approved on February 14, 2019 entitled "AN ACT ENHANCING REVENUE ADMINISTRATION AND COLLECTION BY GRANTING AN AMNESTY ON ALL UNPAID INTERNAL REVENUE TAXES IMPOSED BY THE NATIONAL GOVERNMENT FOR TAXABLE YEAR 2017 AND PRIOR YEARS WITH RESPECT TO ESTATE TAX, OTHER INTERNAL REVENUE TAXES, AND TAX ON DELINQUENCIES" and line-veto message of the President.

Thank you.

Very truly yours,

[Signature]
Director IV

ATTY. CONCEPCION ZENY E. FERROLINO-ENAD
Director IV



H. No. 7742
S. No. 1297

Republic of the Philippines
Congress of the Philippines
Metro Manila
Seventeenth Congress
Third Regular Session

— ■ —
Begun and held in Metro Manila, on Monday, the twenty-third
day of July, two thousand eighteen.

[REPUBLIC ACT NO. 11211]

AN ACT AMENDING REPUBLIC ACT NUMBER 7653,
OTHERWISE KNOWN AS "THE NEW CENTRAL BANK
ACT", AND FOR OTHER PURPOSES

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

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

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

"The capital of the *Bangko Sentral* shall be
Two hundred billion pesos (P200,000,000,000), to be
fully subscribed by the Government of the Republic

of the Philippines, hereafter referred to as the Government: *Provided*, That the increase in capitalization shall be funded solely from the declared dividends of the *Bangko Sentral* in favor of the National Government. For this purpose, any and all declared dividends of the *Bangko Sentral* in favor of the National Government shall be deposited in a special account in the General Fund, and earmarked for the payment of *Bangko Sentral's* increase in capitalization. Such payment shall be released and disbursed immediately and shall continue until the increase in capitalization has been fully paid."

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

"SEC. 3. *Responsibility and Primary Objective.* - The *Bangko Sentral* shall provide policy directions in the areas of money, banking, and credit. It shall have supervision over the operations of banks and exercise such regulatory and examination powers as provided in this Act and other pertinent laws over the quasi-banking operations of non-bank financial institutions. As may be determined by the Monetary Board, it shall likewise exercise regulatory and examination powers over money service businesses, credit granting businesses, and payment system operators. The Monetary Board is hereby empowered to authorize entities or persons to engage in money service businesses.

"The primary objective of the *Bangko Sentral* is to maintain price stability conducive to a balanced and sustainable growth of the economy and employment. It shall also promote and maintain monetary stability and the convertibility of the peso.

"The *Bangko Sentral* shall promote financial stability and closely work with the National Government, including, but not limited to, the Department of Finance, Securities and Exchange Commission, the Insurance Commission, and the Philippine Deposit Insurance Corporation.

"The *Bangko Sentral* shall oversee the payment and settlement systems in the Philippines, including critical financial market infrastructures, in order to promote sound and prudent practices consistent with the maintenance of financial stability.

"In the attainment of its objectives, the *Bangko Sentral* shall promote broad and convenient access to high quality financial services and consider the interest of the general public."

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

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

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

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

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

"The meetings of the Monetary Board may be conducted through modern technologies such as, but not limited to, teleconferencing and videoconferencing."

SEC. 4. Section 15(e) of the same Act is hereby amended to read as follows:

"SEC. 15. *Exercise of Authority.* - In the exercise of its authority, the Monetary Board shall:

"(e) indemnify its members and other officials of the *Bangko Sentral*, including personnel of the departments performing supervision and examination functions against all costs and expenses reasonably incurred by such persons in connection with any civil or criminal action, suit or proceedings to which he may be, or is, made a party by reason of the performance of his functions or duties, unless he is finally adjudged in such action or proceeding to be liable for willful violation of this Act, performed in evident bad faith or with gross negligence.

"In the event of a settlement or compromise, indemnification shall be provided only in connection with such matters covered by the settlement as to which the *Bangko Sentral* is advised by external counsel that the person to be indemnified did not commit willful violation of this Act, performed in evident bad faith or with gross negligence.

"The costs and expenses incurred in defending the aforementioned action, suit or proceeding may be paid by the *Bangko Sentral* in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the member, officer, or employee to repay the amount advanced should it ultimately be determined by the Monetary Board that he is not entitled to be indemnified as provided in this subsection."

SEC. 5. Section 16 of the same Act is hereby amended to read as follows:

"SEC. 16. *Responsibility*. - The general rule and the exception therefrom on the liability of public officers as provided in Sections 38 and 39 of Chapter 9, Book 1 of the Revised Administrative Code of 1987 shall apply to the members of the Monetary Board and other personnel of the *Bangko Sentral*.

"Similar responsibility shall apply to members of the Monetary Board, and other personnel of the *Bangko Sentral* for: (1) the disclosure of any information of a confidential nature, or any information on the discussions or resolutions of the

Monetary Board, or about the confidential operations of the *Bangko Sentral*, unless the disclosure is in connection with the performance of official functions with the *Bangko Sentral*, or is with prior authorization of the Monetary Board or the Governor; or (2) the use of such information for personal gain or to the detriment of the Government, the *Bangko Sentral* or third parties: *Provided, however*, That any data or information required to be submitted to the President and/or the Congress, or to be published under the provisions of this Act shall not be considered confidential.

"Unless the actions or omissions of the *Bangko Sentral*, members of the Monetary Board and its other personnel are finally adjudged to be in willful violation of this Act, performed in evident bad faith or with gross negligence, they are held free and harmless to the fullest extent permitted by law from any liability, and they shall be indemnified for any and all liabilities, losses, claims, demands, damages, deficiencies, costs and expenses of whatsoever kind and nature that may arise in connection with the exercise of their powers and performance of their duties and functions."

SEC. 6. Section 21 of the same Act is hereby amended to read as follows:

"SEC. 21. *Deputy Governors*. - The Governor of the *Bangko Sentral*, with the approval of the Monetary Board, shall appoint not more than five (5) Deputy Governors who shall perform duties as may be assigned to them by the Governor and the Board.

"In the absence of the Governor, a Deputy Governor designated by the Governor shall act as chief executive of the *Bangko Sentral* and shall exercise the powers and perform the duties of the Governor. Whenever the Governor is unable to attend meetings of government boards or councils in which he is an *ex officio* member pursuant to

provisions of special laws, a Deputy Governor as may be designated by the Governor shall be vested with authority to participate and exercise the right to vote in such meetings."

SEC. 7. Section 23 of the same Act is hereby amended to read as follows:

"SEC. 23. *Authority to Obtain Data and Information.* - The *Bangko Sentral* shall have the authority to require from any person or entity, including government offices and instrumentalities, or government-owned or -controlled corporations, any data, for statistical and policy development purposes in relation to the proper discharge of its functions and responsibilities: *Provided*, That disaggregated data gathered are subject to prevailing confidentiality laws. The *Bangko Sentral* through the Governor or in his absence, a duly authorized representative shall have the power to issue a *subpoena* for the production of the books and records for the aforesaid purpose. Those who refuse the *subpoena* without justifiable cause, or who refuse to supply the *Bangko Sentral* with data required, shall be subject to punishment for contempt in accordance with the provisions of the Rules of Court.

"The authority of the *Bangko Sentral* to require data from banks shall continue to be exercised pursuant to its supervisory powers set forth in this Act and other applicable laws.

"Data on individuals and firms, other than banks, gathered by the *Bangko Sentral* shall not be made available to any person or entity outside of the *Bangko Sentral* whether public or private except under order of the court or under such conditions as may be prescribed by the Monetary Board: *Provided, however*, That the collective data on firms may be released to interested persons or entities: *Provided, finally*, That in the case of data on banks, the provisions of Section 27 of this Act shall apply."

SEC. 8. Section 25 of the same Act is hereby amended to read as follows:

"SEC. 25. *Supervision and Examination.* - The *Bangko Sentral* shall have supervision over, and conduct regular or special examinations of banking institutions and quasi-banks, including their subsidiaries and affiliates engaged in allied activities.

"For purposes of this section, a subsidiary means a corporation more than fifty percent (50%) of the voting stock of which is directly or indirectly owned, controlled or held with power to vote by a bank or quasi-bank and an affiliate means a corporation the voting stock of which, to the extent of fifty percent (50%) or less, is owned by a bank or quasi-bank or which is related or linked directly or indirectly to such institution or intermediary through common stockholders or such other factors as may be determined by the Monetary Board.

"The *Bangko Sentral* shall have regulatory authority over, and conduct regular or special examinations of, entities which under this Act or by special laws are subject to its jurisdiction.

"The *Bangko Sentral* shall establish a mechanism for issues arising from bank examinations. It shall be independent and reports directly to the Monetary Board, without prejudice to the authority of the *Bangko Sentral* and its Monetary Board to take enforcement and supervisory actions against supervised entities.

"The department heads and the examiners of the supervising and/or examining departments are hereby authorized to administer oaths to any director, officer, or employee of any institution under their respective supervision or subject to their examination, and to compel the presentation of all books, documents, papers or records necessary in their judgment to ascertain the facts relative to the true condition of any institution as well as the books and records of persons and entities relative to or in connection with the operations, activities or transactions of the institution under examination,

subject to the provision of existing laws protecting or safeguarding the secrecy or confidentiality of bank deposits as well as investments of private persons, natural or juridical, in debt instruments issued by the Government.

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

SEC. 9. A new section entitled Section 25-A is hereby included in the same Act to read as follows:

"SEC. 25-A. *Authority to Approve Transfer of Shares.* - Transfers or acquisitions, or a series thereof, of at least ten percent (10%) of the voting shares in banks or quasi-banks shall require the prior approval of the *Bangko Sentral*. The selling or conveying stockholder shall submit such transfer or acquisition for approval by the *Bangko Sentral* within such period as may be prescribed by the Monetary Board. In approving such transfers or acquisitions, regard shall be given by the *Bangko Sentral* to the fitness of the incoming stockholders as may be indicated in their integrity, reputation and financial capacity. Without *Bangko Sentral* approval, no such transfer or acquisition shall have legal effect nor shall the same be recognized in the books of the institution or by any government agency. and the transferor-stockholders shall remain accountable and responsible therefor. Transfer of

actual control or management of the institution to the new stockholders or their representatives prior to *Bangko Sentral* approval shall make the transferor, the transferee and any person responsible therefor liable under Sections 36 and 37 of this Act. Notwithstanding any provision of law to the contrary, the *Bangko Sentral* may share with the Philippine Deposit Insurance Corporation any information that the *Bangko Sentral* may obtain pertaining to transfer or acquisition of shares or series of transfers or acquisition of shares in banks and quasi-banks."

SEC. 10. Section 27(d) of the same Act is hereby amended to read as follows:

"SEC. 27. *Prohibitions.* - In addition to the prohibitions found in Republic Act Nos. 3019 and 6713, personnel of the *Bangko Sentral* are hereby prohibited from:

"x x x

"(d) borrowing from any institution subject to supervision or examination by the *Bangko Sentral* unless said borrowing is transacted on an arm's length basis, fully disclosed to the Monetary Board, and shall be subject to such rules and regulations as the Monetary Board may prescribe."

SEC. 11. Section 28 of the same Act is hereby amended to read as follows:

"SEC. 28. *Examination and Fees.* - The supervising and examining department head, personally or by deputy, shall examine the operations of every bank and quasi-bank, including their subsidiaries and affiliates engaged in allied activities, and other entities which under this Act or special laws are subject to *Bangko Sentral* supervision, in accordance with the guidelines set by the Monetary Board taking into consideration sound and prudent practices: *Provided*, That there shall be an interval of at least twelve (12) months between regular examinations: *Provided, further*. That the Monetary Board, by an affirmative vote of at least five (5)

members, may authorize a special examination if the circumstances warrant.

"The institution concerned shall afford to the head of the appropriate supervising and examining departments and to his authorized deputies full opportunity to examine its books and records, cash and assets and general condition and review its systems and procedures at any time during business hours when requested to do so by the *Bangko Sentral*. *Provided, however*, That none of the reports and other papers relative to such examinations shall be open to inspection by the public except insofar as such publicity is incidental to the proceedings hereinafter authorized or is necessary for the prosecution of violations in connection with the business of such institutions.

"Supervised institutions shall pay to the *Bangko Sentral*, no later than May 31 of each year, an annual supervision fee as may be prescribed by the Monetary Board. In determining the amount of the annual supervision fee, the Monetary Board shall consider the costs of supervision."

SEC. 12. A new section entitled Section 28-A is hereby included in the same Act to read as follows:

"SEC. 28-A. *Bangko Sentral Coordination*. -- The suspension or revocation of any government license necessary for the operation of *Bangko Sentral*-supervised entity must be done only with prior consultation with the *Bangko Sentral*."

SEC. 13. Section 30 of the same Act is hereby amended to read as follows:

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

"(a) has notified the *Bangko Sentral* or publicly announced a unilateral closure, or has been dormant for at least sixty (60) days or in any manner has suspended the payment of its deposit/deposit

substitute liabilities, or is unable to pay its liabilities as they become due in the ordinary course of business: *Provided*, That this shall not include inability to pay caused by extraordinary demands induced by financial panic in the banking community;

"(b) has insufficient realizable assets, as determined by the *Bangko Sentral*, to meet its liabilities; or

"(c) cannot continue in business without involving probable losses to its depositors or creditors; or

"(d) has willfully violated a cease and desist order under Section 37 of this Act that has become final, involving acts or transactions which amount to fraud or a dissipation of the assets of the institution; in which cases, the Monetary Board may summarily and without need for prior hearing forbid the institution from doing business in the Philippines and designate the Philippine Deposit Insurance Corporation (PDIC) as receiver in the case of banks and direct the PDIC to proceed with the liquidation of the closed bank pursuant to this section and the relevant provisions of Republic Act No. 3591, as amended. The Monetary Board shall notify in writing, through the receiver, the board of directors of the closed bank of its decision.

"The actions of the Monetary Board taken under this section or under Section 29 of this Act shall be final and executory, and may not be restrained or set aside by the court except on petition for *certiorari* on the ground that the action taken was in excess of jurisdiction or with such grave abuse of discretion as to amount to lack or excess of jurisdiction. The petition for *certiorari* may only be filed by the stockholders of record representing the majority of the capital stock within ten (10) days from receipt by the board of directors of the institution of the order directing receivership, liquidation or conservatorship. The designation of a conservator under Section 29 of this Act or the

appointment of a receiver under this section shall be vested exclusively with the Monetary Board. Furthermore, the designation of a conservator is not a precondition to the designation of a receiver.

"The authority of the Monetary Board to summarily and without need for prior hearing forbid the bank or quasi-bank from doing business in the Philippines as provided above may also be exercised over non-stock savings and loan associations, based on the same applicable grounds. For quasi-banks and non-stock savings and loan associations, any person of recognized competence in banking, credit or finance may be designated by the *Bangko Sentral* as a receiver."

SEC. 14. Section 31 of Republic Act No. 7653 is hereby deleted.

SEC. 15. Section 32 of Republic Act No. 7653 is hereby deleted.

SEC. 16. Section 34 of the same Act is hereby amended to read as follows:

"SEC. 34. *Refusal to Make Reports or Permit Examination.* – Any officer, owner, agent, manager, director or officer-in-charge of any institution who, being required in writing by the Monetary Board or by the head of the supervising and examining department within the purview of this Act and relevant laws willfully refuses to file the required report or permit any lawful examination into the affairs of such institution shall be punished by a fine of not less than Fifty thousand pesos (P50,000) nor more than Two million pesos (P2,000,000) or by imprisonment of not less than one (1) year nor more than five (5) years, or both, at the discretion of the court.

"This shall also apply to the officer, owner, agent, manager, director or officer-in-charge of the affiliate company/ies whose transactions are subject to examination under this Act."

SEC. 17. Section 35 of the same Act is hereby amended to read as follows:

"SEC. 35. *False Statement.* – The willful making of a false or misleading statement on a material fact to the Monetary Board or to the examiners of the *Bangko Sentral* shall be punished by a fine of not less than One hundred thousand pesos (P100,000) nor more than Two million pesos (P2,000,000), or by imprisonment of not more than five (5) years, or both, at the discretion of the court."

SEC. 18. Section 36 of the same Act is hereby amended to read as follows:

"SEC. 36. *Proceedings Upon Violation of This Act and Other Banking Laws, Rules, Regulations, Orders or Instructions.* – Whenever a bank, quasi-bank, including their subsidiaries and affiliates engaged in allied activities or other entity which under this Act or special laws is subject to *Bangko Sentral* supervision or whenever any person or entity willfully violates this Act or other pertinent banking laws being enforced or implemented by the *Bangko Sentral* or any order, instruction, rule or regulation issued by the Monetary Board, the person or persons responsible for such violation shall unless otherwise provided in this Act be punished by a fine of not less than Fifty thousand pesos (P50,000) nor more than Two million pesos (P2,000,000) or by imprisonment of not less than two (2) years nor more than ten (10) years, or both, at the discretion of the court.

"Whenever an entity under *Bangko Sentral* supervision persists in carrying on its business in an unlawful or unsafe manner, the Board may, without prejudice to the penalties provided in the preceding paragraph of this section and the administrative sanctions provided in Section 37 of this Act, take action under Section 30 of this Act.

"The *Bangko Sentral* may grant informer's reward to any person, except an officer or employee of the *Bangko Sentral* or of any intelligence or law

enforcement agency, including the relatives of such officer or employee within the fourth degree of consanguinity or affinity, who voluntarily give definite information not yet in the possession of the *Bangko Sentral* leading to the: (a) arrest of bank directors or officers and/or BSP personnel for violation of this Act or any banking and other laws implemented or enforced by the *Bangko Sentral*, or for violation of other penal laws committed in connection with their employment or functions; or (b) filing of criminal charges against any person for violation of Section 50 of this Act.

"The Monetary Board is hereby authorized to promulgate the implementing guidelines for the grant of informer's reward, which in no case shall exceed One million pesos (P1,000,000). Said guidelines may provide for additional qualifications and disqualifications of informants as well as the form and minimum content of the information given.

"The cash reward of informers shall be subject to applicable withholding taxes."

SEC. 19. Section 37 of the same Act is hereby amended to read as follows:

"SEC. 37. *Administrative Sanctions on Supervised Entities.* - The imposition of administrative sanctions shall be fair, consistent and reasonable. Without prejudice to the criminal sanctions against the culpable persons provided in Sections 34, 35, and 36 of this Act, the Monetary Board may, at its discretion, impose upon any bank, quasi-bank, including their subsidiaries and affiliates engaged in allied activities, or other entity which under this Act or special laws are subject to the *Bangko Sentral* supervision, and/or their directors, officers or employees, for any willful violation of its charter or bylaws, willful delay in the submission of reports or publications thereof as required by law, rules and regulations; any refusal to permit examination into the affairs of the institution; any willful making of a false or misleading statement to the Board or the appropriate

supervising and examining department or its examiners; any willful failure or refusal to comply with, or violation of, any banking law or any order, instruction or regulation issued by the Monetary Board, or any order, instruction or ruling by the Governor; or any commission of irregularities, and/or conducting business in an unsafe or unsound manner as may be determined by the Monetary Board, the following administrative sanctions, whenever applicable:

"(a) fines in amounts as may be determined by the Monetary Board to be appropriate, but in no case to exceed One million pesos (P1,000,000) for each transactional violation or One hundred thousand pesos (P100,000) per calendar day for violations of a continuing nature, taking into consideration the attendant circumstances, such as the nature and gravity of the violation or irregularity and the size of the institution: *Provided*, That in case profit is gained or loss is avoided as a result of the violation, a fine no more than three (3) times the profit gained or loss avoided may also be imposed;

"(b) suspension of rediscounting privileges or access to *Bangko Sentral* credit facilities;

"(c) suspension of lending or foreign exchange operations or authority to accept new deposits or make new investments;

"(d) suspension of interbank clearing privileges; and/or

"(e) suspension or revocation of quasi-banking or other special licenses.

"Resignation or termination from office shall not exempt such director, officer or employee from administrative or criminal sanctions.

"The Monetary Board may, whenever warranted by circumstances, preventively suspend any director, officer or employee of the institution

pending an investigation: *Provided*, That should the case be not finally decided by the *Bangko Sentral* within a period of one hundred twenty (120) days after the date of suspension, said director, officer or employee shall be reinstated in his position: *Provided, further*, That when the delay in the disposition of the case is due to the fault, negligence or petition of the director or officer, the period of delay shall not be counted in computing the period of suspension herein provided.

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

"Whether or not there is an administrative proceeding, if the institution and/or the directors, officers or employees concerned continue with or otherwise persist in the commission of the indicated practice or violation, the Monetary Board may issue an order requiring the institution and/or the directors, officers or employees concerned to cease and desist from the indicated practice or violation, and may further order that immediate action be taken to correct the conditions resulting from such practice or violation. The cease and desist order shall be immediately effective upon service on the respondents.

"The respondents shall be afforded an opportunity to defend their action in a hearing before the Monetary Board or any committee chaired by any Monetary Board member created for the purpose, upon request made by the respondents within five (5) days from their receipt of the order. If no such hearing is requested within said period, the order shall be final. If a hearing is conducted, all issues shall be determined on the basis of records, after which the Monetary Board may either reconsider or make final its order.

"The Governor is hereby authorized, at his discretion, to impose upon banks and quasi-banks, including their subsidiaries and affiliates engaged in allied activities, and other entities which under

this Act or special laws are subject to *Bangko Sentral* supervision for any failure to comply with the requirements of law, Monetary Board regulations and policies, and/or instructions issued by the Monetary Board or by the Governor, fines not in excess of One hundred thousand pesos (P100,000) for each transactional violation or Thirty thousand pesos (P30,000) per calendar day for violations of a continuing nature, the imposition of which shall be final and executory until reversed, modified or lifted by the Monetary Board on appeal."

SEC. 20. A new section entitled Section 38-A is hereby included in the same Act to read as follows:

"SEC. 38-A. *Issuance of Injunctive Relief Against Bangko Sentral Actions.* — No court, other than the Court of Appeals and the Supreme Court, shall issue any temporary restraining order, preliminary injunction or preliminary mandatory injunction against the *Bangko Sentral* for any action under this Act.

"Any restraining order or injunction issued in violation of this section is void and of no force and effect.

"The provisions of the Rules of Court on injunctions insofar as these are applicable and not inconsistent with the provisions of this Act shall govern the issuance and dissolution of restraining orders or injunctions against the *Bangko Sentral*."

SEC. 21. Section 39 of the same Act is hereby amended as follows:

"SEC. 39. *Reports and Publications.* — The *Bangko Sentral* shall publish a general balance sheet showing the volume and composition of its assets and liabilities as of the last working day of the month within ninety (90) days after the end of each month, which may be reasonably extended by the *Bangko Sentral* as warranted.

"The Monetary Board shall publish and submit the following reports to the President and to the Congress:

"(a) not later than ninety (90) days after the end of each quarter, an analysis of economic and financial developments, including the condition of netinternational reserves and monetary aggregates;

"(b) within ninety (90) days after the end of the year, which may be reasonably extended by the *Bangko Sentral* as warranted, the preceding year's budget and profit and loss statement of the *Bangko Sentral* showing in reasonable detail the result of its operations;

"(c) one hundred twenty (120) days after the end of each semester, a review of the state of the financial system; and

"(d) as soon as practicable, abnormal movements in monetary aggregates and the general price level, and, not later than seventy-two (72) hours after they are taken, remedial measures in response to such abnormal movements."

SEC. 22. Section 40 of the same Act is hereby amended as follows:

"SEC. 40. *Annual Report.* - Before the end of June of each year, the *Bangko Sentral* shall publish and submit to the President and the Congress an annual report on the condition of the *Bangko Sentral* including a review of the policies and measures adopted by the Monetary Board during the past year and an analysis of the economic and financial circumstances which gave rise to said policies and measures.

"The annual report shall also include a statement of the financial condition of the *Bangko Sentral* and a statistical appendix which shall present, as a minimum, the following data:

"(a) the monthly movement of monetary aggregates and their components;

"(b) the monthly movement of purchases and sales of foreign exchange and of the international reserves of the *Bangko Sentral*;

"(c) the balance of payments of the Philippines;

"(d) monthly indices of consumer prices and of import and export prices;

"(e) the monthly movement, in summary form, of exports and imports, by volume and value;

"(f) the monthly movement of the accounts of the *Bangko Sentral* and of other banks;

"(g) the principal data on government receipts and expenditures and on the status of the public debt, both domestic and foreign; and

"(h) the texts of the major legal and administrative measures adopted by the Government and the Monetary Board during the year which relate to the functions or operations of the *Bangko Sentral* or of the financial system.

"The *Bangko Sentral* shall publish another version of the annual report in terms understandable to the layman."

SEC. 23. Section 43 of the same Act is hereby amended as follows:

"SEC. 43. *Computation of Profits and Losses.*

- Within the first sixty (60) days following the end of each year, the *Bangko Sentral* shall determine its net profits or losses. Notwithstanding any provision of law to the contrary, the net profit of the *Bangko Sentral* shall be determined after allowing for expenses of operation, adequate allowances and provisions for bad and doubtful debts, depreciation in assets, and such allowances and provisions for contingencies or other purposes as the Monetary Board may determine in accordance with prudent financial management and effective central banking operations.

SEC. 24. A new section entitled Section 43-A is hereby included in the same Act to read as follows:

"SEC. 43-A. *Bangko Sentral Reserve Fund.* - The *Bangko Sentral* shall establish a reserve fund, whenever it has income or positive surplus, to mitigate future risks such as, but not limited to, the impacts of foreign exchange and price fluctuations, and to address other contingencies inherent in carrying out the *Bangko Sentral*-mandated functions as central monetary authority. The reserve fund shall consist of fluctuation reserve, contingency reserve and such other reserves as the Monetary Board deems prudent or necessary."

SEC. 25. Section 45 of the same Act is hereby amended to read as follows:

"SEC. 45. *Revaluation Profits and Losses.* - Unrealized profits or losses arising from any revaluation of the *Bangko Sentral's* assets, liabilities or derivative instruments denominated in foreign currencies with respect to the movements of prices and exchange rates from third currencies to Philippine peso shall not be included in the computation of the annual profits and losses of the *Bangko Sentral*. Any profits or losses arising in this manner shall be offset by any amounts which, as a consequence of such revaluations, are owed by the Philippines to any international or regional intergovernmental financial institution of which the Philippines is a member or are owed by these institutions to the Philippines. Any remaining unrealized profit or loss shall be carried in an account which shall be named 'Revaluation of International Reserve (RIR)', and the net balance of which shall appear either among the liabilities or among the assets of the *Bangko Sentral*, depending on whether the revaluations have produced net profits or net losses."

"The RIR account shall be credited or debited for the periodic revaluation as authorized in this section and to reflect the corresponding adjustment resulting to reduction in the *Bangko Sentral's* net foreign assets, liabilities and foreign currency-denominated derivative instruments. The RIR shall be adjusted and recognized in the income statement upon sale of gold and foreign securities, or when the foreign currency is repatriated to local currency or is used to pay foreign obligations, or upon maturity of a foreign currency-denominated forward or option contract involving the Philippine peso."

SEC. 26. Section 61 of the same Act is hereby amended to read as follows:

"SEC. 61. *Guiding Principle.* - The Monetary Board shall regularly assess price developments and outlook and, based on its analysis and evaluation of inflationary pressures, use its policy instruments to attain and maintain price stability."

SEC. 27. Section 63 of the same Act is hereby amended to read as follows:

"SEC. 63. *Action When Abnormal Movements Occur in the Price Level.* - Whenever abnormal movements in the prices endanger the stability of the Philippine economy or important sectors thereof, the Monetary Board shall:

"(a) take such remedial measures as are appropriate and within the powers granted to the Monetary Board and the *Bangko Sentral* under the provisions of this Act; and

"(b) submit to the President of the Philippines and the Congress, and make public, a detailed report which shall include, as a minimum, a description and analysis of:

"(1) the causes of the rise or fall of prices;

"(2) the extent to which the changes in prices have been reflected in changes in the level of domestic

output, employment, wages and economic activity in general, and the nature and significance of any such changes; and

"(3) the measures which the Monetary Board has taken and the other monetary, fiscal or administrative measures which it recommends to be adopted.

"Whenever the cost of living index increases by more than ten percent (10%), in relation to the level existing at the end of the corresponding month of the preceding year, or even though this quantitative guideline has not been reached when in its judgment the circumstances so warrant, the Monetary Board shall submit the reports mentioned in this section, and shall state therein whether, in the opinion of the Board, said changes in the cost of living represent a threat to the stability of the Philippine economy or of important sectors thereof.

"The Monetary Board shall continue to submit periodic reports to the President of the Philippines and to Congress until it considers that the price disturbances have disappeared or have been adequately controlled."

SEC. 28. Section 66 of the same Act is hereby amended to read as follows:

"SEC. 66. *Composition of the International Reserves.* -- The international reserves of the *Bangko Sentral* may include, but shall not be limited to, the following assets:

"(a) gold; and

"(b) assets in foreign currencies in the form of documents and instruments customarily employed for the international transfer of funds; demand and time deposits in central banks, treasuries and commercial banks abroad; foreign government securities; and foreign notes and coins.

"The Monetary Board shall endeavor to hold the foreign exchange resources of the *Bangko Sentral*

in freely convertible currencies. The Monetary Board shall issue regulations determining the other qualifications which foreign exchange assets must meet in order to be included in the international reserves of the *Bangko Sentral*.

"The *Bangko Sentral* shall be free to convert any of the assets in its international reserves into other assets as described in subsections (a) and (b) of this section."

SEC. 29. Section 81 of the same Act is hereby amended to read as follows:

"SEC. 81. *Guiding Principles.* -- The rediscunts, discounts, loans and advances which the *Bangko Sentral* is authorized to extend to banking institutions, under the provisions of the present article of this Act shall be used to influence the volume of credit consistent with the objective of price stability and maintenance of financial stability."

SEC. 30. Section 84 of the same Act is hereby amended to read as follows:

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

"The Monetary Board may, at its discretion, likewise authorize the *Bangko Sentral* to grant emergency loans or advances to banking institutions, even during normal periods, for the purpose of assisting a bank in a precarious financial condition or under serious financial pressures brought by unforeseen events, or events which, though

foreseeable, could not be prevented by the bank concerned: *Provided, however*, That the Monetary Board has ascertained that the bank is not insolvent and has the assets defined hereunder to secure the advances: *Provided, further*, That a concurrent vote of at least five (5) members of the Monetary Board is obtained.

"The amount of any emergency loan or advance shall not exceed the sum of fifty percent (50%) of total deposits and deposit substitutes of the banking institution, and shall be disbursed in two (2) or more tranches. The amount of the first tranche shall be limited to twenty-five percent (25%) of the total deposit and deposit substitutes of the institution and shall be secured by (a) government securities; (b) acceptable guarantees backed up by the national government or its securities; (c) other unencumbered first class collaterals; and (d) other kinds of collaterals as may be authorized by the Monetary Board in accordance with sound risk management principles: *Provided*, That if as determined by the Monetary Board, the circumstances surrounding the emergency warrant a loan or advance greater than the amount provided hereinabove, the amount of the first tranche may exceed twenty-five percent (25%) of the bank's total deposit and deposit substitutes if the same is adequately secured by any of the collaterals set forth above as approved by the Monetary Board, and the principal stockholders of the institution furnish an acceptable undertaking to indemnify and hold harmless from suit a conservator whose appointment the Monetary Board may find necessary at any time.

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

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

"(a) furnish an acceptable undertaking to indemnify and hold harmless from suit a conservator whose appointment the Monetary Board may find necessary at any time; and

"(b) provide acceptable security which, in the judgment of the Monetary Board, would be adequate to supplement, where necessary, the assets tendered by the banking institution to collateralize the subsequent tranche.

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

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

SEC. 31. A new section entitled Section 88-A is hereby included in the same Act to read as follows:

"SEC. 88-A. *Exemption of Collaterals from Attachments, Executions and Other Restrictions.*
- Collaterals on loans and advances granted by the *Bangko Sentral*, whether or not the interest of the *Bangko Sentral* is registered, shall not be subject to attachment, execution or any other court process or administrative restrictions on land use, nor shall

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they be included in the property of insolvent persons or institutions.”

SEC. 32. A new section entitled Section 88-B is hereby included in the same Act to read as follows:

“SEC. 88-B. *Deputization of Legal Staff in Case of Foreclosures.* – In case of an extrajudicial foreclosure of mortgage in connection with loans and advances under this article, the *Bangko Sentral* may deputize any of its lawyers to conduct the public auction pursuant to Act No. 3135, as amended.

“Likewise, in case of a judicial foreclosure in connection with loans and advances under this article, the *Bangko Sentral* may, with the approval of the court, deputize any of its lawyers to act as special sheriff in the sale of a debtor’s properties and in the enforcement of court writs and processes related thereto. The special sheriff of the *Bangko Sentral* shall make a report to the proper court after any action has been taken by him, which court shall treat such action as if it were an act of its own sheriff in all respects.

“No restraining order or injunction shall be issued by the court enjoining the *Bangko Sentral* from proceeding with the foreclosure of the mortgage unless a bond is posted in favor of the *Bangko Sentral* in an amount equivalent to the total claim of the *Bangko Sentral*. The restraining order or injunction shall be refused or, if granted, shall be dissolved upon filing by the *Bangko Sentral* of a bond, which shall be in the form of a *Bangko Sentral* check, in an amount twice the amount of the original bond posted conditioned that the *Bangko Sentral* will pay the damages which the party may suffer by the refusal or dissolution of the injunction. The provisions of the Rules of Court on injunctions insofar as they are applicable and not inconsistent with the provisions of this section shall govern the issuance and dissolution of the restraining order or injunction contemplated in this section.”

SEC. 33. A new section entitled Section 88-C is hereby included in the same Act to read as follows:

“SEC. 88-C. *Right of Redemption of Foreclosed Real Property; Right of Possession During Redemption Period.* – In the event of foreclosure, whether judicially or extrajudicially, the mortgagor, who is a natural person, shall have the right to redeem the property within one (1) year from the date of foreclosure sale. In case the mortgagor is a juridical person, the mortgagor shall have the right to redeem the property sold in a judicial foreclosure sale within one (1) year from the date of foreclosure sale: *Provided*, That in case of an extrajudicial foreclosure, notwithstanding Act No. 3135, the mortgagor shall have the right to redeem the property sold within ninety (90) days from the foreclosure sale but not later than the registration of the certificate of foreclosure sale. Redemption shall be effected by paying the principal, interests, charges, commissions and all claims of whatever nature of the *Bangko Sentral* outstanding and due as of the date of foreclosure sale, including all costs and other expenses incurred by reason of the foreclosure sale and custody of the property.

“The *Bangko Sentral*, as purchaser in the foreclosure sale and without need of posting a bond, may take possession of the foreclosed property during the redemption period. The *Bangko Sentral* shall be entitled to the fruits of the property, the same to be applied against the redemption price.”

SEC. 34. A new section entitled Section 88-D is hereby included in the same Act to read as follows:

“SEC. 88-D. *Unsecured Bangko Sentral Claims.* – All unsecured claims of the *Bangko Sentral* shall be considered preferred credits similar to taxes due to the National Government in the order of preference under Article 2244 of the new Civil Code.”

SEC. 35. A new section entitled Section 89-A is hereby included in the same Act to read as follows:

"SEC. 89-A. *Financial Facilities for Islamic Banks.* - The *Bangko Sentral* may, taking into consideration the peculiar characteristics of Islamic banking, formulate rules and regulations for the extension of financial facilities to Islamic banks: *Provided,* That such exposures shall be properly secured."

SEC. 36. A new section entitled Section 89-B is hereby included in the same Act to read as follows:

"SEC. 89-B. *Loans to the Philippine Deposit Insurance Corporation (PDIC).* - The *Bangko Sentral*, pursuant to its mandate of maintaining financial stability, may lend funds to the PDIC for insurance purposes and in cases of financial assistance that the latter is authorized to extend under Section 22(e) of Republic Act No. 3591, as amended. Notwithstanding Section 23 of Republic Act No. 3591, as amended, the Monetary Board shall prescribe interest rates and such other terms and conditions of the loan."

SEC. 37. Section 92 of the same Act is hereby amended to read as follows:

"SEC. 92. *Issue and Negotiation of Bangko Sentral Obligations.* - In order to provide the *Bangko Sentral* with effective instruments for open market operations, the *Bangko Sentral* may, subject to such rules and regulations as the Monetary Board may prescribe and in accordance with the principles stated in Section 90 of this Act, issue, place, buy and sell freely negotiable evidences of indebtedness of the *Bangko Sentral*. Said evidences of indebtedness may be issued directly against the international reserve of the *Bangko Sentral* or against the securities which it has acquired under the provisions of Section 91 of this Act, or may be issued without relation to specific types of assets of the *Bangko Sentral*.

"The Monetary Board shall determine the interest rates, maturities and other characteristics

of said obligations of the *Bangko Sentral*, and may, if it deems it advisable, denominate the obligations in gold or foreign currencies.

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

SEC. 38. Section 95 of the same Act is hereby amended to read as follows:

"SEC. 95. *Definition of Deposit Substitutes.*
- The term 'deposit substitutes' is defined as an alternative form of obtaining funds from the public, other than deposits, through the issuance, endorsement, or acceptance of debt instruments for the borrower's own account, for the purpose of relending or purchasing of receivables and other obligations. These instruments may include, but need not be limited to, bankers acceptances, promissory notes, participations, certificates of assignment and similar instruments with recourse, and repurchase agreements. The phrase 'obtaining funds from the public' shall mean borrowing from twenty (20) or more lenders at any one time, and, for this purpose, 'lenders' shall refer to individuals and corporate entities that are not acting as financial intermediaries, subject to the safeguards and regulations issued by the Monetary Board. The Monetary Board shall determine what specific instruments shall be considered as deposit substitutes for the purposes of Section 94 of this Act: *Provided, however,* That deposit substitutes of commercial, industrial and other nonfinancial companies for the limited purpose of financing their

own needs or the needs of their agents or dealers shall not be covered by the provisions of Section 94 of this Act."

SEC. 39. Section 101 of the same Act is hereby amended to read as follows:

"SEC. 101. *Reserve Deficiencies.* - Whenever the reserve position of any bank or quasi-bank, computed in the manner specified in the preceding section of this Act, is below the required minimum, the bank or quasi-bank shall pay the *Bangko Sentral* monetary penalty as may be prescribed by the Monetary Board: *Provided, however,* That banks and quasi-banks shall ordinarily be permitted to offset any reserve deficiency occurring on one or more days of the week with any excess reserves which they may hold on other days of the same week and shall be required to pay the penalty in accordance with the mechanism approved by the Monetary Board. In cases of abuse, the Monetary Board may deny any bank or quasi-bank the privilege of offsetting reserve deficiencies in the aforesaid manner.

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

"The Monetary Board may modify or set aside the reserve deficiency penalties provided in this section, for part or the entire period of a strike or lockout affecting a bank or a quasi-bank as defined in the Labor Code, or of a national emergency affecting operations of banks or quasi-banks, or in such other instances where the grant of waiver of penalties is determined by the Monetary Board to be justifiable. The Monetary Board may also modify or set aside reserve deficiency penalties for rehabilitation program of a bank."

SEC. 40. Section 104 of the same Act is hereby amended to read as follows:

"SEC. 104. *Guiding Principle.* - The Monetary Board shall use the powers granted to it under this Act to ensure that the supply, availability and cost of money are in accord with the needs of the Philippine economy and that bank credit is not granted for speculative purposes prejudicial to the national interests. Regulations on bank operations shall be applied to all banks of the same category, as may be defined by the Monetary Board, uniformly and without discrimination."

SEC. 41. Section 108 of the same Act is hereby amended to read as follows:

"SEC. 108. *Minimum Capital Ratios.* - The Monetary Board may prescribe minimum risk-based capital adequacy ratios based on internationally accepted standards and may alter said ratios whenever it deems necessary. In the exercise of its authority under this section, the Monetary Board may require banks to hold capital beyond the minimum requirements commensurate to their risk profile."

SEC. 42. Section 113 of the same Act is hereby amended to read as follows:

"SEC. 113. *Official Deposits.* - The *Bangko Sentral* shall be the official depository of the Government, its political subdivisions and instrumentalities as well as of government-owned or -controlled corporations. As a general policy, their cash balances should be deposited with the *Bangko Sentral*, with only minimum working balances to be held by government-owned banks and such other banks licensed to operate in the Philippines as the Monetary Board may authorize.

"The *Bangko Sentral* may accept deposits and pay interest on such deposits and other similar placements of the Government or of its political

subdivisions and instrumentalities, banks and other *Bangko Sentral*-supervised institutions.”

SEC. 43. Section 123 of the same Act is hereby amended to read as follows:

“SEC. 123. *Financial Advice on Official Credit Operations.* — Before undertaking any credit operation abroad, the Government, through the Secretary of Finance, shall request the opinion, in writing, of the Monetary Board on the monetary implications of the contemplated action. Such opinions must similarly be requested by all political subdivisions and instrumentalities of the Government before any credit operation abroad is undertaken by them.

“The opinion of the Monetary Board shall be based on the gold and foreign exchange resources and obligations of the nation and on the effects of the proposed operation on the balance of payments and on monetary aggregates.

“Whenever the Government, or any of its political subdivisions or instrumentalities, contemplates borrowing within the Philippines, the prior opinion of the Monetary Board shall likewise be requested in order that the Board may render an opinion on the probable effects of the proposed operation on monetary aggregates, the price level, and the balance of payments.

“A credit operation or borrowing as provided herein may take the form of different credit facilities such as, but not limited to, a single loan, series of loans under a borrowing program, or credit lines. No prior Monetary Board opinion shall be required for individual drawdowns or borrowings within approved credit lines or borrowing programs.”

SEC. 44. Section 125 of the same Act is hereby amended to read as follows:

“SEC. 125. *Tax Exemptions.* — The *Bangko Sentral* shall be exempt from all national, provincial,

municipal and city taxes on income derived from its governmental functions, specifically:

“(a) income from its activities or transactions in the exercise of its supervision over the operations of banks and its regulatory and examination powers over non-bank financial institutions performing quasi-banking functions, money service businesses, credit granting businesses and payment system operators; and

“(b) income in pursuit of its primary objective to maintain price stability conducive to a balanced and sustainable growth of the economy, and the promotion and maintenance of monetary and financial stability and the convertibility of the peso.

“All other incomes not included in the above enumeration shall be considered as proprietary income and shall be subject to all taxes, charges, fees and assessments.”

SEC. 45. Section 128 of the same Act is hereby amended to read as follows:

“SEC. 128. *Prohibitions.* — The *Bangko Sentral* shall not acquire shares of any kind or accept them as collateral, and shall not participate in the ownership or management of any enterprise, either directly or indirectly. *Provided,* That this prohibition shall not apply whenever the Monetary Board, by a vote of at least five (5) of its members, (1) deems an acquisition or investment to be necessary to qualify or as required for membership in international and regional organizations; or (2) determines that investing in and/or operating an enterprise will be consistent with the effective fulfillment of its mandate and will not constitute any conflict of interest.

“The *Bangko Sentral* shall not engage in development banking or financing: *Provided,* however, That outstanding loans obtained or extended for development financing shall not be affected by the prohibition of this section.”

SEC. 46. Section 132 of the same Act is hereby amended to read as follows:

"SEC. 132. *Transfer of Assets and Liabilities.*

-- x x x.

"x x x.

"(b) the *Bangko Sentral* shall remit seventy-five percent (75%) of its net profits as computed in this Act to a special deposit account (sinking fund) or to the National Treasury as dividends, until such time as the net liabilities of the Central Bank shall have been liquidated through generally accepted finance mechanisms such as, but not limited to, write-offs, set-offs, condonation, collections, reappraisal, revaluation and bond issuance by the National Government. Thereafter, it shall remit fifty percent (50%) of its said net profits to the National Treasury;


"x x x."

SEC. 47. *Repealing Clause.* - All provisions of existing laws, orders, rules and regulations, or parts thereof which are in conflict or inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 48. *Separability Clause.* - If any provision or section of this Act is held to be unconstitutional or invalid, the other provisions or sections hereof, which are not affected thereby shall continue to be in full force and effect.

SEC. 49. *Effectivity.* - This Act shall take effect fifteen (15) days following its publication in the *Official Gazette* or in a newspaper of general circulation in the Philippines.


Approved,


VICENTE SOTTO III
President of the Senate

GLORIA MACAPAGAL-ARROYO
Speaker of the House of Representatives

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This Act which is a consolidation of House Bill No. 7742 and Senate Bill No. 1297 was passed by the House of Representatives and the Senate on November 27, 2018 and November 28, 2018, respectively.


MYRA MARIE D. VILLARICA
Secretary of the Senate

DANTE ROBERTO P. MALING
Acting Secretary General
House of Representatives

Approved: FEB 14 2019




RODRIGO R. DUTERTE
President of the Philippines

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