AN ACT
ENHANCING THE RESOLUTION AND LIQUIDATION FRAMEWORK FOR BANKS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 3591, AS AMENDED, AND OTHER RELATED LAWS

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

SECTION 1. Section 1 of Republic Act No. 3591, as amended, is hereby amended to read as follows:

"THE CREATION OF THE

PHILIPPINE DEPOSIT INSURANCE CORPORATION

SECTION 1. – There is hereby created a Philippine Deposit Insurance Corporation hereinafter referred to as the "Corporation" which shall insure as herein provided, the deposits of all banks which are entitled to the benefits of insurance under this Act, and which shall have the powers hereinafter granted.

The Corporation shall, as a basic policy, promote and safeguard the interests of the depositing public by [way of] providing [permanent and continuing] insurance coverage on all insured deposits AND HELPING
MAINTAIN A SOUND AND STABLE BANKING SYSTEM."

SECTION 2. A new section entitled Section 2 of the same Act shall be inserted between Sections 1 and 3 which shall read as follows:

"STATE POLICY

SECTION 2. – IT IS HEREBY DECLARED TO BE THE POLICY OF THE STATE TO STRENGTHEN THE MANDATORY DEPOSIT INSURANCE COVERAGE SYSTEM TO GENERATE, PRESERVE, MAINTAIN FAITH AND CONFIDENCE IN THE COUNTRY'S BANKING SYSTEM, AND PROTECT IT FROM ILLEGAL SCHEMES AND MACHINATIONS.

TOWARDS THIS END, THE GOVERNMENT MUST EXTEND ALL MEANS AND MECHANISMS NECESSARY FOR THE CORPORATION TO EFFECTIVELY FULFILL ITS VITAL TASK OF PROMOTING AND SAFEGUARDING THE INTERESTS OF THE DEPOSITING PUBLIC BY WAY OF PROVIDING INSURANCE COVERAGE ON BANK DEPOSITS AND IN HELPING DEVELOP A SOUND AND STABLE BANKING SYSTEM.

IN VIEW OF THE CRUCIAL ROLE AND THE NATURE OF ITS FUNCTIONS AND RESPONSIBILITIES, THE CORPORATION, WHILE BEING A GOVERNMENT INSTRUMENTALITY WITH CORPORATE POWERS, SHALL ENJOY FISCAL AND ADMINISTRATIVE AUTONOMY.

SECTION 3. Section 2 of the same Act is accordingly renumbered as Section 3 and is hereby amended to read as follows:
SECTION [2] 3. (A) The powers and functions of the Corporation shall be vested in and exercised by a Board of Directors which shall be composed of SEVEN (7) [five (5)] members as follows:

[(a)] 1) The Secretary of Finance who shall be the ex-officio Chairman of the Board without compensation.

[(b)] 2) The Governor of the Bangko Sentral ng Pilipinas, who shall be ex-officio member of the Board without compensation.

[(c)] 3) The President of the Corporation, who shall be appointed by the President of the Philippines FROM A SHORTLIST PREPARED BY THE GOVERNANCE COMMISSION FOR GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS PURSUANT TO REPUBLIC ACT NO. 10149 [from either the Government or private sector] to serve on a full-time basis for a term of six (6) years. The President of the Corporation shall also serve as Vice Chairman of the Board.

[(d)] 4) FOUR (4) [Two (2)] members from the private sector, to be appointed BY THE PRESIDENT OF THE PHILIPPINES FROM A SHORTLIST PREPARED BY THE GOVERNANCE COMMISSION FOR GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS PURSUANT TO REPUBLIC ACT NO. 10149. THE APPOINTEE DIRECTORS SHALL SERVE for a term of six (6) years UNLESS SOONER REMOVED FOR CAUSE AND SHALL BE SUBJECT TO ONLY ONE [without] reappointment [by the President of the Philippines]: Provided, That of those first appointed, the first TWO appointeeS shall serve for a period of [two
(2)] THREE (3) years]: PROVIDED, HOWEVER, THAT THE
APPOINTIVE DIRECTOR SHALL CONTINUE TO HOLD OFFICE
UNTIL THE SUCCESSOR IS APPOINTED. AN APPOINTIVE
DIRECTOR MAY BE NOMINATED BY THE GOVERNANCE
COMMISSION FOR GOVERNMENT OWNED OR CONTROLLED
CORPORATIONS FOR REAPPOINTMENT BY THE PRESIDENT
ONLY IF ONE OBTAINS A PERFORMANCE SCORE OF ABOVE
AVERAGE OR ITS EQUIVALENT OR HIGHER IN THE
IMMEDIATELY PRECEDING YEAR OF TENURE AS APPOINTIVE
DIRECTOR BASED ON THE PERFORMANCE CRITERIA FOR
APPOINTIVE DIRECTORS FOR THE GOVERNMENT OWNED OR
CONTROLLED CORPORATIONS.

APPOINTMENT TO ANY VACANCY SHALL BE ONLY FOR THE
UNEXPIRED TERM OF THE PREDECESSOR PURSUANT TO
REPUBLIC ACT NO. 10149.

No person shall be appointed as member of the Board unless he be
of good moral character, [and] of unquestionable integrity and
responsibility, OF KNOWN PROBITY AND PATRIOTISM, and who
is of recognized competence in economics, banking and finance,
law, management administration or insurance, and shall be at least
thirty-five (35) years of age. For the duration of their tenure or term
in office and for a period of one year thereafter, the appointive
members of the Board shall be disqualified from holding any office,
position or employment in any insured bank.

The Secretary of Finance and the Governor of the Bangko Sentral
may each designate AN ALTERNATE [a representative, whose
position shall not be lower than an undersecretary or deputy
governor respectively], WHO SHALL BE AN OFFICIAL WITH A
RANK NOT LOWER THAN DIRECTOR III OR ITS EQUIVALENT
WITH WRITTEN AUTHORITY FROM THE SECRETARY OF
FINANCE OR THE GOVERNOR OF THE BANGKO SENTRAL
NG PILIPINAS to attend such meetings and to vote on behalf of
their respective principals. Whenever the Chairman of the Board is
unable to attend a meeting of the Board, or in the event of a
vacancy in the office of the Secretary of Finance, AND IN THE
ABSENCE OF THE VICE CHAIRMAN, the [President of the
Corporation] MEMBERS OF THE BOARD SHALL DESIGNATE
FROM AMONG THEMSELVES WHO shall act as Chairman.

THE PRESIDENT OF THE PHILIPPINES MAY REMOVE ANY
APPOINTEE MEMBER OF THE BOARD OF DIRECTORS FOR ANY OF
THE FOLLOWING REASONS:

1) IF THE MEMBER IS PHYSICALLY OR MENTALLY
INCAPACITATED THAT HE CANNOT PROPERLY
DISCHARGE HIS OR HER DUTIES AND
RESPONSIBILITIES, AND SUCH INCAPACITY HAS
LASTED FOR MORE THAN SIX (6) MONTHS; OR

2) IF THE MEMBER IS GUILTY OF ACTS OR
OPERATIONS WHICH ARE OF FRAUDULENT OR
ILLEGAL CHARACTER OR WHICH ARE MANIFESTLY
OPPOSED TO THE AIMS AND INTERESTS OF THE
CORPORATION; OR

3) IF THE MEMBER NO LONGER POSSESSES THE
QUALIFICATIONS SPECIFIED IN THIS ACT; OR
4) IF THE MEMBER DOES NOT MEET THE STANDARDS FOR PERFORMANCE BASED ON THE EVALUATION BY THE GOVERNANCE COMMISSION FOR GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS UNDER REPUBLIC ACT NO. 10149.

The presence of FOUR (4) [three (3)] members shall constitute a quorum. All decisions of the Board of Directors shall require the concurrence of at least FOUR (4) [three (3)] members.

[The Secretary of Finance shall fix the rate of per diem for every Board meeting attended by the members of the Board of Directors from the private sector.] THE COMPENSATION, PER DIEMS, ALLOWANCES, INCENTIVES, AND OTHER BENEFITS FOR BOARD MEMBERS SHALL BE DETERMINED BY THE GOVERNANCE COMMISSION FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS PURSUANT TO REPUBLIC ACT NO. 10149. [The President of the Philippines may fix such emoluments that may be received by the Board of Directors comparable to the emoluments of members of the Board of Directors of other government financial institutions].

IN ADDITION TO THE REQUIREMENTS OF REPUBLIC ACT NO. 6713, OTHERWISE KNOWN AS THE CODE OF CONDUCT AND ETHICAL STANDARDS FOR PUBLIC OFFICIALS AND EMPLOYEES, ANY MEMBER OF THE BOARD OF DIRECTORS WITH PERSONAL OR PECUNIARY INTEREST IN ANY MATTER IN THE AGENDA OF THE BOARD OF DIRECTORS SHALL DISCLOSE HIS OR HER INTEREST TO THE BOARD AND SHALL RECUSE FROM THE MEETING WHEN THE MATTER IS TAKEN UP. THE MINUTES SHALL REFLECT THE
DISCLOSURE MADE AND THE RECUSAL OF THE MEMBER CONCERNED.

(B) The Board of Directors shall have the authority:

1. To APPROVE [prepare] and issue rules and regulations FOR BANKS AND THE DEPOSITING PUBLIC as it considers necessary for the effective discharge of its responsibilities;

2. To ACT AS THE POLICY-MAKING BODY OF THE CORPORATION AND CONSTITUTE BOARD COMMITTEES TO OVERSEE [direct] the management, operations and administration of the Corporation;

3. To establish a human resource management system which shall govern the selection, hiring, appointment, transfer, promotion, or dismissal of [all] personnel. Such system shall aim to establish professionalism and excellence at all levels of the Corporation in accordance with sound principles of management;[.]

4. TO APPROVE, [A] a compensation structure[.]AS AN INTEGRAL COMPONENT OF THE CORPORATION'S HUMAN RESOURCE DEVELOPMENT PROGRAM based on job evaluation studies and wage surveys, AND REVISE THE SAME FROM TIME TO TIME AS IT MAY DEEM NECESSARY [and subject to the Board's approval, shall be, instituted as an integral component of the Corporation's human resource development program]: Provided, That all positions in the Corporation shall be governed by a compensation PACKAGE, position classification system and qualification standards approved by the Board based on a comprehensive job analysis and audit of actual duties and responsibilities.
The compensation STRUCTURE [plan] shall be comparable TO THAT [with the prevailing compensation plans] of other [government] financial institutions BASED ON PREVAILING MARKET STANDARDS, and shall [be subject to review by the Board no more than once every two (2) years without prejudice to] PROVIDE FOR yearly merit reviews or increases based on productivity [and profitability]. The Corporation shall therefore be exempt from existing laws, rules and regulations on compensation PACKAGE, position classification and qualification standards, SUCH AS, BUT NOT LIMITED TO, PRESIDENTIAL DECREE NO. 985, PRESIDENTIAL DECREE NO. 1597, REPUBLIC ACT NO. 6758, AS AMENDED, AND JOINT RESOLUTION NO. 4 (2009), AND REPUBLIC ACT NO. 10149. It shall however endeavor to make its system conform as closely as possible with the principles under Republic Act No. 6758, as amended.

[4.] 5. To appoint, establish the rank, fix the remuneration, BENEFITS, INCLUDING HEALTH CARE SERVICES THROUGH A HEALTH MAINTENANCE ORGANIZATION (HMO) AND MEDICAL BENEFITS OTHER THAN THOSE PROVIDED FOR UNDER REPUBLIC ACT NO. 7875, AS AMENDED, [approve local and foreign training of,] and remove any officer or employee of the Corporation, for cause, subject to pertinent civil service laws: Provided, That the Board of Directors may delegate this authority to the President subject to specific guidelines; PROVIDED, FURTHER, THAT IN NO CASE SHALL THERE BE ANY DIMINUTION OF EXISTING SALARIES, BENEFITS AND OTHER EMOLUMENTS;

6. TO APPROVE POLICY ON LOCAL AND FOREIGN TRAVEL, AND THE CORRESPONDING EXPENSES, ALLOWANCES AND PER DIEMS, OF OFFICERS, EMPLOYEES, AGENTS OF THE CORPORATION, WHICH SHALL BE COMPARABLE WITH THE EXPENSES, ALLOWANCES
AND PER DIEMS OF PERSONNEL OF OTHER FINANCIAL
INSTITUTIONS BASED ON PREVAILING MARKET STANDARDS,
NOTWITHSTANDING THE PROVISIONS OF PRESIDENTIAL DECREE
NO. 1177, EXECUTIVE ORDER NO. 292, EXECUTIVE ORDER NO. 248,
AS AMENDED, EXECUTIVE ORDER NO. 298, AND SIMILAR LAWS;

[5] 7. To adopt an annual budget for, and authorize such expenditures
by the Corporation, as are in the interest of the effective
administration and operation of the Corporation;

[6] 8. To approve the TARGET LEVEL OF THE DEPOSIT INSURANCE FUND
AND THE methodology for determining [the level and amount of]
RESERVES [provisioning] for insurance and financial assistance losses
[,] which shall establish reasonable levels of deposit insurance reserves;]

[7] 9. To review the organizational set-up of the Corporation and adopt a new
or revised organizational structure as it may deem necessary for the
Corporation to undertake its mandate and functions;[

10. TO DESIGN, ADOPT AND REVISE, AS IT MAY DEEM NECESSARY,
AN EARLY SEPARATION PLAN FOR EMPLOYEES OF THE
CORPORATION TO ENSURE AVAILABILITY OF A HUMAN
RESOURCE POOL QUALIFIED AND CAPABLE OF IMPLEMENTING
THE CORPORATION'S AUTHORITIES UNDER THIS CHARTER IN A
MANNER RESPONSIVE AND ATTUNED TO MARKET
DEVELOPMENTS, AND TO PROVIDE INCENTIVES FOR ALL THOSE
WHO SHALL RETIRE OR BE SEPARATED FROM THE SERVICE.
NOTWITHSTANDING ANY LAW TO THE CONTRARY, THESE
INCENTIVES SHALL BE IN ADDITION TO ALL GRATUITIES AND
BENEFITS THE EMPLOYEE IS ENTITLED TO UNDER EXISTING LAWS; AND

11. TO PROMOTE AND SPONSOR THE LOCAL OR FOREIGN TRAINING OR STUDY OF PERSONNEL IN THE FIELDS OF BANKING, FINANCE, MANAGEMENT, INFORMATION TECHNOLOGY AND LAW. TOWARD THIS END, THE CORPORATION IS HEREBY AUTHORIZED TO DEFRAY THE COSTS OF SUCH TRAINING OR STUDY. THE BOARD SHALL PRESCRIBE RULES AND REGULATIONS TO GOVERN THE TRAINING OR STUDY PROGRAMS OF THE CORPORATION.”

SECTION 4. Section 3 of the same Act is accordingly renumbered as Section 4.

SECTION 5. The first paragraph of Section 4 of the same Act, as renumbered, is hereby amended to read as follows:

"PRESIDENT OF THE CORPORATION COMPENSATION, POWERS AND DUTIES

SECTION [3] 4. The President of the Corporation shall be ITS [the] Chief Executive OFFICER AND THE VICE CHAIRMAN OF ITS BOARD OF DIRECTORS [thereof] and his OR HER salary shall be fixed by the President of the Philippines UPON THE RECOMMENDATION OF THE GOVERNANCE COMMISSION FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS, at a sum commensurate to the importance and responsibility attached to the position. The sum total of the salary, ALLOWANCES, BENEFITS [of the President and the allowances] and other emoluments OF THE PRESIDENT OF THE
CORPORATION [which the Board of Directors may grant him] SHALL BE HIGHER THAN THE COMPENSATION PACKAGE OF THE NEXT HIGHEST RANKING EXECUTIVE OF THE CORPORATION AND shall be the ceiling for fixing the salary, allowances and other emoluments of all other personnel in the Corporation.

SECTION 6. Section 4, paragraphs (d), [and] (f) AND (H) of the same Act, as renumbered, are hereby amended to read as follows:

“(d) To represent the Corporation[, upon prior authority of the Board,] in all dealings with other offices, agencies and instrumentalities of the government and with all other persons or entities, public or private, whether domestic, foreign or international;

(f) To represent the Corporation, either personally or through counsel, INCLUDING PRIVATE COUNSEL, AS MAY BE AUTHORIZED BY THE PDIC BOARD, in ANY [all] legal proceeding or action;”

(h) xxx The President shall be assisted by a Vice-President and other officials whose appointment and removal for cause shall be approved and whose salary shall be fixed by the Board of Directors upon recommendation of the President of the Corporation. During the absence or temporary incapacity of the President, or in case of vacancy or permanent incapacity and pending appointment of a new President of the Corporation by the President of the Philippines, the BOARD OF DIRECTORS SHALL DESIGNATE THE OFFICER-IN-CHARGE OF THE CORPORATION [Vice President shall act as President and discharge the duties and responsibilities thereof].”
SECTION 7. Section 4 of the same Act is accordingly renumbered as Section 5, and is hereby amended to read as follows:

"DEFINITION OF TERMS"

SECTION [4] 5. As used in this Act –

(A) THE TERM "ASSET" REFERS TO MOVABLE, IMMOVABLE, TANGIBLE, OR INTANGIBLE RESOURCES OR PROPERTIES OVER WHICH A BANK HAS AN ESTABLISHED OR EQUITABLE INTEREST, INCLUDING THE PROCEEDS OF THE SALE OF ITS BANK AND BRANCH LICENSES SUBJECT TO THE APPROVAL OF THE BANGKO SENTRAL.

(B) THE TERM “ASSET DISTRIBUTION PLAN” REFERS TO THE PLAN OF DISTRIBUTION OF THE ASSETS OF A CLOSED BANK TO ITS CREDITORS, BASED ON ITS ESTIMATED REALIZABLE VALUE AS OF A CERTAIN CUT-OFF DATE, PREPARED IN ACCORDANCE WITH THE RULES ON CONCURRENCE AND PREFERENCE OF CREDITS UNDER THE CIVIL CODE OR OTHER LAWS.

AN ASSET DISTRIBUTION PLAN MAY BE PARTIAL WHEN IT PERTAINS TO THE DISTRIBUTION OF A PORTION OR SOME OF THE ASSETS OF THE CLOSED BANK, OR FINAL WHEN IT PERTAINS TO THE DISTRIBUTION OF ALL THE ASSETS OF THE CLOSED BANK.

(C) [(a)] The term "Board of Directors" means the Board of Directors of the Corporation.
(D) [(b)] The term "Bank" and "Banking Institution" shall be synonymous and interchangeable and shall include banks, commercial banks, savings bank, mortgage banks, rural banks, development banks, cooperative banks, stock savings and loan associations and branches and agencies in the Philippines of foreign banks and all other corporations authorized to perform banking functions in the Philippines.

(E) THE TERM "CLOSED BANK" REFERS TO A BANK PLACED UNDER LIQUIDATION BY THE MONETARY BOARD.

(F) THE TERM "CREDITOR" REFERS TO ANY INDIVIDUAL OR ENTITY WITH A VALID CLAIM AGAINST THE ASSETS OF THE CLOSED BANK.

[(c) The term "receiver" includes a receiver, commission, person or other agency charged by law with the duty to take charge of the assets and liabilities of a bank which has been forbidden from doing business in the Philippines, as well as the duty to gather, preserve and administer such assets and liabilities for the benefit of the depositors and creditors of said bank, and to continue into liquidation whenever authorized under this Act or other laws, and to dispose of the assets and to wind up the affairs of such bank.]

[(d) The term "insured bank" means any bank the deposits of which are insured in accordance with the provisions of this Act.]

[(e)] The term "non-insured bank" means any bank the deposits of which are not insured.]
[(f)] (G) The term "deposit" means the unpaid balance of money or its equivalent received by a bank in the usual course of business and for which it has given or is obliged to give credit to a commercial, checking, savings, time or thrift account, EVIDENCED BY A PASSBOOK, CHECK AND/OR CERTIFICATE OF DEPOSIT, OR OTHER EVIDENCE OF DEPOSIT, or issued in accordance with Bangko Sentral rules and regulations and other applicable laws, together with such other obligations of a bank, which, consistent with banking usage and practices, the Board of Directors shall determine and prescribe by regulations to be deposit liabilities of the bank: Provided, That any obligation of a bank which is payable at the office of the bank located outside of the Philippines shall not be a deposit for any of the purposes of this Act or included as part of the total deposits or of insured deposit: Provided, further, That, subject to the approval of the Board of Directors, any insured bank which is incorporated under the laws of the Philippines which maintains a branch outside the Philippines may elect to include for insurance its deposit obligations payable only at such branch.

The Corporation shall not pay deposit insurance[,] for the following accounts or transactions [, whether denominated, documented, recorded or booked as deposit by the bank]:

1) Investment products such as bonds and securities, trust accounts, and other similar instruments;

2) Deposit accounts or transactions which are [unfunded, or that are] fictitious or fraudulent AS DETERMINED BY THE CORPORATION;
3) Deposit accounts or transactions constituting, and/or emanating from, unsafe and unsound banking practice/s, as determined by the Corporation, in consultation with the BANGKO SENTRAL [BSP], after due notice and hearing, and publication of a DIRECTIVE TO cease and desist [order] issued by the Corporation against such deposit accounts, transactions OR PRACTICES; and

4) Deposits that are determined to be the proceeds of an unlawful activity as defined under Republic Act 9160, as amended.

The actions of the Corporation taken under [this] section 5 [(h)] (G) shall be final and executory, and may ONLY [not] be restrained or set aside by the [court] COURT OF APPEALS, [except] UPON [or] appropriate petition for certiorari on the ground that the action was taken in excess of jurisdiction or with such grave abuse of discretion as to amount to a lack or excess of jurisdiction. The petition for certiorari may only be filed within thirty (30) days from notice of denial of claim for deposit insurance.

(H) THE TERM “DISPUTED CLAIM” REFERS TO A CLAIM OR SUIT AGAINST THE ASSETS OF A CLOSED BANK, OR FOR SPECIFIC PERFORMANCE, OR BREACH OF CONTRACT, OR DAMAGES, OF WHATEVER NATURE OR CHARACTER, WHETHER FOR MONEY OR OTHERWISE, LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR CURRENT, DENIED BY THE RECEIVER.

(I) THE TERM “INSURED BANK” MEANS ANY BANK THE DEPOSITS OF WHICH ARE INSURED IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT.
The term "insured deposit" means the amount due to any bona fide depositor for legitimate deposits in an insured bank [net of any obligation of the depositor to the insured bank] as of the date of closure but not to exceed Five Hundred Thousand Pesos (P500,000.00). Such [net] amount shall be determined according to such regulations as the Board of Directors may prescribe. In determining such amount due to any depositor, there shall be added together all deposits in the bank maintained in the same right and capacity for his benefit either in his own name or in the name of others. A joint account regardless of whether the conjunction "and," "or," "and/or" is used, shall be insured separately from any individually-owned deposit account: Provided, That (1) If the account is held jointly by two or more natural persons, or by two or more juridical persons or entities, the maximum insured deposit shall be divided into as many equal shares as there are individuals, juridical persons or entities, unless a different sharing is stipulated in the document of deposit, and (2) if the account is held by a juridical person or entity jointly with one or more natural persons, the maximum insured deposit shall be presumed to belong entirely to such juridical person or entity: Provided, further, That the aggregate of the interest of each co-owner over several joint accounts, whether owned by the same or different combinations of individuals, juridical persons or entities, shall likewise be subject to the maximum insured deposit of Five Hundred Thousand Pesos (P500,000.00): Provided, furthermore, That the provisions of any law to the contrary notwithstanding, no owner/holder of any PASSBOOK, negotiable certificate of deposit, OR OTHER EVIDENCE OF DEPOSIT shall be recognized as a depositor entitled to the rights provided in this Act unless THE PASSBOOK, CERTIFICATE OF DEPOSIT OR OTHER EVIDENCE OF DEPOSIT IS DETERMINED BY THE CORPORATION TO BE AN
AUTHENTIC DOCUMENT OR RECORD of the issuing bank [his name is registered as owner/holder thereof in the books]: Provided, finally, That, in case of a condition that threatens the monetary and financial stability of the banking system that may have systemic consequences, as defined in section 22 [17] hereof, as determined by the Monetary Board, the maximum deposit insurance cover may be adjusted in such amount, for such a period, and/or for such deposit products, as may be determined by a unanimous vote of the Board of Directors in a meeting called for the purpose and chaired by the Secretary of Finance, subject to the approval of the President of the Philippines.

(K) THE TERM "LIQUIDATION" REFERS TO THE PROCEEDINGS UNDER SECTIONS 12 TO 16 OF THIS ACT.

(L) THE TERM "LIQUIDATION COURT" REFERS TO THE REGIONAL TRIAL COURT OF GENERAL JURISDICTION WHERE THE PETITION FOR ASSISTANCE IN THE LIQUIDATION OF A CLOSED BANK IS FILED AND GIVEN DUE COURSE.

(M) THE TERM "PAYOUT" REFERS TO THE PAYMENT OF INSURED DEPOSITS.

(N) THE TERM "PETITION FOR ASSISTANCE IN THE LIQUIDATION OF A CLOSED BANK" REFERS TO THE
PETITION FILED BY THE RECEIVER WITH THE REGIONAL
TRIAL COURT (RTC) IN ACCORDANCE WITH SECTION 16
OF THIS ACT.

(O) THE TERM "PURCHASE OF ASSETS AND ASSUMPTION OF
LIABILITIES" REFERS TO A TRANSACTION WHERE AN
INSURED BANK PURCHASES ANY OR ALL ASSETS AND
ASSUMES ANY OR ALL LIABILITIES OF ANOTHER BANK
UNDER RESOLUTION OR LIQUIDATION, AS PROVIDED IN
THIS ACT.

(P) THE TERM "RECEIVER" REFERS TO THE CORPORATION
OR ANY OF ITS DULY AUTHORIZED AGENTS ACTING AS
RECEIVER OF A CLOSED BANK.

(Q) THE TERM "RECORDS" INCLUDES ALL DOCUMENTS,
TITLES, PAPERS AND ELECTRONIC DATA OF THE CLOSED
BANK, INCLUDING THOSE PERTAINING TO DEPOSIT
ACCOUNTS OF AND WITH THE CLOSED BANK, ITS
ASSETS, TRANSACTIONS AND CORPORATE AFFAIRS.

(R) THE TERM "RESIDUAL ASSETS" REFERS TO ASSETS, IN
CASH OR IN KIND, TO BE TURNED OVER TO THE CLOSED
BANK'S STOCKHOLDERS OF RECORD, IN PROPORTION TO
THEIR INTEREST IN THE CLOSED BANK AS OF DATE OF
CLOSURE, AFTER PAYMENT IN FULL OF LIQUIDATION
COSTS, FEES AND EXPENSES, AND THE VALID CLAIMS
AND SURPLUS DIVIDENDS TO ALL THE CREDITORS.
THE TERM "RESOLUTION" REFERS TO THE ACTIONS UNDERTAKEN BY THE CORPORATION UNDER SECTION 11 OF THIS ACT TO:

1) PROTECT DEPOSITORS, CREDITORS AND THE DEPOSIT INSURANCE FUND;
2) SAFEGUARD THE CONTINUITY OF ESSENTIAL BANKING SERVICES OR MAINTAIN FINANCIAL STABILITY; AND
3) PREVENT DETERIORATION OR DISSIPATION OF BANK ASSETS.

THE TERM "RISK-BASED ASSESSMENT SYSTEM" PERTAINS TO A METHOD FOR CALCULATING AN INSURED BANK'S ASSESSMENT ON THE PROBABILITY THAT THE DEPOSIT INSURANCE FUND WILL INCUR A LOSS WITH RESPECT TO THE BANK, AND THE LIKELY AMOUNT OF ANY SUCH LOSS, BASED ON ITS RISK RATING THAT TAKES INTO CONSIDERATION THE FOLLOWING:

1) QUALITY AND CONCENTRATION OF ASSETS;
2) CATEGORIES AND CONCENTRATION OF LIABILITIES, BOTH INSURED AND UNINSURED, CONTINGENT AND NON-CONTINGENT;
3) CAPITAL POSITION;
4) LIQUIDITY POSITION;
5) MANAGEMENT AND GOVERNANCE; AND
6) OTHER FACTORS RELEVANT TO ASSESSING SUCH PROBABILITY, AS MAY BE DETERMINED BY THE CORPORATION.
(U) THE TERM “STATEMENT OF AFFAIRS” REFERS TO A REPORT OF FINANCIAL CONDITION OF THE CLOSED BANK AT A GIVEN DATE, SHOWING THE: 1) ESTIMATED REALIZABLE VALUE OF ASSETS; 2) CLASSIFICATION OF CREDITS; AND 3) ESTIMATED LIABILITIES TO BE SETTLED.

(V) THE TERM “SURPLUS DIVIDENDS” REFERS TO THE REMAINING ASSETS OF THE CLOSED BANK AFTER SATISFACTION IN FULL OF ALL THE LIQUIDATION COSTS, FEES AND EXPENSES, AND VALID CLAIMS. THE SURPLUS DIVIDENDS SHALL BE COMPUTED AT THE LEGAL RATE OF INTEREST FROM THE DATE OF TAKEOVER TO CUT-OFF DATE OF THE DISTRIBUTION PLAN, AND SHALL BE PAID, IN CASH OR IN KIND, TO CREDITORS OF THE CLOSED BANK IN ACCORDANCE WITH THE RULES ON CONCURRENCE AND PREFERENCE OF CREDITS UNDER THE CIVIL CODE OR OTHER LAWS.

(W) THE TERM “TAKEOVER” REFERS TO THE ACT OF PHYSICALLY TAKING POSSESSION AND CONTROL OF THE PREMISES, ASSETS AND AFFAIRS OF A CLOSED BANK FOR THE PURPOSE OF LIQUIDATING THE BANK.

(X) [(h)] The term “transfer deposit” means a deposit in an insured bank made available to a depositor by the Corporation as payment of insured deposit of such depositor in a closed bank and assumed by another insured bank.
(Y) [(i)] The term "trust funds" means funds held by an insured bank in a fiduciary capacity and includes without being limited to, funds held as trustee, executor, administrator, guardian or agent.

(Z) THE TERM "VALID CLAIM" REFERS TO THE CLAIM RECOGNIZED BY THE RECEIVER OR ALLOWED BY THE LIQUIDATION COURT.

(AA) THE TERM "WINDING UP PERIOD" REFERS TO THE PERIOD PROVIDED IN SECTION 16 OF THIS ACT."

SECTION 8. Section 5 of the same Act is accordingly renumbered as Section 6, and is hereby amended to read as follows:

"DEPOSIT INSURANCE COVERAGE

SECTION [5] 6. The deposit liabilities of any bank [or banking institution,] which is engaged in the business of receiving deposits as herein defined on the effective date of this Act, or which thereafter may engage in the business of receiving deposits, shall be insured with the Corporation.

WHENEVER A BANK IS DETERMINED BY THE BANGKO SENTRAL TO HAVE FAILED TO MEET THE MINIMUM CAPITAL REQUIREMENTS, THE CORPORATION MAY CONDUCT AN INSURANCE RISK EVALUATION ON THE BANK AT ANY TIME TO ENABLE IT TO ASSESS THE RISKS TO THE DEPOSIT INSURANCE FUND. SUCH EVALUATION MAY INCLUDE THE DETERMINATION OF (i) THE FAIR MARKET VALUE OF THE ASSETS AND LIABILITIES OF A BANK, OR (ii) THE RISK CLASSIFICATION OF A BANK, OR (iii)
POSSIBLE RESOLUTION MODES, SUBJECT TO SUCH TERMS AND CONDITIONS AS THE PDIC BOARD MAY PRESCRIBE.

IN THE CONDUCT OF AN INSURANCE RISK EVALUATION, THE CORPORATION, ITS DULY AUTHORIZED OFFICERS OR EMPLOYEES, SHALL HAVE THE AUTHORITY TO EXamine, INQUIRE OR LOOK INTO THE DEPOSIT RECORDS OF A BANK. FOR THIS PURPOSE, BANKS, THEIR OFFICERS AND EMPLOYEES ARE HEREBY MANDATED TO DISCLOSE AND REPORT TO THE CORPORATION OR ITS DULY AUTHORIZED OFFICERS, EMPLOYEES, DEPOSIT ACCOUNT INFORMATION IN SAID BANK.

THE CORPORATION, ITS DULY AUTHORIZED OFFICERS OR EMPLOYEES, ARE PROHIBITED FROM DISCLOSING INFORMATION OBTAINED UNDER THIS SECTION TO ANY PERSON, GOVERNMENT OFFICIAL, BUREAU OR OFFICE, EXCEPT WHEN THE DISCLOSURE OF THE INFORMATION OBTAINED UNDER THIS SECTION IS NECESSARY FOR EXPEDITIOUS PAYMENT OF DEPOSIT INSURANCE OR THE PROTECTION OF THE DEPOSIT INSURANCE SYSTEM, OR TO CARRY OUT THE MANDATE OF THE CORPORATION AS A RESOLUTION AUTHORITY.”

ANY ACT DONE PURSUANT TO THIS SECTION SHALL NOT BE DEEMED TO HAVE VIOLATED REPUBLIC ACT NO. 1405, AS AMENDED, REPUBLIC ACT NO. 6426, AS AMENDED, REPUBLIC ACT NO. 8791, AND OTHER SIMILAR LAWS PROTECTING OR SAFEGUARDING THE SECRECY OR CONFIDENTIALITY OF BANK DEPOSITS: PROVIDED, THAT ANY UNAUTHORIZED DISCLOSURE OF THE INFORMATION UNDER THIS SECTION SHALL BE SUBJECT
TO THE SAME PENALTY UNDER THE FOREGOING LAWS

PROTECTING THE SECRECY OR CONFIDENTIALITY OF BANK

DEPOSITS.”

SECTION 9. Section 6 of the same Act is accordingly renumbered as Section 7.

SECTION 10. Section 7 paragraph (a) of the same Act, as renumbered, is

hereby amended to read as follows:

"ASSESSMENT OF MEMBER BANKS

SECTION [6] 7. (a) The assessed rate shall be determined by the Board

of Directors: Provided, That the assessment rate shall not exceed one-fifth

(1/5) of one per centum (1%) per annum. The semi-annual assessment

for each insured bank shall be in the amount of the product of one-half

(1/2) the assessment rate multiplied by the assessment base but in no

case shall it be less than Five thousand pesos (P5,000.00). The

assessment base shall be the amount of the liability of the bank for

deposits as defined under subsection (G) [(f)] of Section 5 [4] without any

deduction for indebtedness of depositors.

IN ADDITION, THE BOARD OF DIRECTORS MAY ESTABLISH A

RISK-BASED ASSESSMENT SYSTEM AND IMPOSE A RISK-BASED

ASSESSMENT RATE WHICH SHALL NOT EXCEED TWO-FIFTH (2/5)

OF ONE PER CENTUM (1%) PER ANNUM MULTIPLIED BY THE

ASSESSMENT BASE.

The semi-annual assessment base for one semi-annual period shall be

the average of the assessment base of the bank as of the close of
business on March thirty-one and June thirty and the semi-annual
assessment base for the other semi-annual period shall be the average of
the assessment base of the bank as of the close of business on
September thirty and December thirty-one: Provided, That when any of
said days is a non-business day or legal holiday, either national or
provincial, the preceding business day shall be used. The certified
statements required to be filed with the Corporation under subsections (b)
and (c) of this Section shall be in such form and set forth such supporting
information as the Board of Directors shall prescribe. The assessment
payments required from the insured banks under subsections (b) and (c)
of this Section shall be made in such manner and at such time or times as
the Board of Directors shall prescribe, provided the time or times so
prescribed shall not be later than sixty (60) days after filing the certified
statement setting forth the amount of assessment].

SECTION 11. Section 7, paragraphs (d) and (h), of the same Act, as renumbered,
is hereby amended to read as follows:

“(d) All assessment collections and income from operations after
expenses and charges shall be added to the Deposit Insurance Fund
under Section 17 [13] hereof. Such expenses and charges are: (1) the
operating costs and expenses of the Corporation for the calendar year; (2)
additions to reserve to provide for insurance and financial assistance
losses, net of recoverable amounts from applicable assets and collaterals,
during the calendar year; and (3) the net insurance and financial
assistance losses sustained in said calendar year.

(h) [The Corporation shall not terminate the insured status of any bank
which continues to operate or receive deposits.] Should any insured bank
fail or refuse to pay any assessment required to be paid by such bank

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under any provision of this Act, and should the bank not correct such
failure or refusal within thirty (30) days after written notice has been given
by the Corporation to an officer of the bank citing this subsection, and
stating that the bank has failed or refused to pay as required by the law,
the Corporation may, at its discretion, file a case for collection before the
appropriate court without prejudice to the imposition of administrative
sanctions allowed under the provisions of this Law on the bank officials
responsible for the non-payment of assessment fees."

**SECTION 12.** An additional paragraph to Section 7 of the same Act, as
renumbered, is hereby inserted after paragraph (h) which shall read as follows:

"(I) THE CORPORATION SHALL HAVE THE AUTHORITY TO
COLLECT A SPECIAL ASSESSMENT FROM ANY MEMBER BANK
AND PRESCRIBE THE TERMS AND CONDITIONS THEREOF TO
MAINTAIN THE TARGET LEVEL OF THE DEPOSIT INSURANCE
FUND SET BY THE BOARD OF DIRECTORS IN ACCORDANCE WITH
THIS ACT: PROVIDED, THAT, THE COLLECTION OF A SPECIAL
ASSESSMENT MAY LIKewise BE MADE FOR THE PURPOSE OF
REIMBURSING THE NATIONAL GOVERNMENT FOR ANY FINANCIAL
ASSISTANCE IT MAY HAVE EXTENDED TO AFFECTED
INSTITUTIONS OR ORGANIZATIONS DURING A SYSTEMIC
SCENARIO."

**SECTION 13.** Section 7 of the same Act is accordingly renumbered as Section
8, and is hereby amended to read as follows:

"SANCTIONS AGAINST UNSAFE AND
UNSOUND BANKING PRACTICES"
SECTION [7] 8. (a) Whenever upon examination by the Corporation into the condition of any insured bank, it shall be disclosed that an insured bank or its directors or agents have committed, are committing or about to commit unsafe or unsound practices in conducting the business of the bank, or have violated, are violating or about to violate any provisions of any law or regulation to which the insured bank is subject, the Board of Directors shall submit the report of the examination to the Monetary Board to secure corrective action thereon. If no such corrective action is taken by the Monetary Board within forty-five (45) days from the submission of the report, the Board of Directors shall, motu proprio, institute corrective action which it deems necessary. The Board of Directors may thereafter issue a cease and desist order, and require the bank or its directors or agents concerned to correct the practices or violations within forty-five (45) days. However, if the practice or violation is likely to cause insolvency or substantial dissipation of assets or earnings of the bank, or is likely to seriously weaken the condition of the bank or otherwise seriously prejudice the interests of its depositors and the Corporation, the period to take corrective action shall not be more than fifteen (15) days. The order may also include the imposition of fines provided in Section 26 (g) [21(f)] hereof. The Board of Directors shall duly inform the Monetary Board of the Bangko Sentral ng Pilipinas of action it has taken under this subsection with respect to such practices or violations.

(b) The actions and proceedings provided in the preceding subsections may be undertaken by the Corporation if, in its opinion, an insured bank or its directors or agents have violated, are violating or about to violate any provision of this Act or any order, rule or instruction issued by the Corporation or any written condition imposed by the Corporation in connection with any transaction with or grant by the Corporation.
(c) THE CORPORATION MAY TERMINATE THE INSURED STATUS OF ANY BANK THAT FAILS OR REFUSES TO COMPLY, WITHIN THIRTY (30) DAYS FROM NOTICE, WITH ANY CEASE-AND-DESIST ORDER ISSUED BY THE CORPORATION, OR WITH ANY CORRECTIVE ACTION IMPOSED BY THE MONETARY BOARD, UNDER THIS SECTION PERTAINING TO A DEPOSIT-RELATED UNSAFE AND/OR UNSOUND BANKING PRACTICE.

SUCH TERMINATION SHALL BE FINAL AND EXECUTORY, AND SHALL BE EFFECTIVE UPON PUBLICATION OF THE NOTICE OF TERMINATION IN A NEWSPAPER OF GENERAL CIRCULATION.

THE DEPOSITS OF EACH DEPOSITOR IN THE BANK ON THE EFFECTIVE DATE OF THE TERMINATION OF INSURANCE COVERAGE, LESS ALL SUBSEQUENT WITHDRAWALS, SHALL CONTINUE TO BE INSURED UP TO THE MAXIMUM DEPOSIT INSURANCE COVERAGE FOR A PERIOD OF ONE HUNDRED EIGHTY (180) DAYS. ADDITIONS TO, OR RENEWAL OF, EXISTING DEPOSITS AND NEW DEPOSITS IN SUCH BANK AFTER THE EFFECTIVE DATE OF TERMINATION OF INSURED STATUS OF THE BANK SHALL NOT BE INSURED BY THE CORPORATION.

THE BANK SHALL IMMEDIATELY GIVE WRITTEN NOTICE OF SUCH TERMINATION AND THE INTERIM DEPOSIT INSURANCE COVERAGE TO EACH OF ITS DEPOSITORS AT THEIR ADDRESS AS RECORDED IN THE BOOKS OF THE BANK.

THE BANK SHALL NOT ADVERTISE OR REPRESENT THAT ADDITIONS TO, OR RENEWAL OF, EXISTING DEPOSITS AND NEW
DEPOSITS MADE AFTER THE EFFECTIVE DATE OF TERMINATION
ARE COVERED BY DEPOSIT INSURANCE."

SECTION 14. Section 8 of the same Act is accordingly renumbered as Section 9.

SECTION 15. Section 9, paragraph Twelfth of the same Act, as renumbered, is hereby amended to read as follows:

"Twelfth - THE PROVISIONS OF PRESIDENTIAL DECREE NO. 1445, AS AMENDED, EXECUTIVE ORDER NO. 292, AND OTHER SIMILAR LAWS NOTWITHSTANDING, [T] to compromise, condone or release, in whole or in part, any claim or settled liability to the Corporation, regardless of the amount involved, under such terms and conditions as may be imposed by the Board of Directors to protect the interest of the Corporation, AND TO WRITE OFF THE CORPORATION'S RECEIVABLES AND ASSETS WHICH ARE NO LONGER RECOVERABLE OR REALIZABLE;"

SECTION 16. Section 9 of the same Act, as renumbered, is further amended by inserting additional paragraphs after paragraph Twelve, which shall read as follows:

"THIRTEENTH - TO DETERMINE QUALIFIED INTERESTED ACQUIRERS OR INVESTORS FOR ANY OF THE MODES OF RESOLUTION OR LIQUIDATION OF BANKS;

FOURTEENTH - TO DETERMINE THE APPROPRIATE RESOLUTION METHOD AND TO IMPLEMENT THE SAME FOR A BANK SUBJECT OF RESOLUTION; AND
FIFTEENTH - TO DETERMINE THE APPROPRIATE MODE OF
LIQUIDATION OF A CLOSED BANK AND TO IMPLEMENT THE SAME;

SECTION 17. Section 9 of the same Act is accordingly renumbered as Section 10.

SECTION 18. Section 10 paragraph (b-1) of the same Act, as renumbered, is hereby amended to read as follows:

“(b-1) The investigators appointed by the Board of Directors shall have the power on behalf of the Corporation to conduct investigations on frauds, irregularities and anomalies committed in banks, based on reports of examination conducted by the Corporation and Bangko Sentral ng Pilipinas or complaints from depositors or from other government agency. Each such investigator shall have the power to administer oaths, and to examine and take and preserve the testimony of any person relating to the subject of investigation. FOR THIS PURPOSE, THE CORPORATION MAY APPOINT OR HIRE PERSONS OR ENTITIES OF RECOGNIZED COMPETENCE IN FORENSIC AND FRAUD INVESTIGATIONS AS ITS AGENTS.”

SECTION 19. Section 10 paragraph (c) of the same Act, as renumbered, is hereby amended to read as follows:

“(c) Each insured bank shall make to the Corporation reports of condition in such form and at such times as the Board of Directors may require such reports to be published in such manner, not inconsistent with any applicable law, as it may direct. Every such bank which fails to make or publish any such report within such time, as the Board of Directors may
require, shall be subject to a penalty of not more than ₱10,000 [P100] for each day of such failure recoverable by the Corporation for its use."

SECTION 20. Section 10 paragraph (d-1) of the same Act, as renumbered herein, is hereby amended to read as follows:

"(d-1) Each insured bank shall keep and maintain a true and accurate record or statement of its daily deposit transactions consistent with the standards set by the Bangko Sentral ng Pilipinas and the Corporation. Compliance with such standards shall be duly certified by the president of the bank [or] AND the compliance officer: Provided, That refusal or willful failure to issue the required certification shall constitute a violation of this Section and shall subject such officers of the bank to the sanctions provided for under Section 26 [21] (f) of this Act."

SECTION 21. Section 10 paragraph (f) of the same Act, as renumbered, is hereby amended to read as follows:

"(f) The Corporation shall underwrite or advance ALL LEGAL [litigation] costs and expenses, including legal fees and other expenses of external counsel, or provide legal assistance to, directors, officers, employees or agents of the Corporation in connection with any civil, criminal, administrative or any other action or proceeding, to which such director, officer, employee or agent is made a party by reason of, or in connection with, the exercise of authority or performance of functions and duties under this Act: Provided, That such legal protection shall not apply to any civil, criminal, administrative or any action or proceeding that may be initiated by the Corporation, in whatever capacity, against such director, officer, employee or agent: Provided, Further, That directors, officers,
employees or agents who shall resign, retire, transfer to another agency or be separated from the service, shall continue to be provided with such legal protection in connection with any act done or omitted to be done by them in good faith during their tenure or employment with the Corporation: Provided, finally, That 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 Corporation is advised by counsel that the persons to be indemnified did not commit any negligence or misconduct."

SECTION 22. The second paragraph of Section 10 paragraph (i) of the same Act, as renumbered, is hereby amended to read as follows:

“(i) Notwithstanding the provisions of this Section and Section 3 [2], members of the Board of Directors and personnel of the Corporation may become directors and officers of any bank and banking institution and of any entity related to such institution in connection with financial assistance extended by the Corporation to such institution and when, in the opinion of the Board, it is appropriate to make such designation to protect the interest of the Corporation.”

SECTION 23. A new section entitled Section 11 of the same Act is hereby inserted between Sections 10 and 12 which shall read as follows:

“BANK RESOLUTION

SECTION 11. (A) THE CORPORATION, IN COORDINATION WITH THE BANGKO SENTRAL, MAY COMMENCE THE RESOLUTION OF A BANK UNDER THIS SECTION UPON:
1) FAILURE OF PROMPT CORRECTIVE ACTION AS DECLARED BY THE MONETARY BOARD; OR
2) REQUEST BY A BANK TO BE PLACED UNDER RESOLUTION.

THE CORPORATION SHALL INFORM THE BANK OF ITS ELIGIBILITY FOR ENTRY INTO RESOLUTION.

(B) THE BANGKO SENTRAL SHALL INFORM THE CORPORATION OF THE INITIATION OF PROMPT CORRECTIVE ACTION ON ANY BANK AND SHALL BE AUTHORIZED TO SHARE WITH THE CORPORATION ALL INFORMATION, AGREEMENTS OR DOCUMENTS, INCLUDING ANY ORDER OF THE MONETARY BOARD, IN RELATION TO THE PROMPT CORRECTIVE ACTION. THE CORPORATION SHALL HAVE THE AUTHORITY TO INQUIRE AND MONITOR THE STATUS OF BANKS UNDER PROMPT CORRECTIVE ACTION.

(C) THE STOCKHOLDERS, DIRECTORS, OFFICERS OR EMPLOYEES OF THE BANK SHALL HAVE THE FOLLOWING OBLIGATIONS:

1) ENSURE BANK COMPLIANCE WITH TERMS AND CONDITIONS PRESCRIBED BY THE CORPORATION FOR THE RESOLUTION OF THE BANK;
2) CAUSE THE ENGAGEMENT, WITH THE CONSENT OF THE CORPORATION, OF AN INDEPENDENT APPRAISER OR AUDITOR FOR THE PURPOSE OF DETERMINING THE VALUATION OF THE BANK CONSISTENT WITH GENERALLY ACCEPTED VALUATION STANDARDS;
ENSURE PRUDENT MANAGEMENT AND ADMINISTRATION
OF THE BANK’S ASSETS, LIABILITIES AND RECORDS;

COOPERATE WITH THE CORPORATION IN THE CONDUCT OR
EXERCISE OF ANY OR ALL OF ITS AUTHORITIES UNDER
THIS ACT AND HONOR IN GOOD FAITH ITS COMMITMENT OR
UNDERTAKING WITH THE CORPORATION ON THE
RESOLUTION OF THE BANK.

(d) WITHIN A PERIOD OF ONE HUNDRED EIGHTY (180) DAYS FROM
A BANK’S ENTRY INTO RESOLUTION, THE CORPORATION,
THROUGH THE AFFIRMATIVE VOTE OF AT LEAST FIVE (5)
MEMBERS OF THE PDIC BOARD, SHALL DETERMINE WHETHER
THE BANK MAY BE RESOLVED THROUGH THE PURCHASE OF ALL
ITS ASSETS AND ASSUMPTION OF ALL ITS LIABILITIES, OR
MERGER OR CONSOLIDATION WITH, OR ITS ACQUISITION, BY A
QUALIFIED INVESTOR.

FOR THIS PURPOSE, THE CORPORATION MAY:

1) DETERMINE A RESOLUTION PACKAGE FOR THE BANK;

2) IDENTIFY AND, WITH THE APPROVAL OF THE MONETARY
BOARD, PRE-QUALIFY POSSIBLE ACQUIRERS OR INVESTORS;

3) AUTHORIZE PRE-QUALIFIED ACQUIRERS OR INVESTORS TO
CONDUCT DUE DILIGENCE ON THE BANK, FOR PURPOSES
OF DETERMINING THE VALUATION OF A BANK THROUGH
AN OBJECTIVE AND THOROUGH REVIEW AND APPRAISAL
OF ITS ASSETS AND LIABILITIES, AND ASSESSMENT OF
RISKS OR EVENTS THAT MAY AFFECT ITS VALUATION;
4) CONDUCT A BIDDING TO DETERMINE THE ACQUIRER OF THE BANK.

(E) IN DETERMINING THE APPROPRIATE RESOLUTION METHOD FOR A BANK, THE CORPORATION SHALL CONSIDER THE:

1) FAIR MARKET VALUE OF THE ASSETS OF THE BANK, ITS FRANCHISE, AS WELL AS THE AMOUNT OF ITS LIABILITIES;
2) AVAILABILITY OF A QUALIFIED INVESTOR;
3) LEAST COST TO THE DEPOSIT INSURANCE FUND; AND
4) INTEREST OF THE DEPOSITING PUBLIC.

(F) THE CORPORATION MAY APPOINT OR HIRE PERSONS OR ENTITIES OF RECOGNIZED COMPETENCE IN BANKING, FINANCE, ASSET MANAGEMENT OR REMEDIAL MANAGEMENT, AS ITS AGENTS, TO PERFORM SUCH POWERS AND FUNCTIONS OF THE CORPORATION IN THE RESOLUTION OF A BANK, OR ASSIST IN THE PERFORMANCE THEREOF.

(G) THE PDIC BOARD SHALL PRESCRIBE THE GUIDELINES OR CRITERIA FOR A BANK TO BE PLACED UNDER RESOLUTION.

(h) UPON A DETERMINATION BY THE CORPORATION THAT THE BANK MAY NOT BE RESOLVED, THE MONETARY BOARD MAY ACT IN ACCORDANCE WITH SECTION 30 OF REPUBLIC ACT NO. 7653 OR THE NEW CENTRAL BANK ACT.

(i) BANK RESOLUTION INVOLVING THE PURCHASE OF ALL ASSETS AND ASSUMPTION OF ALL LIABILITIES OF A BANK SHALL
1 BE EXEMPT FROM THE PROVISIONS OF ACT NO. 3952,
2 OTHERWISE KNOWN AS THE BULK SALES LAW.

3 (j) THE PROVISIONS OF THIS SECTION ARE WITHOUT PREJUDICE
4 TO ANY ACTION THAT THE MONETARY BOARD MAY TAKE UNDER
5 EXISTING LAWS.”

SECTION 24. Sections 10, 11 and 12 of the same Act are hereby deleted.

SECTION 25. A new section entitled Section 12 of the same Act is hereby
inserted between Sections 11 and 13 which shall read as follows:

“LIQUIDATION OF A CLOSED BANK

SECTION 12. (a) WHENEVER A BANK IS ORDERED CLOSED BY THE
11 MONETARY BOARD, THE CORPORATION SHALL BE DESIGNATED
12 AS RECEIVER AND IT SHALL PROCEED WITH THE TAKEOVER AND
13 LIQUIDATION OF THE CLOSED BANK. FOR THIS PURPOSE, THE
14 FOLLOWING CLAUSE IN SECTION 30 OF REPUBLIC ACT NO. 7653,
15 AS AMENDED, SHALL NOT BE APPLICABLE TO BANKS:

“THE RECEIVER SHALL DETERMINE, AS SOON AS
17 POSSIBLE, BUT NOT LATER THAN NINETY (90) DAYS
18 FROM TAKE-OVER, WHETHER THE INSTITUTION MAY
19 BE REHABILITATED OR OTHERWISE PLACED IN SUCH
20 A CONDITION SO THAT IT MAY BE PERMITTED TO
21 RESUME BUSINESS WITH SAFETY TO ITS
22 DEPOSITORS AND CREDITORS AND THE GENERAL
23 PUBLIC: PROVIDED, THAT ANY DETERMINATION FOR
THE RESUMPTION OF BUSINESS OF THE INSTITUTION
shall be subject to prior approval of the
MONETARY BOARD."

SECTION 26. A new section entitled Section 13 of the same Act is hereby
inserted between Sections 12 and 14 which shall read as follows:

"AUTHORITIES OF A RECEIVER AND EFFECTS OF PLACEMENT OF
A BANK UNDER LIQUIDATION

SECTION 13. (a) THE RECEIVER IS AUTHORIZED TO ADOPT AND
IMPLEMENT, WITHOUT NEED OF CONSENT OF THE
STOCKHOLDERS, BOARD OF DIRECTORS, CREDITORS OR
DEPOSITORS OF THE CLOSED BANK, ANY OR A COMBINATION OF
THE FOLLOWING MODES OF LIQUIDATION:

1) CONVENTIONAL LIQUIDATION; AND
2) PURCHASE OF ASSETS AND/OR ASSUMPTION OF
LIABILITIES

(b) IN ADDITION TO THE POWERS OF A RECEIVER PROVIDED
UNDER EXISTING LAWS, THE CORPORATION, AS RECEIVER OF A
CLOSED BANK, IS EMPOWERED TO:

1) REPRESENT AND ACT FOR AND IN BEHALF OF THE CLOSED
BANK;

2) GATHER AND TAKE CHARGE OF ALL THE ASSETS,
RECORDS AND AFFAIRS OF THE CLOSED BANK, AND
1. ADMINISTER THE SAME FOR THE BENEFIT OF ITS CREDITORS;

2. 3) CONVERT THE ASSETS OF THE CLOSED BANK TO CASH OR OTHER FORMS OF LIQUID ASSETS, AS FAR AS PRACTICABLE;

4) BRING SUITS TO ENFORCE LIABILITIES OF THE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OF THE CLOSED BANK AND OTHER ENTITIES RELATED OR CONNECTED TO THE CLOSED BANK OR TO COLLECT, RECOVER, AND PRESERVE ALL ASSETS, INCLUDING ASSETS OVER WHICH THE BANK HAS EQUITABLE INTEREST;

5) APPOINT OR HIRE PERSONS OR ENTITIES OF RECOGNIZED COMPETENCE IN BANKING, FINANCE, ASSET MANAGEMENT OR REMEDIAL MANAGEMENT, AS ITS DEPUTIES, ASSISTANTS OR AGENTS, TO PERFORM SUCH POWERS AND FUNCTIONS OF THE CORPORATION AS RECEIVER OF THE CLOSED BANK, OR ASSIST IN THE PERFORMANCE THEREOF;

6) APPOINT OR HIRE PERSONS OR ENTITIES OF RECOGNIZED COMPETENCE IN FORENSIC AND FRAUD INVESTIGATIONS;

7) PAY ACCRUED UTILITIES, RENTALS AND SALARIES OF PERSONNEL OF THE CLOSED BANK FOR A PERIOD NOT EXCEEDING THREE (3) MONTHS, FROM AVAILABLE FUNDS OF THE CLOSED BANK;
8) COLLECT LOANS AND OTHER CLAIMS OF THE CLOSED BANK AND FOR THIS PURPOSE, MODIFY, COMPROMISE OR RESTRUCTURE THE TERMS AND CONDITIONS OF SUCH LOANS OR CLAIMS AS MAY BE DEEMED ADVANTAGEOUS TO THE INTERESTS OF THE CREDITORS OF THE CLOSED BANK;

9) HIRE OR RETAIN PRIVATE COUNSEL AS MAY BE NECESSARY;

10) BORROW OR OBTAIN A LOAN, OR MORTGAGE, PLEDGE OR ENCUMBER ANY ASSET OF THE CLOSED BANK, WHEN NECESSARY TO PRESERVE OR PREVENT DISSIPATION OF THE ASSETS, OR TO REDEEM FORECLOSED ASSETS OF THE CLOSED BANK, OR TO MINIMIZE LOSSES TO ITS DEPOSITORS AND CREDITORS;

11) IF THE STIPULATED INTEREST RATE ON DEPOSITS IS UNUSUALLY HIGH COMPARED WITH PREVAILING APPLICABLE INTEREST RATES, THE CORPORATION AS RECEIVER, MAY EXERCISE SUCH POWERS WHICH MAY INCLUDE A REDUCTION OF THE INTEREST RATE TO A REASONABLE RATE: PROVIDED, THAT ANY MODIFICATIONS OR REDUCTIONS SHALL APPLY ONLY TO EARNED AND UNPAID INTEREST;

12) UTILIZE AVAILABLE FUNDS OF THE BANK, INCLUDING FUNDS GENERATED BY THE RECEIVER FROM THE
CONVERSION OF ASSETS TO PAY FOR REASONABLE COSTS AND EXPENSES INCURRED FOR THE PRESERVATION OF THE ASSETS, AND LIQUIDATION OF, THE CLOSED BANK, WITHOUT NEED FOR APPROVAL OF THE LIQUIDATION COURT;

FOR BANKS WITH INSUFFICIENT FUNDS, THE CORPORATION IS AUTHORIZED TO ADVANCE THE FOREGOING COSTS AND EXPENSES, AND COLLECT PAYMENT, AS AND WHEN FUNDS BECOME AVAILABLE.

13) CHARGE REASONABLE FEES FOR THE LIQUIDATION OF THE BANK FROM THE ASSETS OF THE BANK: PROVIDED THAT, PAYMENT OF THESE FEES, INCLUDING ANY UNPAID ADVANCES UNDER THE IMMEDIATELY PRECEDING PARAGRAPH, SHALL BE SUBJECT TO APPROVAL BY THE LIQUIDATION COURT;

14) DISTRIBUTE THE AVAILABLE ASSETS OF THE CLOSED BANK, IN CASH OR IN KIND, TO ITS CREDITORS IN ACCORDANCE WITH THE RULES ON CONCURRENCE AND PREFERENCE OF CREDITS UNDER THE CIVIL CODE OR OTHER LAWS;

15) DISPOSE RECORDS OF THE CLOSED BANK THAT ARE NO LONGER NEEDED IN THE LIQUIDATION IN ACCORDANCE WITH GUIDELINES SET BY THE PDIC BOARD OF DIRECTORS, NOTWITHSTANDING THE LAWS ON ARCHIVAL PERIOD AND DISPOSAL OF RECORDS;
16) Exercise such other powers as are inherent and necessary for the effective discharge of the duties of the corporation as receiver.

The board of directors shall adopt such policies and guidelines as may be necessary for the performance of the above powers by personnel, deputies, assistants and agents of the corporation.

(c) After the payment of all liabilities and claims against the closed bank, the corporation shall pay surplus, if any, dividends at the legal rate of interest from date of takeover to date of distribution to creditors and claimants of the closed bank in accordance with the rules on concurrence and preference of credits under the civil code or other laws before distribution to the shareholders of the closed bank.

(d) The officers, employees, deputies, assistants and agents of the receiver shall have no liability and shall not be subject to any action, claim or demand in connection with any act done or omitted to be done by them in good faith in connection with the exercise of their powers and functions under this act and other applicable laws, or other actions duly approved by the court.

(e) The placement of a bank under liquidation shall have the following effects:
1) ON THE CORPORATE FRANCHISE OR EXISTENCE

UPON PLACEMENT BY THE MONETARY BOARD OF A BANK UNDER LIQUIDATION, IT SHALL CONTINUE AS A BODY CORPORATE UNTIL THE TERMINATION OF THE WINDING-UP PERIOD UNDER SECTION 16 OF THIS ACT. SUCH CONTINUATION AS A BODY CORPORATE SHALL ONLY BE FOR THE PURPOSE OF LIQUIDATING, SETTLING AND CLOSING ITS AFFAIRS AND FOR THE DISPOSAL, CONVEYANCE OR DISTRIBUTION OF ITS ASSETS PURSUANT TO THIS ACT. THE RECEIVER SHALL REPRESENT THE CLOSED BANK IN ALL CASES BY OR AGAINST THE CLOSED BANK AND PROSECUTE AND DEFEND SUITS BY OR AGAINST IT. IN NO CASE SHALL THE BANK BE REOPENED AND PERMITTED TO RESUME BANKING BUSINESS AFTER BEING PLACED UNDER LIQUIDATION.

2) ON THE POWERS AND FUNCTIONS OF ITS DIRECTORS, OFFICERS AND STOCKHOLDERS

THE RECEIVER SHALL EXERCISE ALL AUTHORITIES AS
MAY BE REQUIRED TO FACILITATE THE LIQUIDATION OF
THE CLOSED BANK FOR THE BENEFIT OF ALL ITS
CREDITORS.

3) ON THE ASSETS

UPON SERVICE OF NOTICE OF CLOSURE AS PROVIDED IN
SECTION 14 OF THIS ACT, ALL THE ASSETS OF THE CLOSED
BANK SHALL BE DEEMED IN CUSTODIA LEGIS IN THE
HANDS OF THE RECEIVER AND AS SUCH THESE ASSETS
MAY NOT BE SUBJECT TO ATTACHMENT, GARNISHMENT,
EXECUTION, LEVY OR ANY OTHER COURT PROCESSES. A
JUDGE, OFFICER OF THE COURT OR ANY PERSON WHO
SHALL ISSUE, ORDER, PROCESS OR CAUSE THE ISSUANCE
OR IMPLEMENTATION OF THE GARNISHMENT ORDER, LEVY,
ATTACHMENT OR EXECUTION, SHALL BE LIABLE UNDER
SECTION 27 OF THIS ACT: PROVIDED, HOWEVER, THAT
COLLATERALS SECURING THE LOANS AND ADVANCES
GRANTED BY THE BANGKO SENTRAL NG PILIPINAS SHALL
NOT BE INCLUDED IN THE ASSETS OF THE CLOSED BANK
FOR DISTRIBUTION TO OTHER CREDITORS: PROVIDED,
FURTHER, THAT THE PROCEEDS IN EXCESS OF THE
AMOUNT SECURED SHALL BE RETURNED BY THE BANGKO
SENTRAL TO THE RECEIVER.

ANY PRELIMINARY ATTACHMENT OR GARNISHMENT ON
ANY OF THE ASSETS OF THE CLOSED BANK EXISTING AT
THE TIME OF CLOSURE SHALL NOT GIVE ANY PREFERENCE TO THE ATTACHING OR GARNISHING PARTY. UPON MOTION OF THE RECEIVER, THE PRELIMINARY ATTACHMENT OR GARNISHMENT SHALL BE LIFTED AND/OR DISCHARGED.

4) ON LABOR RELATIONS


5) CONTRACTUAL OBLIGATIONS

THE RECEIVER MAY CANCEL, TERMINATE, RESCIND OR REPUDIATE ANY CONTRACT OF THE CLOSED BANK THAT IS NOT NECESSARY FOR THE ORDERLY LIQUIDATION OF THE BANK, OR IS GROSSLY DISADVANTAGEOUS TO THE CLOSED BANK, OR FOR ANY GROUND PROVIDED BY LAW.

6) ON INTEREST PAYMENTS

7) LIABILITY FOR PENALTIES AND SURCHARGES FOR LATE PAYMENT AND NON-PAYMENT OF TAXES

FROM THE TIME OF CLOSURE, THE CLOSED BANK SHALL NOT BE LIABLE FOR THE PAYMENT OF PENALTIES AND SURCHARGES ARISING FROM THE LATE PAYMENT OR NONPAYMENT OF REAL PROPERTY TAX, CAPITAL GAINS TAX, TRANSFER TAX AND SIMILAR CHARGES.
8) BANK CHARGES AND FEES ON SERVICES

THE RECEIVER MAY IMPOSE, ON BEHALF OF THE CLOSED
BANK, CHARGES AND FEES FOR SERVICES RENDERED
AFTER BANK CLOSURE, SUCH AS, BUT NOT LIMITED TO,
THE EXECUTION OF PERTINENT DEEDS AND
CERTIFICATIONS.

9) ACTIONS PENDING FOR OR AGAINST THE CLOSED BANK

EXCEPT FOR ACTIONS PENDING BEFORE THE SUPREME
COURT, ACTIONS PENDING FOR OR AGAINST THE CLOSED
BANK IN ANY COURT OR QUASI-JUDICIAL BODY SHALL,
UPON MOTION OF THE RECEIVER, BE SUSPENDED FOR A
PERIOD NOT EXCEEDING ONE HUNDRED EIGHTY (180) DAYS
AND REFERRED TO MANDATORY MEDIATION. UPON
TERMINATION OF THE MEDIATION, THE CASE SHALL BE
REFERRED BACK TO THE COURT OR QUASI-JUDICIAL BODY
FOR FURTHER PROCEEDINGS.

10) FINAL DECISIONS AGAINST THE CLOSED BANK

THE EXECUTION AND ENFORCEMENT OF A FINAL DECISION
OF A COURT OTHER THAN THE LIQUIDATION COURT
AGAINST THE ASSETS OF A CLOSED BANK SHALL BE
STAYED. THE PREVAILING PARTY SHALL FILE THE FINAL
DECISION AS A CLAIM WITH THE LIQUIDATION COURT AND
SETTLED IN ACCORDANCE WITH THE RULES ON
CONCURRENCE AND PREFERENCE OF CREDITS UNDER
THE CIVIL CODE OR OTHER LAWS.

11) DOCKET AND OTHER COURT FEES

PAYMENT OF DOCKET AND OTHER COURT FEES RELATING
TO ALL CASES OR ACTIONS FILED BY THE RECEIVER WITH
ANY JUDICIAL OR QUASI-JUDICIAL BODIES SHALL BE
DEFERRED UNTIL THE ACTION IS TERMINATED WITH
FINALITY. ANY SUCH FEES SHALL CONSTITUTE AS A FIRST
LIEN ON ANY JUDGMENT IN FAVOR OF THE CLOSED BANK
OR IN CASE OF UNFAVORABLE JUDGMENT, SUCH FEES
SHALL BE PAID AS LIQUIDATION COSTS AND EXPENSES
DURING THE DISTRIBUTION OF THE ASSETS OF THE
CLOSED BANK.

12) ALL ASSETS, RECORDS, AND DOCUMENTS IN THE
POSSESSION OF THE CLOSED BANK AT THE TIME OF ITS
CLOSURE ARE PRESUMED HELD BY THE BANK IN THE
CONCEPT OF AN OWNER.

13) THE EXERCISE OF AUTHORITY, FUNCTIONS, AND
DUTIES BY THE RECEIVER UNDER THIS ACT SHALL BE
PRESUMED TO HAVE BEEN PERFORMED IN THE REGULAR
COURSE OF BUSINESS.

14) ASSETS AND DOCUMENTS OF THE CLOSED BANK
SHALL RETAIN THEIR PRIVATE NATURE EVEN IF
ADMINISTERED BY THE RECEIVER. MATTERS RELATING TO
THE EXERCISE BY THE RECEIVER OF THE FUNCTIONS UNDER THIS ACT SHALL BE SUBJECT TO VISITORIAL AUDIT ONLY BY THE COMMISSION ON AUDIT.

SECTION 27. A new section entitled Section 14 of the same Act is hereby inserted between Sections 13 and 15 which shall read as follows:

"NOTICE OF CLOSURE AND TAKEOVER ACTIVITIES


(b) THE RECEIVER SHALL HAVE AUTHORITY TO USE REASONABLE FORCE, INCLUDING THE AUTHORITY TO FORCE OPEN THE PREMISES OF THE BANK, AND EXERCISE SUCH ACTS NECESSARY TO TAKE ACTUAL PHYSICAL POSSESSION AND CUSTODY OF THE BANK AND ALL ITS ASSETS, RECORDS, DOCUMENTS, AND TAKE CHARGE OF ITS AFFAIRS UPON THE SERVICE OF THE NOTICE OF CLOSURE."
(c) DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS OF A BANK HOLD MONEY AND OTHER ASSETS OF THE BANK IN TRUST OR UNDER ADMINISTRATION OR MANAGEMENT BY THEM FOR THE BANK IN THEIR FIDUCIARY CAPACITY. UPON SERVICE OF THE NOTICE OF CLOSURE TO THE BANK, ALL DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS OF THE CLOSED BANK SHALL HAVE THE DUTY TO IMMEDIATELY ACCOUNT FOR, SURRENDER AND TURN OVER TO THE RECEIVER, AND PROVIDE INFORMATION RELATIVE TO, THE ASSETS, RECORDS, AND AFFAIRS OF THE CLOSED BANK IN THEIR POSSESSION, CUSTODY, ADMINISTRATION OR MANAGEMENT.


SECTION 28. A new section entitled Section 15 of the same Act is hereby inserted between Sections 14 and 16 which shall read as follows:

"PURCHASE OF ASSETS AND ASSUMPTION OF LIABILITIES

SECTION 15. (a) THE RECEIVER SHALL HAVE THE AUTHORITY TO FACILITATE AND IMPLEMENT THE PURCHASE OF THE ASSETS OF THE CLOSED BANK AND THE ASSUMPTION OF ITS LIABILITIES BY
ANOTHER INSURED BANK, WITHOUT NEED FOR APPROVAL OF THE LIQUIDATION COURT. THE EXERCISE OF THIS AUTHORITY SHALL BE IN ACCORDANCE WITH THE RULES ON CONCURRENCE AND PREFERENCE OF CREDITS UNDER THE CIVIL CODE OR OTHER LAWS, SUBJECT TO SUCH TERMS AND CONDITIONS AS THE CORPORATION MAY PRESCRIBE. THE DISPOSITION OF THE BRANCH LICENSES AND OTHER BANK LICENSES OF THE CLOSED BANK SHALL BE SUBJECT TO THE APPROVAL OF THE BANGKO SENTRAL NG PILIPINAS.

(b) SUCH ACTION OF THE RECEIVER TO DETERMINE WHETHER A BANK MAY BE THE SUBJECT OF A PURCHASE OF ASSETS AND ASSUMPTION OF LIABILITIES TRANSACTION SHALL BE FINAL AND EXECUTORY, AND MAY NOT BE SET ASIDE BY ANY COURT.”

SECTION 29. A new section entitled Section [17] 16 of the same Act is hereby inserted between Sections [16] 15 and [18] 17 which shall read as follows:

"CONVENTIONAL LIQUIDATION

A. ASSET MANAGEMENT AND CONVERSION

SECTION 16. (A) THE ASSETS GATHERED BY THE RECEIVER SHALL BE EVALUATED AND VERIFIED AS TO THEIR EXISTENCE, OWNERSHIP, CONDITION, AND OTHER FACTORS TO DETERMINE THEIR REALIZABLE VALUE. IN THE MANAGEMENT, PRESERVATION AND DISPOSITION OF ASSETS, THE RECEIVER SHALL BE GUIDED BY COST-BENEFIT CONSIDERATIONS,
RESOURCES OF THE CLOSED BANK, AND POTENTIAL ASSET RECOVERY.

(B) THE CONVERSION OF THE ASSETS OF THE CLOSED BANK SHALL BE CARRIED OUT IN A FAIR AND TRANSPARENT MANNER IN ACCORDANCE WITH THE RULES AND PROCEDURES AS MAY BE DETERMINED BY THE RECEIVER.

(C) IN THE MANAGEMENT AND/OR CONVERSION OF THE ASSETS OF THE CLOSED BANK, THE RECEIVER SHALL HAVE THE AUTHORITY TO:

1) REPRESENT THE CLOSED BANK BEFORE THE LAND REGISTRATION AUTHORITY (LRA), BUREAU OF LANDS, REGISTER OF DEEDS, THE LAND TRANSPORTATION OFFICE (LTO), THE ASSESSOR'S OFFICE OR OTHER APPROPRIATE OFFICE OF THE LOCAL GOVERNMENT UNIT, THE SECURITIES AND EXCHANGE COMMISSION (SEC), OR SUCH OTHER SIMILAR GOVERNMENT AGENCIES OR PRIVATE ENTITIES IN:

A. VERIFYING THE AUTHENTICITY OF OWNERSHIP DOCUMENTS;
B. REGISTERING THE INTEREST OF THE CLOSED BANK ON A SPECIFIC PROPERTY;
C. CONSOLIDATING OWNERSHIP OVER AN ASSET OF THE CLOSED BANK;
D. SECURING CERTIFIED TRUE COPIES OF DOCUMENTS HELD BY THE FOREGOING AGENCIES/ENTITIES IN RELATION TO AN ASSET OF THE CLOSED BANK;
E. SECURING THE APPROPRIATE CERTIFICATION FROM THE FOREGOING AGENCIES/ENTITIES IN RELATION TO AN ASSET OF THE CLOSED BANK; AND
F. PERFORMING OTHER RELATED ACTIVITIES;

2) CONDUCT A PHYSICAL OR OCULAR INSPECTION OF THE PROPERTIES OWNED BY, OR MORTGAGED TO, THE CLOSED BANK, TO DETERMINE THEIR EXISTENCE AND PRESENT CONDITION;

3) DETERMINE THE DISPOSAL PRICE OF ASSETS IN ACCORDANCE WITH GENERALLY ACCEPTED VALUATION PRINCIPLES, STANDARDS AND PRACTICES, SUBJECT TO SUCH GUIDELINES AS THE RECEIVER MAY DETERMINE;

4) DISPOSE REAL OR PERSONAL PROPERTIES OF THE CLOSED BANK THROUGH BIDDING, NEGOTIATED SALE OR ANY OTHER MODE INCLUDING LEASE WITH OPTION TO PURCHASE, WHETHER BY PIECE OR BY LOT, AS MAY BE REASONABLY DETERMINED BY THE RECEIVER BASED ON COST BENEFIT CONSIDERATIONS AND TO ALLOW EFFICIENT DISTRIBUTION OF ASSETS TO CREDITORS; AND

5) ENGAGE THIRD PARTIES TO ASSIST IN THE LIQUIDATION, MANAGE AND/OR DISPOSE THE ASSETS, HANDLE CASES
FILED AGAINST OR BY THE CLOSED BANK, SUBJECT TO SUCH GUIDELINES AS DETERMINED BY THE RECEIVER.

(D) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, THE FOLLOWING RULES SHALL APPLY TO THE MANAGEMENT AND/OR CONVERSION BY THE RECEIVER OF THE ASSETS OF THE CLOSED BANK:


2) UPON ISSUANCE BY THE MONETARY BOARD OF THE RESOLUTION ORDERING THE CLOSURE OF A BANK, ANY PERSON OR ENTITY IN CUSTODY OR POSSESSION OF ASSETS OR RECORDS OF THE CLOSED BANK, INCLUDING, BUT NOT LIMITED TO, THE CLOSED BANK'S DEPOSIT ACCOUNTS, TITLES TO REAL PROPERTY, COLLATERALS, PROMISSORY NOTES, EVIDENCE OF INDEBTEDNESS OR INVESTMENTS SHALL IMMEDIATELY TURN OVER CUSTODY OF SAID ASSETS AND RECORDS TO THE RECEIVER. SUCH OBLIGATION SHALL NOT COVER EVIDENCES OF DEPOSIT SUCH AS PASSBOOKS OR CERTIFICATES OF DEPOSIT ISSUED BY THE BANK TO ITS DEPOSITORS. PENDING
TURNOVER, ALL PERSONS OR ENTITIES IN CUSTODY OR
POSSESSION OF ANY ASSET OR RECORD OF THE CLOSED
BANK SHALL HOLD THE SAID ASSETS OR RECORDS IN
TRUST FOR THE RECEIVER.

3) THE PERSONS OR ENTITIES IN CUSTODY OR POSSESSION
OF SUCH ASSET SHALL NOT ALLOW, AUTHORIZE OR
CAUSE THE WITHDRAWAL, TRANSFER, DISPOSITION,
REMOVAL, CONVERSION, CONCEALMENT, OR OTHER
TRANSACTION INVOLVING OR RELATING TO THE SUBJECT
ASSET, UNLESS OTHERWISE DIRECTED BY THE RECEIVER.

(E) THE RECEIVER SHALL HAVE THE AUTHORITY TO INVEST
FUNDS RECEIVED FROM THE CONVERSION OF THE ASSETS OF
THE CLOSED BANK IN GOVERNMENT SECURITIES, OTHER
GOVERNMENT-GUARANTEED MARKETABLE SECURITIES OR
INVESTMENT-GRADE DEBT INSTRUMENTS.

(F) THE PROCEEDS OF THE SALE OF THE BANK AND BRANCH
LICENSES SHALL BE FOR THE BENEFIT OF THE CREDITORs OF
THE CLOSED BANK WHICH SHALL BE DISTRIBUTED IN
ACCORDANCE WITH THIS ACT AND THE RULES ON
CONCURRENCE AND PREFERENCE OF CREDITS UNDER THE CIVIL
CODE OR OTHER LAWS.

B. PETITION FOR ASSISTANCE
IN THE LIQUIDATION OF A CLOSED BANK
(G) A PETITION FOR ASSISTANCE IN THE LIQUIDATION IS A
SPECIAL PROCEEDING FOR THE LIQUIDATION OF A CLOSED
BANK, AND INCLUDES THE DECLARATION OF THE CONCOMITANT
RIGHT OF ITS CREDITORS AND THE ORDER OF PAYMENT OF
THEIR VALID CLAIMS IN THE DISPOSITION OF ITS ASSETS.

ANY PROCEEDING INITIATED UNDER THIS SECTION SHALL BE
CONSIDERED IN REM. JURISDICTION OVER ALL PERSONS
AFFECTED BY THE PROCEEDING SHALL BE CONSIDERED AS
ACQUIRED UPON PUBLICATION OF THE ORDER SETTING THE
CASE FOR INITIAL HEARING IN ANY NEWSPAPER OF GENERAL
CIRCULATION IN THE PHILIPPINES.

(H) THE LIQUIDATION COURT SHALL HAVE EXCLUSIVE
JURISDICTION TO ADJUDICATE DISPUTED CLAIMS AGAINST THE
CLOSED BANKS, ASSIST IN THE ENFORCEMENT OF INDIVIDUAL
LIABILITIES OF THE STOCKHOLDERS, DIRECTORS AND OFFICERS
AND DECIDE ON ALL OTHER ISSUES AS MAY BE MATERIAL TO
IMPLEMENT THE DISTRIBUTION PLAN ADOPTED BY THE
CORPORATION FOR GENERAL APPLICATION TO ALL CLOSED
BANKS.

(I) THE PROVISIONS OF REPUBLIC ACT NO. 8799, OTHERWISE
KNOWN AS "THE SECURITIES REGULATION CODE," AND
SUPREME COURT ADMINISTRATIVE MATTER NO. 00-8-10-SC,
ENTITLED, "THE RULES OF PROCEDURE ON CORPORATE
REHABILITATION," SHALL NOT BE APPLICABLE TO THE PETITION
FOR ASSISTANCE IN THE LIQUIDATION OF THE CLOSED BANK.
(J) The petition shall be filed in the regional trial court which has jurisdiction over the principal office of the closed bank or the principal office of the receiver, at the option of the latter.

(K) The petition shall be filed ex parte within a reasonable period from receipt of the monetary board resolution placing the bank under liquidation.

(L) All persons or entities with claims against the assets of the closed bank shall file their claims with the receiver within sixty (60) days from date of publication of the notice of closure. Claims filed outside the foregoing prescribed period shall be disallowed.

Claims denied by the receiver shall be filed with the liquidation court within sixty (60) days from receipt of the final notice of denial of claim.

(M) A claim whose validity has not yet been determined with finality at the time of the submission of the final asset distribution plan, either by reason of a pending suit or for whatever reason, shall be considered as contingent claim and shall not be paid under the proposed final asset distribution plan.

(N) Upon finality of the order approving the final asset distribution plan, the petition for assistance in the
LIQUIDATION OF A CLOSED BANK SHALL HENCEFORTH BE, FOR ALL INTENTS AND PURPOSES, CONSIDERED CLOSED AND TERMINATED AND THE RECEIVER, ITS OFFICERS, EMPLOYEES OR AGENTS, ARE FOREVER DISCHARGED FROM ANY AND ALL CLAIMS AND/OR LIABILITY ARISING FROM OR IN CONNECTION WITH THE LIQUIDATION OF THE CLOSED BANK.

(O) THE RECEIVER SHALL SUBMIT A FINAL REPORT ON THE IMPLEMENTATION OF THE APPROVED FINAL ASSET DISTRIBUTION PLAN TO THE MONETARY BOARD AND THE SECURITIES AND EXCHANGE COMMISSION (SEC) AFTER THE EXPIRATION OF THE WINDING-UP PERIOD PROVIDED IN THIS ACT.

(P) THE SUPREME COURT SHALL PROMULGATE THE APPROPRIATE PROCEDURAL RULES TO IMPLEMENT THIS SECTION.

C. WINDING-UP

(Q) THE CREDITORS SHALL HAVE A PERIOD OF SIX (6) MONTHS FROM DATE OF PUBLICATION OF NOTICE OF THE APPROVAL BY THE COURT OF THE FINAL ASSET DISTRIBUTION PLAN OF THE CLOSED BANK WITHIN WHICH TO CLAIM PAYMENT OF THE PRINCIPAL OBLIGATIONS AND SURPLUS DIVIDENDS. DURING THIS SIX-MONTH PERIOD, THE RECEIVER SHALL HOLD AS TRUSTEE THE ASSETS ALLOCATED IN THE FINAL ASSET DISTRIBUTION PLAN FOR SAID CREDITORS.
FAILURE BY THE CREDITOR TO COMPLY WITH THE DOCUMENTARY REQUIREMENTS WITHIN THE PRESCRIBED PERIOD AND/OR REFUSAL TO ACCEPT THE ASSET AS PAYMENT SHALL BE DEEMED AS ABANDONMENT OR WAIVER OF HIS RIGHT TO PAYMENT.

(R) THE INDIVIDUAL STOCKHOLDERS OF RECORD OR THEIR DULY-AUTHORIZED REPRESENTATIVE OR THE COURT-APPOINTED STOCKHOLDERS' REPRESENTATIVE SHALL HAVE A PERIOD OF SIX (6) MONTHS FROM PUBLICATION OF NOTICE OF THE APPROVAL BY THE COURT OF THE FINAL ASSET DISTRIBUTION PLAN OF THE CLOSED BANK WITHIN WHICH TO CLAIM THE RESIDUAL ASSETS. DURING THIS SIX-MONTH PERIOD, THE RECEIVER SHALL HOLD AS TRUSTEE THE ASSETS ALLOCATED IN THE FINAL ASSET DISTRIBUTION PLAN FOR SAID STOCKHOLDERS OF RECORD.

FAILURE BY THE INDIVIDUAL STOCKHOLDERS OF RECORD OR THEIR DULY-AUTHORIZED REPRESENTATIVE OR THE COURT-APPOINTED STOCKHOLDERS' REPRESENTATIVE TO COMPLY WITH THE DOCUMENTARY REQUIREMENTS WITHIN THE PRESCRIBED PERIOD AND/OR REFUSAL TO ACCEPT THE RESIDUAL ASSETS IN KIND SHALL BE DEEMED AS ABANDONMENT OR WAIVER OF RIGHT TO RECEIVE THE RESIDUAL ASSETS.

(S) AFTER THE LAPSE OF THE SIX-MONTH PERIOD PROVIDED IN PARAGRAPHS (Q) AND (R) OF THIS SECTION, ALL ASSETS WHICH REMAIN UNCLAIMED BY THE CREDITORS AND/OR
STOCKHOLDERS OF RECORD SHALL BE TURNED OVER TO THE
BUREAU OF TREASURY.

(T) THE RECEIVER SHALL CONTINUE TO KEEP ALL THE
PERTINENT RECORDS OF THE CLOSED BANK FOR A PERIOD OF
SIX (6) MONTHS FROM DATE OF PUBLICATION OF THE APPROVAL
OF THE FINAL ASSET DISTRIBUTION PLAN. AFTER THE LAPSE OF
THIS PERIOD, THE RECEIVER IS AUTHORIZED TO DISPOSE OF THE
SAME IN ACCORDANCE RULES AND REGULATIONS TO BE
PRESCRIBED BY THE RECEIVER."

SECTION 30. Section 13 of the same Act is hereby renumbered as Section [18]

SECTION 31. A new section entitled Section [19] 18 of the same Act is hereby
inserted between Sections [18] 17 and [20] 19 which shall read as follows:

"DIVIDEND DECLARATION

SECTION 18. CONSISTENT WITH THE POLICY OF THE STATE TO
GENERATE, PRESERVE, MAINTAIN FAITH AND CONFIDENCE IN
THE COUNTRY'S BANKING SYSTEM, THE CORPORATION SHALL
BUILD UP AND MAINTAIN THE DEPOSIT INSURANCE FUND (DIF) AT
THE TARGET LEVEL SET BY THE PDIC BOARD OF DIRECTORS.
SUCH TARGET LEVEL SHALL BE SUBJECT TO PERIODIC REVIEW
AND MAY BE ADJUSTED AS NECESSARY.

THE CORPORATION IS EXEMPT FROM REPUBLIC ACT NO. 7656;
INSTEAD, THE CORPORATION SHALL REMIT DIVIDENDS TO THE
NATIONAL GOVERNMENT ONLY IF THE TARGET DEPOSIT INSURANCE FUND LEVEL FOR THE APPLICABLE YEAR HAS BEEN REACHED. FOR PURPOSES OF COMPUTING THE AMOUNT OF DIVIDENDS TO BE DECLARED AND REMITTED TO THE NATIONAL GOVERNMENT, ALL ASSESSMENT COLLECTIONS SHALL NOT BE CONSIDERED AS INCOME. THE DIVIDEND RATE SHALL BE AT LEAST FIFTY PERCENT (50%) OF THE INCOME FROM OTHER SOURCES ONLY.”

SECTION 32. Section 14 of the same Act is accordingly renumbered as Section [20] 19 and is hereby amended to read as follows:

“PAYMENT OF INSURED DEPOSITS

SECTION [20] 19. Whenever an insured bank shall have been closed by the Monetary Board pursuant to Section 30 of R.A. 7653, OR UPON EXPIRATION OR REVOCATION OF A BANK’S CORPORATE TERM, payment of the insured deposits on such closed bank shall be made by the Corporation as soon as possible either (1) by cash or (2) by making available to each depositor a transferred deposit in another insured bank in an amount equal to insured deposit of such depositor: Provided, however, That the Corporation, in its discretion, may require proof of claims to be filed before paying the insured deposits, and that in any case where the Corporation is not satisfied as to the [viability] VALIDITY of a claim for an insured deposit, it may require final determination of a court of competent jurisdiction before paying such claim: Provided, further, That failure to settle the claim, within six (6) months from the date of filing of claim for insured deposit, where such failure was due to grave abuse of discretion, gross negligence, bad faith, or malice, shall, upon conviction,
subject the directors, officers or employees of the Corporation responsible
for the delay, to imprisonment from six (6) months to one (1) year:

*Provided, furthermore,* That the period shall not apply if the validity of the
claim requires the resolution of issues of facts and or law by another
office, body or agency including the case mentioned in the first proviso or
by the Corporation together with such other office, body or agency."

**SECTION 33.** Section 15 of the same Act is accordingly renumbered as Section
[21] 20 and is hereby amended to read as follows:

"**SECTION [21] 20.** The Corporation, upon payment of any depositor as
provided for in [subsection (c) of this] Section 19 OF THIS ACT, shall be
subrogated to all rights of the depositor against the closed bank to the
extent of such payment. Such subrogation shall include the right on the
part of the Corporation to receive the same dividends and payments from
the proceeds of the assets of such closed bank and recoveries on account
of stockholders' liability as would have been payable to the depositor on a
claim for the insured deposits: [but,] *PROVIDED, THAT* such depositor
shall retain his claim for any uninsured portion of his deposit, *WHICH*
LEGAL PREFERENCE SHALL BE THE SAME AS THAT OF THE
SUBROGATED CLAIM OF THE CORPORATION FOR ITS PAYMENT
OF INSURED DEPOSITS. All payments by the Corporation of insured
deposits in closed banks partake of the nature of public funds, and as
such, must be considered a preferred credit [similar to taxes due to the
National Government] in the order of preference under Article 2244 (G) of
the New Civil Code.[: *Provided, further,* That this preference shall be
likewise effective upon liquidation proceedings already commenced and
pending as of the approval of this Act, where no distribution of assets has
been made.]*"
SECTION 34. Section 16 of the same Act is accordingly renumbered as Section [22] 21 and paragraph (c) thereof is hereby amended to read as follows:

"(c) Except as otherwise prescribed by the Board of Directors, neither the Corporation nor such other insured bank shall be required to recognize as the owner of any portion of a deposit [appearing on the records] EVIDENCED BY A PASSBOOK, CERTIFICATE OF DEPOSIT OR OTHER EVIDENCE OF DEPOSIT DETERMINED BY THE CORPORATION TO BE AN AUTHENTIC DOCUMENT OR RECORD of the closed bank under a name other than that of the claimant, any person whose name or interest as such owner is not disclosed on the PASSBOOK, CERTIFICATE OF DEPOSIT OR OTHER EVIDENCE OF DEPOSIT [records] of such closed bank as part owner of said deposit, if such recognition would increase the aggregate amount of the insured deposits in such closed bank."

SECTION 35. Section 17 of the same Act is accordingly renumbered as Section [23] 22.

SECTION 36. Section [23] 22 paragraph (a) of the same Act, as renumbered, is hereby amended to read as follows:

"CORPORATE FUNDS AND ASSETS

SECTION [23] 22. (a) SUBJECT TO GUIDELINES AND LIMITS AS APPROVED BY THE BOARD OF DIRECTORS, [M]oney of the Corporation denominated in the local currency, not otherwise employed, shall be invested in obligations of the Republic of the Philippines or in
obligations guaranteed as to principal and interest by the Republic of the
Philippines.

THE CORPORATION MAY ALSO INVEST IN DEBT INSTRUMENTS
DENOMINATED IN FOREIGN CURRENCIES ISSUED OR
GUARANTEED BY THE REPUBLIC OF THE PHILIPPINES, OR DEBT
INSTRUMENTS DENOMINATED IN FREELY CONVERTIBLE FOREIGN
CURRENCIES ISSUED BY SUPRANATIONALS, MULTILATERAL
AGENCIES, OR FOREIGN GOVERNMENTS WITH AT LEAST AN
INVESTMENT GRADE CREDIT RATING.

THE CORPORATION SHALL LIKewise BE AUTHORIZED TO BUY
AND/OR SELL DEBT INSTRUMENTS AND FOREIGN CURRENCIES
FROM ANY GOVERNMENT SECURITIES ELIGIBLE DEALERS OR
ANY COUNTERPARTIES OR BROKERS, ACCREDITED BY THE PDIC
BOARD.

FOR THIS PURPOSE, THE CORPORATION SHALL BE AUTHORIZED
TO OPEN SECURITIES CUSTODIANSHIP AND SETTLEMENT
ACCOUNTS.”

SECTION 37. Section [23] 22 paragraph (b) of the same Act, as renumbered, is
hereby amended to read as follows:

“(b) The banking or checking accounts of the Corporation shall be kept
with the Bangko Sentral ng Pilipinas, [with the Philippine National Bank,] or with any other bank designated as depository or fiscal agent of the
Philippine government.”
SECTION 38. An additional paragraph to Section [23] 22 of the same Act, as
renumbered, is hereby inserted after paragraph (c) which shall read as follows:

"(d) ASSETS OF THE CORPORATION SHALL BE EXEMPT FROM
ATTACHMENT, GARNISHMENT OR ANY OTHER ORDER OR
PROCESS OF ANY COURT, AGENCY OR ANY OTHER
ADMINISTRATIVE BODY."

SECTION 39. Section 17 paragraph (d) of the same Act is accordingly
renumbered as Section [23] 22 paragraph (e) and is hereby amended to read as
follows:

"FINANCIAL ASSISTANCE

[(d)] (E) [When the Corporation has determined that an insured bank is in
danger of closing, in order to prevent such closing,] IN THE EXERCISE
OF ITS AUTHORITIES UNDER SECTION 11 OF THIS ACT, the
Corporation [, in the discretion of its Board of Directors,] is authorized to
make loans to, or purchase the assets of, or assume liabilities of, or make
deposits in[, such insured bank,]:

1) A BANK IN DANGER OF CLOSING, UPON ITS ACQUISITION
BY A QUALIFIED INVESTOR; OR

2) A QUALIFIED INVESTOR, UPON ITS PURCHASE OF ALL
ASSETS AND ASSUMPTION OF ALL LIABILITIES OF A BANK
IN DANGER OF CLOSING; OR

3) A SURVIVING OR CONSOLIDATED INSTITUTION THAT HAS
MERGED OR CONSOLIDATED WITH A BANK IN DANGER OF
CLOSING;
upon such terms and conditions as the Board of Directors may prescribe, when in the opinion of the Board of Directors, the continued operation of such bank \textbf{SUCH ACQUISITION, PURCHASE OF ASSETS, ASSUMPTION OF LIABILITIES, MERGER OR CONSOLIDATION}, is essential to provide adequate banking service in the community or maintain financial stability in the economy.

[The authority of the Corporation under the foregoing paragraph to extend financial assistance to, assume liabilities of, purchase the assets of an insured bank may also be exercised in the case of a closed insured bank if the Corporation finds that the resumption of operations of such bank is vital to the interests of the community, or a severe financial climate exists which threatens the stability of a number of banks possessing significant resources: \textit{Provided}, That the reopening and resumption of operations of the closed bank shall be subject to the prior approval of the Monetary Board.]

[The Corporation may provide any corporation acquiring control of, merging or consolidating with or acquiring the assets of an insured bank in danger of closing in order to prevent such closing or of a closed insured bank in order to restore to normal operations, with such financial assistance as it could provide an insured bank under this subsection: \textit{Provided}, That, within sixty (60) days from date of assistance the Corporation shall submit a report thereof to the Monetary Board.]

The Corporation, prior to the exercise of the powers under this Section, shall determine that actual payoff and liquidation thereof will be more expensive than the exercise of this power: \textit{Provided}, That when the
Monetary Board has determined that there are systemic consequences of
a probable failure or closure of an insured bank, the Corporation may
grant financial assistance to such insured bank in such amount as may be
necessary to prevent its failure or closure and/or restore the insured bank
to viable operations, under such terms and conditions as may be deemed
necessary by the Board of Directors, subject to concurrence by the
Monetary Board and without additional cost to the Deposit Insurance
Fund.

A systemic risk refers to the possibility that failure of one bank to settle net
transactions with other banks will trigger a chain reaction, depriving other
banks of funds leading to a general shutdown of normal clearing and
settlement activity. Systemic risk also means the likelihood of a sudden,
unexpected collapse of confidence in a significant portion of the banking
or financial system with potentially large real economic effects. Finally, the
Corporation may not use its authority under this subsection to purchase
the voting or common stock of an insured bank but it can enter into and
enforce agreements that it determines to be necessary to protect its
financial interests: Provided, That the financial assistance may take the
form of equity or quasi-equity of the insured bank as may be deemed
necessary by the Board of Directors with concurrence by the Monetary
Board: Provided, further, That the Corporation shall dispose of such equity
as soon as practicable."

SECTION 40. Section 18 of the same Act is accordingly renumbered as Section
[24] 23 and is hereby amended to read as follows:
"AUTHORITY TO BORROW

SECTION [24] 23. The Corporation is authorized to borrow from the
Bangko Sentral ng Pilipinas and the Bangko Sentral is authorized to lend
TO the Corporation on such terms as may be agreed upon by the
Corporation and the Bangko Sentral, such funds as in the judgment of the
Board of Directors of the Corporation are from time to time required for
insurance purposes and financial assistance provided for in Section [17]
22 (e) of this Act: Provided, That any such loan as may be granted by the
Bangko Sentral shall be consistent with monetary policy; Provided,
further, That the rate of interest thereon shall be fixed by the Monetary
Board [but shall not exceed the treasury bill rate].

When in the judgment of the Board of Directors the funds of the
Corporation are not sufficient to provide for an emergency or urgent need
to attain the purposes of this Act, the Corporation is likewise authorized to
borrow money, obtain loans or arrange credit lines or other credit
accommodations from any bank [designated as depository or fiscal agent
of the Philippine Government]: Provided, That such loan shall be of short-
term duration, PROVIDED, FURTHER, THAT NO PRIOR MONETARY
BOARD OPINION SHALL BE REQUIRED FOR THE CORPORATION
AND ITS COUNTERPARTIES ON INDIVIDUAL DRAWDOWNS OR
BORROWINGS WITHIN AN APPROVED BORROWING PROGRAM
WHERE PRIOR MONETARY BOARD OPINION HAS ALREADY BEEN
OBTAINED, PURSUANT TO SECTION 123 OF REPUBLIC ACT NO.
7653."

SECTION 41. Section 19 of the same Act is accordingly renumbered as Section
[25] 24 and is hereby amended to read as follows:
"ISSUANCE OF BONDS, DEBENTURES AND OTHER

OBLIGATIONS

SECTION [19] 24. With the approval of the President of the Philippines,

UPON THE RECOMMENDATION OF THE DEPARTMENT OF

FINANCE, the Corporation is authorized to issue bonds, debentures, and

other obligations, both local or foreign, as may be necessary for purposes

of providing liquidity for settlement of insured deposits in closed banks,

TO FACILITATE THE IMPLEMENTATION OF BANK RESOLUTION

UNDER SECTION 11 OF THIS ACT, as well as for financial assistance

as provided herein, Provided, That the Board of Directors shall determine

the interest rates, maturity and other requirements of said obligations:

Provided, further, That the Corporation [shall] MAY provide for appropriate

reserves for the redemption or retirement of said obligation.

All notes, debentures, bonds, or such obligations issued by the

Corporation shall be exempt from taxation both as to principal and

interest, and shall be fully guaranteed by the Government of the Republic

of the Philippines. Such guarantee, which in no case shall exceed two

times the Deposit Insurance Fund as of date of the debt issuance, shall be

expressed on the face thereof.

THE CORPORATION MAY ISSUE NOTES, DEBENTURES, BONDS,

OR OTHER DEBT INSTRUMENTS WITHOUT THE APPROVAL OF THE

PRESIDENT OF THE PHILIPPINES, AS LONG AS THESE SHALL NOT

BE GUARANTEED BY THE NATIONAL GOVERNMENT.
The Board of Directors shall have the power to prescribe THE TERMS AND CONDITIONS, rules and regulations for the issuance, reissuance, servicing, placement and redemption of the bonds herein authorized to be issued as well as the registration of such bonds at the request of the holders thereof."

SECTION 42. Section 20 of the same Act is accordingly renumbered as Section [26] 25.

SECTION 43. Section 21 of the same Act is accordingly renumbered as Section [27] 26.

SECTION 44. Section [27] 26 paragraph (f) of the same Act, as renumbered, is hereby amended to read as follows:

“(f) The penalty of IMPRISONMENT OF NOT LESS THAN SIX YEARS BUT NOT MORE THAN TWELVE YEARS [prision mayor] or a fine of not less than Fifty thousand pesos (P50,000.00) but not more than TEN [Two] million pesos (P10,000,000.00), [(P2,000,000.00),] or both, at the discretion of the court, shall be imposed upon [any director, officer, employee or agent of a bank]:

1) ANY DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF A BANK FOR:

a. [for] any willful refusal to submit reports as required by law, rules and regulations;
b. any unjustified refusal to permit examination and audit of the
deposit records or the affairs of the institution;

c. any willful making of a false statement or entry in any bank
report or document required by the Corporation;

d. submission of false material information in connection with or in
relation to any financial assistance of the Corporation extended
to the bank;

e. splitting of deposits or creation of fictitious **OR FRAUDULENT**
loans or deposit accounts.

Splitting of deposits occurs whenever a deposit account with an
outstanding balance of more than the statutory maximum
amount of insured deposit maintained under the name of
natural or juridical persons is broken down and transferred into
two (2) or more accounts in the name/s of natural or juridical
persons or entities who have no beneficial ownership on
transferred deposits in their names within one hundred twenty
(120) days immediately preceding or during a bank-declared
bank holiday, or immediately preceding a closure order issued
by the Monetary Board of the *Bangko Sentral ng Pilipinas* for
the purpose of availing of the maximum deposit insurance
coverage;

f. **REFUSAL TO RECEIVE THE NOTICE OF CLOSURE AS**
**PROVIDED UNDER SECTION 14 OF THIS ACT**;
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1. g. refusal to allow the Corporation to take over a closed bank [placed under its receivership] or obstructing such action of the Corporation;

2. h. refusal to turn over or destroying or tampering bank records;

3. i. fraudulent disposal, transfer or concealment of any asset, property or liability of the closed bank [under the receivership of the Corporation];

4. j. violation of, or causing any person to violate, the exemption from garnishment, levy, attachment or execution provided under this Act and the New Central Bank Act;

5. k. any willful failure or refusal to comply with, or violation of any provision of this Act, or commission of any other irregularities, and/or conducting business in an unsafe or unsound manner as may be determined by the Board of Directors[,] IN RELATION TO SECTION 56 OF REPUBLIC ACT NO. 8791, OR THE GENERAL BANKING LAW OF 2000.

6. NOTWITHSTANDING ANY LAW TO THE CONTRARY, THE FOREGOING ACTS OF DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS OF THE BANK SHALL BE CONSIDERED AS ADDITIONAL GROUNDS FOR DISQUALIFICATION UNDER THE FIT AND PROPER RULES OF THE BANGKO SENTRAL.

7. L. "OTHER ACTS INIMICAL TO THE INTEREST OF THE BANK OR THE CORPORATION, SUCH AS, BUT NOT LIMITED TO,
CONFLICT OF INTEREST, DISLOYALTY, AUTHORIZING RELATED PARTY TRANSACTIONS WITH TERMS DETRIMENTAL TO THE BANK AND ITS STAKEHOLDERS, AND UNAUTHORIZED DISCLOSURE OF CONFIDENTIAL INFORMATION, AS MAY BE DETERMINED BY THE CORPORATION."

2) ANY PERSON FOR:

a. REFUSAL TO DISCLOSE INFORMATION, RECORDS OR DATA PERTAINING TO THE BANK ACCOUNTS OF A CLOSED BANK TO THE RECEIVER;

b. REFUSAL TO TURN OVER POSSESSION OR CUSTODY OF THE ASSET AND RECORD OF THE CLOSED BANK TO THE RECEIVER, NOTWITHSTANDING ANY AGREEMENT TO THE CONTRARY;

c. REFUSAL OR DELAYING THE:

i. VERIFICATION OF AUTHENTICITY OF THE OWNERSHIP DOCUMENTS;

ii. REGISTRATION OF INTEREST OF THE CLOSED BANK ON A SPECIFIC PROPERTY;

iii. CONSOLIDATION OF OWNERSHIP OVER AN ASSET OF THE CLOSED BANK;
iv. ACT OF SECURING CERTIFIED TRUE COPIES OF DOCUMENTS IN RELATION TO AN ASSET OF THE CLOSED BANK;

v. ACT OF SECURING THE APPROPRIATE CERTIFICATION FROM THE AGENCIES OR ENTITIES STATED IN SECTION 16 OF THIS ACT IN RELATION TO AN ASSET OF THE CLOSED BANK;

vi. CONDUCT OF A PHYSICAL OR OCULAR INSPECTION OF THE PROPERTIES OWNED BY, OR MORTGAGED TO, THE CLOSED BANK, TO DETERMINE THEIR EXISTENCE AND PRESENT CONDITION; OR

vii. OTHER RELATED ACTIVITIES OF THE RECEIVER; OR

d. ALLOWING THE WITHDRAWAL FROM DEPOSITS OR DISPOSITION OF ANY ASSET OF THE CLOSED BANK OTHER THAN BY THE RECEIVER;

e. WILLFULLY VIOLATING ANY PROVISION OF THIS ACT;

F. CONSPIRING OR WILLFULLY PARTICIPATING IN ANY OF THE OFFENSES ENUMERATED IN PARAGRAPH 1 OF THIS SECTION;

3) ANY LAW ENFORCEMENT OFFICER OR LOCAL GOVERNMENT OFFICIAL WHO REFUSES OR FAILS TO ASSIST THE RECEIVER IN THE SERVICE OF THE NOTICE OF CLOSURE, AS PROVIDED UNDER SECTION 14 OF THIS ACT.”
SECTION 45. Additional paragraphs to Section [27] 26 of the same Act, as renumbered, are hereby inserted after paragraph (g) which shall read as follows:

“(h) THE PENALTY OF IMPRISONMENT OF NOT LESS THAN TEN (10) YEARS BUT NOT MORE THAN TWELVE (12) YEARS, OR A FINE OF NOT LESS THAN FIVE HUNDRED THOUSAND PESOS (P500,000.00) BUT NOT MORE THAN TEN MILLION PESOS (P10,000,000.00), OR BOTH, AT THE DISCRETION OF THE COURT, SHALL BE IMPOSED UPON:

1) ANY DEPOSITOR WHO FILES A FICTITIOUS AND/OR FRAUDULENT CLAIM FOR DEPOSIT INSURANCE; AND

2) ANY BANK OFFICER WHO CERTIFIES TO THE VALIDITY OF THE DEPOSIT LIABILITIES WHICH IS SUBSEQUENTLY VERIFIED TO BE FICTITIOUS AND/OR FRAUDULENT.

(i) THE PENALTY OF IMPRISONMENT OF NOT LESS THAN TWELVE (12) YEARS BUT NOT MORE THAN FOURTEEN (14) YEARS SHALL BE IMPOSED UPON ANY PERSON WHO PARTICIPATES, OR ATTEMPTS TO PARTICIPATE, IN A SCHEME TO DEFRAUD A BANK.

IF THE OFFENSE SHALL HAVE BEEN COMMITTED BY A DIRECTOR OR OFFICER OF THE BANK, THE PENALTY OF IMPRISONMENT OF NOT LESS THAN FIFTEEN (15) YEARS BUT NOT MORE THAN SEVENTEEN (17) YEARS SHALL BE IMPOSED.

IF THE OFFENSE SHALL HAVE RESULTED IN SYSTEMIC CONSEQUENCES, AS DETERMINED BY THE BANGKO SENTRAL,
THE PENALTY OF IMPRISONMENT OF NOT LESS THAN EIGHTEEN (18) YEARS BUT NOT MORE THAN TWENTY (20) YEARS SHALL BE IMPOSED."

SECTION 46. Section 22 of the same Act is accordingly renumbered as Section [28] 27.

SECTION 47. Section 23 of the same Act is hereby renumbered as Section [29] 28 and [reinstated as follows] AMENDED TO READ AS FOLLOWS:

"SECTION [23] 28. WITHIN SIX (6) MONTHS AFTER EFFECTIVITY OF THIS ACT, [T]he Corporation may be reorganized by the board of directors by adopting if it so desires, an entirely new staffing pattern or organizational structure to suit the operations of the corporation under this act PURSUANT TO REPUBLIC ACT NO. 10149. No preferential or priority right shall be given to or enjoyed by any personnel for appointment to any position in the new staffing pattern nor shall any personnel be considered as having prior or vested rights with respect to retention in the corporation or in any position which may be created in the new staffing pattern, even if he should be the incumbent of a similar position prior to reorganization. [The reorganization shall be completed within six (6) months after the effectivity of this act.] Personnel who are not retained are deemed separated from the service."

SECTION 48. Section 24 of the same Act is accordingly renumbered as Section [30] 29.
SECTION 49. Section 25 of the same Act is accordingly renumbered as Section [31] 30.

SECTION 50. A new section entitled Section [32] 31 of the same Act is hereby inserted between Sections [31] 30 and [33] 32 which shall read as follows:


SECTION 51. A new section entitled Section [33] 32 of the same Act is hereby inserted between Sections [32] 31 and [34] 33 which shall read as follows:
"SECTION 32. TRANSITORY PROVISIONS. – (a) THE INCUMBENT PRESIDENT OF THE CORPORATION AND PRIVATE SECTOR MEMBERS OF THE BOARD OF DIRECTORS SHALL CONTINUE TO EXERCISE THEIR RESPECTIVE DUTIES AND FUNCTIONS UNTIL REPLACED BY THE PRESIDENT OF THE PHILIPPINES: PROVIDED, THAT, SUCH NEW APPOINTEES SHALL BE SUBJECT TO THE TERM OF OFFICE PROVIDED UNDER SECTION 3 OF THIS ACT, AS AMENDED.

(b) PAYMENT OF SURPLUS DIVIDENDS UNDER SECTION 13(C) OF THIS ACT, AS AMENDED, SHALL BE APPLICABLE TO BANKS WITHOUT A COURT-APPROVED FINAL ASSET DISTRIBUTION PLAN AT THE TIME OF THE EFFECTIVITY OF THIS ACT.

(c) THE PREFERENCE INDICATED UNDER SECTION 15 OF THIS ACT, AS AMENDED, SHALL BE LIKewise EFFECTIVE UPON LIQUIDATION PROCEEDINGS ALREADY COMMENCED AND PENDING AS OF THE EFFECTIVITY OF THIS ACT, WHERE NO DISTRIBUTION OF ASSETS HAS BEEN MADE.

(d) THE PROVISIONS IN SECTION 10 OF THIS ACT, AS AMENDED, ON LEGAL ASSISTANCE, PROTECTION AND INDEMNIFICATION SHALL APPLY TO ALL CASES PENDING BEFORE THE EFFECTIVITY OF THIS ACT."

SECTION 52. Section 26 of the same Act, Separability Clause is accordingly renumbered as Section [34] 33.
"Separability Clause. - If any provision or section of this Act or the
application thereof to any person or circumstances is held invalid, the
other provisions or sections of this Act, in the application of such provision
or section to other persons or circumstances, shall not be affected thereby."

SECTION 53. Section 27 of the same Act, Repealing Clause is accordingly
renumbered as Section [35] 34.

"Repealing Clause. - All acts or parts of acts and executive orders,
administrative orders, or parts thereof which are inconsistent with the
provisions of this Act are hereby repealed."

SECTION 54. Section 28 of the same Act, Effectivity Clause is accordingly
renumbered as Section [36] 35.

"Effectivity Clause. - This Act shall take effect fifteen (15) days following
the completion of its publication in the Official Gazette or in two (2)
newspapers of general circulation."

Approved,
AN ACT
ENHANCING THE RESOLUTION AND LIQUIDATION FRAMEWORK FOR BANKS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 3591, AS AMENDED, AND OTHER RELATED LAWS

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

SECTION 1. Section 1 of Republic Act No. 3591, as amended, is hereby amended to read as follows:

"THE CREATION OF THE
PHILIPPINE DEPOSIT INSURANCE CORPORATION

SECTION 1. – There is hereby created a Philippine Deposit Insurance Corporation hereinafter referred to as the "Corporation" which shall insure as herein provided, the deposits of all banks which are entitled to the benefits of insurance under this Act, and which shall have the powers hereinafter granted.

The Corporation shall, as a basic policy, promote and safeguard the interests of the depositing public by [way of] providing [permanent and continuing] insurance coverage on all insured deposits AND HELPING
MAINTAIN A SOUND AND STABLE BANKING SYSTEM."

SECTION 2. A new section entitled Section 2 of the same Act shall be inserted between Sections 1 and 3 which shall read as follows:

"STATE POLICY

SECTION 2. — IT IS HEREBY DECLARED TO BE THE POLICY OF THE STATE TO STRENGTHEN THE MANDATORY DEPOSIT INSURANCE COVERAGE SYSTEM TO GENERATE, PRESERVE, MAINTAIN FAITH AND CONFIDENCE IN THE COUNTRY'S BANKING SYSTEM, AND PROTECT IT FROM ILLEGAL SCHEMES AND MACHINATIONS.

TOWARDS THIS END, THE GOVERNMENT MUST EXTEND ALL MEANS AND MECHANISMS NECESSARY FOR THE CORPORATION TO EFFECTIVELY FULFILL ITS VITAL TASK OF PROMOTING AND SAFEGUARDING THE INTERESTS OF THE DEPOSITING PUBLIC BY WAY OF PROVIDING INSURANCE COVERAGE ON BANK DEPOSITS AND IN HELPING DEVELOP A SOUND AND STABLE BANKING SYSTEM.

IN VIEW OF THE CRUCIAL ROLE AND THE NATURE OF ITS FUNCTIONS AND RESPONSIBILITIES, THE CORPORATION, WHILE BEING A GOVERNMENT INSTRUMENTALITY WITH CORPORATE POWERS, SHALL ENJOY FISCAL AND ADMINISTRATIVE AUTONOMY.

SECTION 3. Section 2 of the same Act is accordingly renumbered as Section 3 and is hereby amended to read as follows:
BOARD OF DIRECTORS: COMPOSITION AND AUTHORITY

SECTION [2] 3. (A) The powers and functions of the Corporation shall be vested in and exercised by a Board of Directors which shall be composed of SEVEN (7) [five (5)] members as follows:

[(a)] 1) The Secretary of Finance who shall be the *ex-officio* Chairman of the Board without compensation.

[(b)] 2) The Governor of the *Bangko Sentral ng Pilipinas*, who shall be *ex-officio* member of the Board without compensation.

[(c)] 3) The President of the Corporation, who shall be appointed by the President of the Philippines FROM A SHORTLIST PREPARED BY THE GOVERNANCE COMMISSION FOR GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS PURSUANT TO REPUBLIC ACT NO. 10149 [from either the Government or private sector] to serve on a full-time basis for a term of six (6) years. The President of the Corporation shall also serve as Vice Chairman of the Board.

[(d)] 4) FOUR (4) [Two (2)] members from the private sector, to be appointed BY THE PRESIDENT OF THE PHILIPPINES FROM A SHORTLIST PREPARED BY THE GOVERNANCE COMMISSION FOR GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS PURSUANT TO REPUBLIC ACT NO. 10149. THE APPOINTEE DIRECTORS SHALL SERVE for a term of six (6) years UNLESS SOONER REMOVED FOR CAUSE AND SHALL BE SUBJECT TO ONLY ONE [without] reappointment [by the President of the Philippines]: Provided, That of those first appointed, the first TWO appointeeS shall serve for a period of [two
(2)] THREE (3) years]: PROVIDED, HOWEVER, THAT THE
APPOINTEE DIRECTOR SHALL CONTINUE TO HOLD OFFICE
UNTIL THE SUCCESSOR IS APPOINTED. AN APPOINTEE
DIRECTOR MAY BE NOMINATED BY THE GOVERNANCE
COMMISSION FOR GOVERNMENT OWNED OR CONTROLLED
CORPORATIONS FOR REAPPOINTMENT BY THE PRESIDENT
ONLY IF ONE OBTAINS A PERFORMANCE SCORE OF ABOVE
AVERAGE OR ITS EQUIVALENT OR HIGHER IN THE
IMMEDIATELY PRECEDING YEAR OF TENURE AS APPOINTEE
DIRECTOR BASED ON THE PERFORMANCE CRITERIA FOR
APPOINTEE DIRECTORS FOR THE GOVERNMENT OWNED OR
CONTROLLED CORPORATIONS.

APPOINMENT TO ANY VACANCY SHALL BE ONLY FOR THE
UNEXPIRED TERM OF THE PREDECESSOR PURSUANT TO
REPUBLIC ACT NO. 10149.

No person shall be appointed as member of the Board unless he be
of good moral character, [and] of unquestionable integrity and
responsibility, OF KNOWN PROBITY AND PATRIOTISM, and who
is of recognized competence in economics, banking and finance,
law, management administration or insurance, and shall be at least
thirty-five (35) years of age. For the duration of their tenure or term
in office and for a period of one year thereafter, the appointive
members of the Board shall be disqualified from holding any office,
position or employment in any insured bank.

The Secretary of Finance and the Governor of the Bangko Sentral
may each designate AN ALTERNATE [a representative, whose
position shall not be lower than an undersecretary or deputy
governor respectively], WHO SHALL BE AN OFFICIAL WITH A
RANK NOT LOWER THAN DIRECTOR III OR ITS EQUIVALENT
WITH WRITTEN AUTHORITY FROM THE SECRETARY OF
FINANCE OR THE GOVERNOR OF THE BANGKO SENTRAL
NG PILIPINAS to attend such meetings and to vote on behalf of
their respective principals. Whenever the Chairman of the Board is
unable to attend a meeting of the Board, or in the event of a
vacancy in the office of the Secretary of Finance, AND IN THE
ABSENCE OF THE VICE CHAIRMAN, the [President of the
Corporation] MEMBERS OF THE BOARD SHALL DESIGNATE
FROM AMONG THEMSELVES WHO shall act as Chairman.

THE PRESIDENT OF THE PHILIPPINES MAY REMOVE ANY
APPOINTEE MEMBER OF THE BOARD OF DIRECTORS FOR ANY OF
THE FOLLOWING REASONS:

1) IF THE MEMBER IS PHYSICALLY OR MENTALLY
INCAPACITATED THAT HE CANNOT PROPERLY
DISCHARGE HIS OR HER DUTIES AND
RESPONSIBILITIES, AND SUCH INCAPACITY HAS
LASTED FOR MORE THAN SIX (6) MONTHS; OR
2) IF THE MEMBER IS GUILTY OF ACTS OR
OPERATIONS WHICH ARE OF FRAUDULENT OR
ILLEGAL CHARACTER OR WHICH ARE MANIFESTLY
OPPOSED TO THE AIMS AND INTERESTS OF THE
CORPORATION; OR
3) IF THE MEMBER NO LONGER POSSESSES THE
QUALIFICATIONS SPECIFIED IN THIS ACT; OR
4) IF THE MEMBER DOES NOT MEET THE STANDARDS FOR PERFORMANCE BASED ON THE EVALUATION BY THE GOVERNANCE COMMISSION FOR GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS UNDER REPUBLIC ACT NO. 10149.

The presence of FOUR (4) [three (3)] members shall constitute a quorum. All decisions of the Board of Directors shall require the concurrence of at least FOUR (4) [three (3)] members.

[The Secretary of Finance shall fix the rate of *per diem* for every Board meeting attended by the members of the Board of Directors from the private sector.] THE COMPENSATION, PER DIEMS, ALLOWANCES, INCENTIVES, AND OTHER BENEFITS FOR BOARD MEMBERS SHALL BE DETERMINED BY THE GOVERNANCE COMMISSION FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS PURSUANT TO REPUBLIC ACT NO. 10149. [The President of the Philippines may fix such emoluments that may be received by the Board of Directors comparable to the emoluments of members of the Board of Directors of other government financial institutions].

IN ADDITION TO THE REQUIREMENTS OF REPUBLIC ACT NO. 6713, OTHERWISE KNOWN AS THE CODE OF CONDUCT AND ETHICAL STANDARDS FOR PUBLIC OFFICIALS AND EMPLOYEES, ANY MEMBER OF THE BOARD OF DIRECTORS WITH PERSONAL OR PECUNIARY INTEREST IN ANY MATTER IN THE AGENDA OF THE BOARD OF DIRECTORS SHALL DISCLOSE HIS OR HER INTEREST TO THE BOARD AND SHALL RECUSE FROM THE MEETING WHEN THE MATTER IS TAKEN UP. THE MINUTES SHALL REFLECT THE
DISCLOSURE MADE AND THE RECUSAL OF THE MEMBER CONCERNED.

(B) The Board of Directors shall have the authority:

1. To APPROVE [prepare] and issue rules and regulations FOR BANKS AND THE DEPOSITING PUBLIC as it considers necessary for the effective discharge of its responsibilities;

2. To ACT AS THE POLICY-MAKING BODY OF THE CORPORATION AND CONSTITUTE BOARD COMMITTEES TO OVERSEE [direct] the management, operations and administration of the Corporation;

3. To establish a human resource management system which shall govern the selection, hiring, appointment, transfer, promotion, or dismissal of [all] personnel. Such system shall aim to establish professionalism and excellence at all levels of the Corporation in accordance with sound principles of management;[

4. TO APPROVE, [A] a compensation structure[.] AS AN INTEGRAL COMPONENT OF THE CORPORATION'S HUMAN RESOURCE DEVELOPMENT PROGRAM based on job evaluation studies and wage surveys, AND REVISE THE SAME FROM TIME TO TIME AS IT MAY DEEM NECESSARY [and subject to the Board's approval, shall be, instituted as an integral component of the Corporation's human resource development program]: Provided, That all positions in the Corporation shall be governed by a compensation PACKAGE, position classification system and qualification standards approved by the Board based on a comprehensive job analysis and audit of actual duties and responsibilities.
The compensation STRUCTURE [plan] shall be comparable TO THAT [with the prevailing compensation plans] of other [government] financial institutions BASED ON PREVAILING MARKET STANDARDS, and shall [be subject to review by the Board no more than once every two (2) years without prejudice to] PROVIDE FOR yearly merit reviews or increases based on productivity [and profitability]. The Corporation shall therefore be exempt from existing laws, rules and regulations on compensation PACKAGE, position classification and qualification standards, SUCH AS, BUT NOT LIMITED TO, PRESIDENTIAL DECR EE NO. 985, PRESIDENTIAL DECR EE NO. 1597, REPUBLIC ACT NO. 6758, AS AMENDED, AND JOINT RESOLUTION NO. 4 (2009), AND REPUBLIC ACT NO. 10149. It shall however endeavor to make its system conform as closely as possible with the principles under Republic Act No. 6758, as amended.

[4.] 5. To appoint, establish the rank, fix the remuneration, BENEFITS, INCLUDING HEALTH CARE SERVICES THROUGH A HEALTH MAINTENANCE ORGANIZATION (HMO) AND MEDICAL BENEFITS OTHER THAN THOSE PROVIDED FOR UNDER REPUBLIC ACT NO. 7875, AS AMENDED, [approve local and foreign training of,] and remove any officer or employee of the Corporation, for cause, subject to pertinent civil service laws: Provided, That the Board of Directors may delegate this authority to the President subject to specific guidelines; PROVIDED, FURTHER, THAT IN NO CASE SHALL THERE BE ANY DIMINUTION OF EXISTING SALARIES, BENEFITS AND OTHER EMOLUMENTS;

6. TO APPROVE POLICY ON LOCAL AND FOREIGN TRAVEL, AND THE CORRESPONDING EXPENSES, ALLOWANCES AND PER DIEMS, OF OFFICERS, EMPLOYEES, AGENTS OF THE CORPORATION, WHICH SHALL BE COMPARABLE WITH THE EXPENSES, ALLOWANCES
AND PER DIEMS OF PERSONNEL OF OTHER FINANCIAL
INSTITUTIONS BASED ON PREVAILING MARKET STANDARDS,
NOTWITHSTANDING THE PROVISIONS OF PRESIDENTIAL DECREE
NO. 1177, EXECUTIVE ORDER NO. 292, EXECUTIVE ORDER NO. 248,
AS AMENDED, EXECUTIVE ORDER NO. 298, AND SIMILAR LAWS;

[5] 7. To adopt an annual budget for, and authorize such expenditures
by the Corporation, as are in the interest of the effective
administration and operation of the Corporation;

[6] 8. To approve the TARGET LEVEL OF THE DEPOSIT INSURANCE FUND
AND THE methodology for determining [the level and amount of]
RESERVES [provisioning] for insurance and financial assistance losses
[.which shall establish reasonable levels of deposit insurance reserves.];

[7] 9. To review the organizational set-up of the Corporation and adopt a new
or revised organizational structure as it may deem necessary for the
Corporation to undertake its mandate and functions;[

10. TO DESIGN, ADOPT AND REVISE, AS IT MAY DEEM NECESSARY,
AN EARLY SEPARATION PLAN FOR EMPLOYEES OF THE
CORPORATION TO ENSURE AVAILABILITY OF A HUMAN
RESOURCE POOL QUALIFIED AND CAPABLE OF IMPLEMENTING
THE CORPORATION’S AUTHORITIES UNDER THIS CHARTER IN A
MANNER RESPONSIVE AND ATTUNED TO MARKET
DEVELOPMENTS, AND TO PROVIDE INCENTIVES FOR ALL THOSE
WHO SHALL RETIRE OR BE SEPARATED FROM THE SERVICE.
NOTWITHSTANDING ANY LAW TO THE CONTRARY, THESE
INCENTIVES SHALL BE IN ADDITION TO ALL GRATUITIES AND
BENEFITS THE EMPLOYEE IS ENTITLED TO UNDER EXISTING LAWS; AND

11. TO PROMOTE AND SPONSOR THE LOCAL OR FOREIGN TRAINING OR STUDY OF PERSONNEL IN THE FIELDS OF BANKING, FINANCE, MANAGEMENT, INFORMATION TECHNOLOGY AND LAW. TOWARD THIS END, THE CORPORATION IS HEREBY AUTHORIZED TO DEFRAY THE COSTS OF SUCH TRAINING OR STUDY. THE BOARD SHALL PRESCRIBE RULES AND REGULATIONS TO GOVERN THE TRAINING OR STUDY PROGRAMS OF THE CORPORATION."

SECTION 4. Section 3 of the same Act is accordingly renumbered as Section 4.

SECTION 5. The first paragraph of Section 4 of the same Act, as renumbered, is hereby amended to read as follows:

"PRESIDENT OF THE CORPORATION COMPENSATION, POWERS AND DUTIES

SECTION [3] 4. The President of the Corporation shall be ITS [the] Chief Executive OFFICER AND THE VICE CHAIRMAN OF ITS BOARD OF DIRECTORS [thereof] and his OR HER salary shall be fixed by the President of the Philippines UPON THE RECOMMENDATION OF THE GOVERNANCE COMMISSION FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS, at a sum commensurate to the importance and responsibility attached to the position. The sum total of the salary, ALLOWANCES, BENEFITS [of the President and the allowances] and other emoluments OF THE PRESIDENT OF THE
CORPORATION [which the Board of Directors may grant him] SHALL
BE HIGHER THAN THE COMPENSATION PACKAGE OF THE NEXT
HIGHEST RANKING EXECUTIVE OF THE CORPORATION AND shall
be the ceiling for fixing the salary, allowances and other emoluments of all
other personnel in the Corporation.

SECTION 6. Section 4, paragraphs (d), [and] (f) AND (H) of the same Act, as
renumbered, are hereby amended to read as follows:

“(d) To represent the Corporation[, upon prior authority of the
Board,] in all dealings with other offices, agencies and instrumentalities of
the government and with all other persons or entities, public or private,
whether domestic, foreign or international;

(f) To represent the Corporation, either personally or through
counsel, INCLUDING PRIVATE COUNSEL, AS MAY BE AUTHORIZED
BY THE PDIC BOARD, in ANY [all] legal proceeding or action;”

(h) xxx The President shall be assisted by a Vice-President and other
officials whose appointment and removal for cause shall be approved and whose
salary shall be fixed by the Board of Directors upon recommendation of the
President of the Corporation. During the absence or temporary incapacity of the
President, or in case of vacancy or permanent incapacity and pending
appointment of a new President of the Corporation by the President of the
Philippines, the BOARD OF DIRECTORS SHALL DESIGNATE THE OFFICER-
IN-CHARGE OF THE CORPORATION [Vice President shall act as President
and discharge the duties and responsibilities thereof].”
SECTION 7. Section 4 of the same Act is accordingly renumbered as Section 5, and is hereby amended to read as follows:

"DEFINITION OF TERMS"

SECTION [4] 5. As used in this Act –

(A) THE TERM "ASSET" REFERS TO MOVABLE, IMMOVABLE, TANGIBLE, OR INTANGIBLE RESOURCES OR PROPERTIES OVER WHICH A BANK HAS AN ESTABLISHED OR EQUITABLE INTEREST, INCLUDING THE PROCEEDS OF THE SALE OF ITS BANK AND BRANCH LICENSES SUBJECT TO THE APPROVAL OF THE BANGKO SENTRAL.

(B) THE TERM "ASSET DISTRIBUTION PLAN" REFERS TO THE PLAN OF DISTRIBUTION OF THE ASSETS OF A CLOSED BANK TO ITS CREDITORS, BASED ON ITS ESTIMATED REALIZABLE VALUE AS OF A CERTAIN CUT-OFF DATE, PREPARED IN ACCORDANCE WITH THE RULES ON CONCURRENCE AND PREFERENCE OF CREDITS UNDER THE CIVIL CODE OR OTHER LAWS.

AN ASSET DISTRIBUTION PLAN MAY BE PARTIAL WHEN IT PERTAINS TO THE DISTRIBUTION OF A PORTION OR SOME OF THE ASSETS OF THE CLOSED BANK, OR FINAL WHEN IT PERTAINS TO THE DISTRIBUTION OF ALL THE ASSETS OF THE CLOSED BANK.

(C) [(a)] The term "Board of Directors" means the Board of Directors of the Corporation.
(D) [(b)] The term “Bank” and “Banking Institution” shall be synonymous and interchangeable and shall include banks, commercial banks, savings bank, mortgage banks, rural banks, development banks, cooperative banks, stock savings and loan associations and branches and agencies in the Philippines of foreign banks and all other corporations authorized to perform banking functions in the Philippines.

(E) THE TERM “CLOSED BANK” REFERS TO A BANK PLACED UNDER LIQUIDATION BY THE MONETARY BOARD.

(F) THE TERM “CREDITOR” REFERS TO ANY INDIVIDUAL OR ENTITY WITH A VALID CLAIM AGAINST THE ASSETS OF THE CLOSED BANK.

[(c) The term “receiver” includes a receiver, commission, person or other agency charged by law with the duty to take charge of the assets and liabilities of a bank which has been forbidden from doing business in the Philippines, as well as the duty to gather, preserve and administer such assets and liabilities for the benefit of the depositors and creditors of said bank, and to continue into liquidation whenever authorized under this Act or other laws, and to dispose of the assets and to wind up the affairs of such bank.]

[(d) The term “insured bank” means any bank the deposits of which are insured in accordance with the provisions of this Act.]

[(e)] The term “non-insured bank” means any bank the deposits of which are not insured.
The term "deposit" means the unpaid balance of money or its equivalent received by a bank in the usual course of business and for which it has given or is obliged to give credit to a commercial, checking, savings, time or thrift account, EVIDENCED BY A PASSBOOK, CHECK AND/OR CERTIFICATE OF DEPOSIT, OR OTHER EVIDENCE OF DEPOSIT, or issued in accordance with Bangko Sentral rules and regulations and other applicable laws, together with such other obligations of a bank, which, consistent with banking usage and practices, the Board of Directors shall determine and prescribe by regulations to be deposit liabilities of the bank: Provided, That any obligation of a bank which is payable at the office of the bank located outside of the Philippines shall not be a deposit for any of the purposes of this Act or included as part of the total deposits or of insured deposit: Provided, further, That, subject to the approval of the Board of Directors, any insured bank which is incorporated under the laws of the Philippines which maintains a branch outside the Philippines may elect to include for insurance its deposit obligations payable only at such branch.

The Corporation shall not pay deposit insurance[.] for the following accounts or transactions [, whether denominated, documented, recorded or booked as deposit by the bank]:

1) Investment products such as bonds and securities, trust accounts, and other similar instruments;

2) Deposit accounts or transactions which are [unfunded, or that are] fictitious or fraudulent AS DETERMINED BY THE CORPORATION;
3) Deposit accounts or transactions constituting, and/or emanating from, unsafe and unsound banking practice/s, as determined by the Corporation, in consultation with the **BANGKO SENTRAL** [BSP], after due notice and hearing, and publication of a **DIRECTIVE TO cease and desist** [order] issued by the Corporation against such deposit accounts, transactions **OR PRACTICES**; and

4) Deposits that are determined to be the proceeds of an unlawful activity as defined under Republic Act 9160, as amended.

The actions of the Corporation taken under [this] section 5 [(h)] (G) shall be final and executory, and may **ONLY** [not] be restrained or set aside by the [court] **COURT OF APPEALS**, [except] **UPON** [on] appropriate petition for certiorari on the ground that the action was taken in excess of jurisdiction or with such grave abuse of discretion as to amount to a lack or excess of jurisdiction. The petition for certiorari may only be filed within thirty (30) days from notice of denial of claim for deposit insurance.

(H) **THE TERM** "DISPUTED CLAIM" **REFERS TO A CLAIM OR SUIT AGAINST THE ASSETS OF A CLOSED BANK, OR FOR SPECIFIC PERFORMANCE, OR BREACH OF CONTRACT, OR DAMAGES, OF WHATEVER NATURE OR CHARACTER, WHETHER FOR MONEY OR OTHERWISE, LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR CURRENT, DENIED BY THE RECEIVER.**

(I) **THE TERM** "INSURED BANK" **MEANS ANY BANK THE DEPOSITS OF WHICH ARE INSURED IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT."
The term "insured deposit" means the amount due to any bona fide depositor for legitimate deposits in an insured bank [net of any obligation of the depositor to the insured bank] as of the date of closure but not to exceed Five Hundred Thousand Pesos (P500,000.00). Such [net] amount shall be determined according to such regulations as the Board of Directors may prescribe. In determining such amount due to any depositor, there shall be added together all deposits in the bank maintained in the same right and capacity for his benefit either in his own name or in the name of others. A joint account regardless of whether the conjunction "and," "or", "and/or" is used, shall be insured separately from any individually-owned deposit account: Provided, That (1) If the account is held jointly by two or more natural persons, or by two or more juridical persons or entities, the maximum insured deposit shall be divided into as many equal shares as there are individuals, juridical persons or entities, unless a different sharing is stipulated in the document of deposit, and (2) if the account is held by a juridical person or entity jointly with one or more natural persons, the maximum insured deposit shall be presumed to belong entirely to such juridical person or entity: Provided, further, That the aggregate of the interest of each co-owner over several joint accounts, whether owned by the same or different combinations of individuals, juridical persons or entities, shall likewise be subject to the maximum insured deposit of Five Hundred Thousand Pesos (P500,000.00): Provided, furthermore, That the provisions of any law to the contrary notwithstanding, no owner/holder of any PASSBOOK, negotiable certificate of deposit, OR OTHER EVIDENCE OF DEPOSIT shall be recognized as a depositor entitled to the rights provided in this Act unless THE PASSBOOK, CERTIFICATE OF DEPOSIT OR OTHER EVIDENCE OF DEPOSIT IS DETERMINED BY THE CORPORATION TO BE AN
AUTHENTIC DOCUMENT OR RECORD of the issuing bank [his name is registered as owner/holder thereof in the books]: Provided, finally, That, in case of a condition that threatens the monetary and financial stability of the banking system that may have systemic consequences, as defined in section 22 [17] hereof, as determined by the Monetary Board, the maximum deposit insurance cover may be adjusted in such amount, for such a period, and/or for such deposit products, as may be determined by a unanimous vote of the Board of Directors in a meeting called for the purpose and chaired by the Secretary of Finance, subject to the approval of the President of the Philippines.

(K) THE TERM “LIQUIDATION” REFERS TO THE PROCEEDINGS UNDER SECTIONS 12 TO 16 OF THIS ACT.

(L) THE TERM “LIQUIDATION COURT” REFERS TO THE REGIONAL TRIAL COURT OF GENERAL JURISDICTION WHERE THE PETITION FOR ASSISTANCE IN THE LIQUIDATION OF A CLOSED BANK IS FILED AND GIVEN DUE COURSE.

(M) THE TERM “PAYOUT” REFERS TO THE PAYMENT OF INSURED DEPOSITS.

(N) THE TERM “PETITION FOR ASSISTANCE IN THE LIQUIDATION OF A CLOSED BANK” REFERS TO THE
PETITION FILED BY THE RECEIVER WITH THE REGIONAL TRIAL COURT (RTC) IN ACCORDANCE WITH SECTION 16 OF THIS ACT.

(O) THE TERM "PURCHASE OF ASSETS AND ASSUMPTION OF LIABILITIES" REFERS TO A TRANSACTION WHERE AN INSURED BANK PURCHASES ANY OR ALL ASSETS AND ASSUMES ANY OR ALL LIABILITIES OF ANOTHER BANK UNDER RESOLUTION OR LIQUIDATION, AS PROVIDED IN THIS ACT.

(P) THE TERM "RECEIVER" REFERS TO THE CORPORATION OR ANY OF ITS DULY AUTHORIZED AGENTS ACTING AS RECEIVER OF A CLOSED BANK.

(Q) THE TERM "RECORDS" INCLUDES ALL DOCUMENTS, TITLES, PAPERS AND ELECTRONIC DATA OF THE CLOSED BANK, INCLUDING THOSE PERTAINING TO DEPOSIT ACCOUNTS OF AND WITH THE CLOSED BANK, ITS ASSETS, TRANSACTIONS AND CORPORATE AFFAIRS.

(R) THE TERM "RESIDUAL ASSETS" REFERS TO ASSETS, IN CASH OR IN KIND, TO BE TURNED OVER TO THE CLOSED BANK'S STOCKHOLDERS OF RECORD, IN PROPORTION TO THEIR INTEREST IN THE CLOSED BANK AS OF DATE OF CLOSURE, AFTER PAYMENT IN FULL OF LIQUIDATION COSTS, FEES AND EXPENSES, AND THE VALID CLAIMS AND SURPLUS DIVIDENDS TO ALL THE CREDITORS.
(S) The term "resolution" refers to the actions undertaken by the corporation under section 11 of this act to:

1) Protect depositors, creditors and the deposit insurance fund;
2) Safeguard the continuity of essential banking services or maintain financial stability; and
3) Prevent deterioration or dissipation of bank assets.

(T) The term "risk-based assessment system" pertains to a method for calculating an insured bank's assessment on the probability that the deposit insurance fund will incur a loss with respect to the bank, and the likely amount of any such loss, based on its risk rating that takes into consideration the following:

1) Quality and concentration of assets;
2) Categories and concentration of liabilities, both insured and uninsured, contingent and non-contingent;
3) Capital position;
4) Liquidity position;
5) Management and governance; and
6) Other factors relevant to assessing such probability, as may be determined by the corporation.
(U) THE TERM "STATEMENT OF AFFAIRS" REFERS TO A REPORT OF FINANCIAL CONDITION OF THE CLOSED BANK AT A GIVEN DATE, SHOWING THE: 1) ESTIMATED REALIZABLE VALUE OF ASSETS; 2) CLASSIFICATION OF CREDITS; AND 3) ESTIMATED LIABILITIES TO BE SETTLED.

(V) THE TERM "SURPLUS DIVIDENDS" REFERS TO THE REMAINING ASSETS OF THE CLOSED BANK AFTER SATISFACTION IN FULL OF ALL THE LIQUIDATION COSTS, FEES AND EXPENSES, AND VALID CLAIMS. THE SURPLUS DIVIDENDS SHALL BE COMPUTED AT THE LEGAL RATE OF INTEREST FROM THE DATE OF TAKEOVER TO CUT-OFF DATE OF THE DISTRIBUTION PLAN, AND SHALL BE PAID, IN CASH OR IN KIND, TO CREDITORS OF THE CLOSED BANK IN ACCORDANCE WITH THE RULES ON CONCURRENCE AND PREFERENCE OF CREDITS UNDER THE CIVIL CODE OR OTHER LAWS.

(W) THE TERM "TAKEOVER" REFERS TO THE ACT OF PHYSICALLY TAKING POSSESSION AND CONTROL OF THE PREMISES, ASSETS AND AFFAIRS OF A CLOSED BANK FOR THE PURPOSE OF LIQUIDATING THE BANK.

(X) [(h)] The term "transfer deposit" means a deposit in an insured bank made available to a depositor by the Corporation as payment of insured deposit of such depositor in a closed bank and assumed by another insured bank.
(Y) [(i)] The term “trust funds” means funds held by an insured bank in a fiduciary capacity and includes without being limited to, funds held as trustee, executor, administrator, guardian or agent.

(Z) THE TERM “VALID CLAIM” REFERS TO THE CLAIM RECOGNIZED BY THE RECEIVER OR ALLOWED BY THE LIQUIDATION COURT.

(AA) THE TERM “WINDING UP PERIOD” REFERS TO THE PERIOD PROVIDED IN SECTION 16 OF THIS ACT.”

SECTION 8. Section 5 of the same Act is accordingly renumbered as Section 6, and is hereby amended to read as follows:

"DEPOSIT INSURANCE COVERAGE

SECTION [5] 6. The deposit liabilities of any bank (or banking institution,) which is engaged in the business of receiving deposits as herein defined on the effective date of this Act, or which thereafter may engage in the business of receiving deposits, shall be insured with the Corporation.

WHENEVER A BANK IS DETERMINED BY THE BANGKO SENTRAL TO HAVE FAILED TO MEET THE MINIMUM CAPITAL REQUIREMENTS, THE CORPORATION MAY CONDUCT AN INSURANCE RISK EVALUATION ON THE BANK AT ANY TIME TO ENABLE IT TO ASSESS THE RISKS TO THE DEPOSIT INSURANCE FUND. SUCH EVALUATION MAY INCLUDE THE DETERMINATION OF (i) THE FAIR MARKET VALUE OF THE ASSETS AND LIABILITIES OF A BANK, OR (ii) THE RISK CLASSIFICATION OF A BANK, OR (iii)
POSSIBLE RESOLUTION MODES, SUBJECT TO SUCH TERMS AND CONDITIONS AS THE PDIC BOARD MAY PRESCRIBE.

IN THE CONDUCT OF AN INSURANCE RISK EVALUATION, THE CORPORATION, ITS DULY AUTHORIZED OFFICERS OR EMPLOYEES, SHALL HAVE THE AUTHORITY TO EXAMINE, INQUIRE OR LOOK INTO THE DEPOSIT RECORDS OF A BANK. FOR THIS PURPOSE, BANKS, THEIR OFFICERS AND EMPLOYEES ARE HEREBY MANDATED TO DISCLOSE AND REPORT TO THE CORPORATION OR ITS DULY AUTHORIZED OFFICERS, EMPLOYEES, DEPOSIT ACCOUNT INFORMATION IN SAID BANK.

THE CORPORATION, ITS DULY AUTHORIZED OFFICERS OR EMPLOYEES, ARE PROHIBITED FROM DISCLOSING INFORMATION OBTAINED UNDER THIS SECTION TO ANY PERSON, GOVERNMENT OFFICIAL, BUREAU OR OFFICE, EXCEPT WHEN THE DISCLOSURE OF THE INFORMATION OBTAINED UNDER THIS SECTION IS NECESSARY FOR EXPEDITIOUS PAYMENT OF DEPOSIT INSURANCE OR THE PROTECTION OF THE DEPOSIT INSURANCE SYSTEM, OR TO CARRY OUT THE MANDATE OF THE CORPORATION AS A RESOLUTION AUTHORITY.”

ANY ACT DONE PURSUANT TO THIS SECTION SHALL NOT BE DEEMED TO HAVE VIOLATED REPUBLIC ACT NO. 1405, AS AMENDED, REPUBLIC ACT NO. 6426, AS AMENDED, REPUBLIC ACT NO. 8791, AND OTHER SIMILAR LAWS PROTECTING OR SAFEGUARDING THE SECRECY OR CONFIDENTIALITY OF BANK DEPOSITS: PROVIDED, THAT ANY UNAUTHORIZED DISCLOSURE OF THE INFORMATION UNDER THIS SECTION SHALL BE SUBJECT
TO THE SAME PENALTY UNDER THE FOREGOING LAWS
PROTECTING THE Secrecy OR CONFIDENTIALITY OF BANK
DEPOSITS.”

SECTION 9. Section 6 of the same Act is accordingly renumbered as Section 7.

SECTION 10. Section 7 paragraph (a) of the same Act, as renumbered, is hereby amended to read as follows:

“ASSESSMENT OF MEMBER BANKS

SECTION [6] 7. (a) The assessed rate shall be determined by the Board of Directors: Provided, That the assessment rate shall not exceed one-fifth (1/5) of one per centum (1%) per annum. The semi-annual assessment for each insured bank shall be in the amount of the product of one-half (1/2) the assessment rate multiplied by the assessment base but in no case shall it be less than Five thousand pesos (P5,000.00). The assessment base shall be the amount of the liability of the bank for deposits as defined under subsection (G) [(f)] of Section 5 [4] without any deduction for indebtedness of depositors.

IN ADDITION, THE BOARD OF DIRECTORS MAY ESTABLISH A RISK-BASED ASSESSMENT SYSTEM AND IMPOSE A RISK-BASED ASSESSMENT RATE WHICH SHALL NOT EXCEED TWO-FIFTH (2/5) OF ONE PER CENTUM (1%) PER ANNUM MULTIPLIED BY THE ASSESSMENT BASE.

The semi-annual assessment base for one semi-annual period shall be the average of the assessment base of the bank as of the close of
business on March thirty-one and June thirty and the semi-annual
assessment base for the other semi-annual period shall be the average of
the assessment base of the bank as of the close of business on
September thirty and December thirty-one: Provided, That when any of
said days is a non-business day or legal holiday, either national or
provincial, the preceding business day shall be used. The certified
statements required to be filed with the Corporation under subsections (b)
and (c) of this Section shall be in such form and set forth such supporting
information as the Board of Directors shall prescribe. The assessment
payments required from the insured banks under subsections (b) and (c)
of this Section shall be made in such manner and at such time or times as
the Board of Directors shall prescribe[. provided the time or times so
prescribed shall not be later than sixty (60) days after filing the certified
statement setting forth the amount of assessment]."

SECTION 11. Section 7, paragraphs (d) and (h), of the same Act, as renumbered,
is hereby amended to read as follows:

"(d) All assessment collections and income from operations after
expenses and charges shall be added to the Deposit Insurance Fund
under Section 17 [13] hereof. Such expenses and charges are: (1) the
operating costs and expenses of the Corporation for the calendar year; (2)
additions to reserve to provide for insurance and financial assistance
losses, net of recoverable amounts from applicable assets and collaterals,
during the calendar year; and (3) the net insurance and financial
assistance losses sustained in said calendar year.

(h) [The Corporation shall not terminate the insured status of any bank
which continues to operate or receive deposits.] Should any insured bank
fail or refuse to pay any assessment required to be paid by such bank
under any provision of this Act, and should the bank not correct such failure or refusal within thirty (30) days after written notice has been given by the Corporation to an officer of the bank citing this subsection, and stating that the bank has failed or refused to pay as required by the law, the Corporation may, at its discretion, file a case for collection before the appropriate court without prejudice to the imposition of administrative sanctions allowed under the provisions of this Law on the bank officials responsible for the non-payment of assessment fees."

**SECTION 12.** An additional paragraph to Section 7 of the same Act, as renumbered, is hereby inserted after paragraph (h) which shall read as follows:

“(I) THE CORPORATION SHALL HAVE THE AUTHORITY TO COLLECT A SPECIAL ASSESSMENT FROM ANY MEMBER BANK AND PRESCRIBE THE TERMS AND CONDITIONS THEREOF TO MAINTAIN THE TARGET LEVEL OF THE DEPOSIT INSURANCE FUND SET BY THE BOARD OF DIRECTORS IN ACCORDANCE WITH THIS ACT: PROVIDED, THAT, THE COLLECTION OF A SPECIAL ASSESSMENT MAY LIKewise BE MADE FOR THE PURPOSE OF REIMBURSING THE NATIONAL GOVERNMENT FOR ANY FINANCIAL ASSISTANCE IT MAY HAVE EXTENDED TO AFFECTED INSTITUTIONS OR ORGANIZATIONS DURING A SYSTEMIC SCENARIO.”

**SECTION 13.** Section 7 of the same Act is accordingly renumbered as Section 8, and is hereby amended to read as follows:

“SANCTIONS AGAINST UNSAFE AND UNSOUND BANKING PRACTICES..."
SECTION [7] 8. (a) Whenever upon examination by the Corporation into
the condition of any insured bank, it shall be disclosed that an insured
bank or its directors or agents have committed, are committing or about to
commit unsafe or unsound practices in conducting the business of the
bank, or have violated, are violating or about to violate any provisions of
any law or regulation to which the insured bank is subject, the Board of
Directors shall submit the report of the examination to the Monetary Board
to secure corrective action thereon. If no such corrective action is taken by
the Monetary Board within forty-five (45) days from the submission of the
report, the Board of Directors shall, motu proprio, institute corrective
action which it deems necessary. The Board of Directors may thereafter
issue a cease and desist order, and require the bank or its directors or
agents concerned to correct the practices or violations within forty-five
(45) days. However, if the practice or violation is likely to cause insolvency
or substantial dissipation of assets or earnings of the bank, or is likely to
seriously weaken the condition of the bank or otherwise seriously
prejudice the interests of its depositors and the Corporation, the period to
take corrective action shall not be more than fifteen (15) days. The order
may also include the imposition of fines provided in Section 26 (g) [21(f)]
hereof. The Board of Directors shall duly inform the Monetary Board of the
Bangko Sentral ng Pilipinas of action it has taken under this subsection
with respect to such practices or violations.

(b) The actions and proceedings provided in the preceding subsections
may be undertaken by the Corporation if, in its opinion, an insured bank or
its directors or agents have violated, are violating or about to violate any
provision of this Act or any order, rule or instruction issued by the
Corporation or any written condition imposed by the Corporation in
connection with any transaction with or grant by the Corporation.
(c) THE CORPORATION MAY TERMINATE THE INSURED STATUS OF ANY BANK THAT FAILS OR REFUSES TO COMPLY, WITHIN THIRTY (30) DAYS FROM NOTICE, WITH ANY CEASE-AND-DESIST ORDER ISSUED BY THE CORPORATION, OR WITH ANY CORRECTIVE ACTION IMPOSED BY THE MONETARY BOARD, UNDER THIS SECTION PERTAINING TO A DEPOSIT-RELATED UNSAFE AND/OR UNSOUND BANKING PRACTICE.

SUCH TERMINATION SHALL BE FINAL AND EXECUTORY, AND SHALL BE EFFECTIVE UPON PUBLICATION OF THE NOTICE OF TERMINATION IN A NEWSPAPER OF GENERAL CIRCULATION.

THE DEPOSITS OF EACH DEPOSITOR IN THE BANK ON THE EFFECTIVE DATE OF THE TERMINATION OF INSURANCE COVERAGE, LESS ALL SUBSEQUENT WITHDRAWALS, SHALL CONTINUE TO BE INSURED UP TO THE MAXIMUM DEPOSIT INSURANCE COVERAGE FOR A PERIOD OF ONE HUNDRED EIGHTY (180) DAYS. ADDITIONS TO, OR RENEWAL OF, EXISTING DEPOSITS AND NEW DEPOSITS IN SUCH BANK AFTER THE EFFECTIVE DATE OF TERMINATION OF INSURED STATUS OF THE BANK SHALL NOT BE INSURED BY THE CORPORATION.

THE BANK SHALL IMMEDIATELY GIVE WRITTEN NOTICE OF SUCH TERMINATION AND THE INTERIM DEPOSIT INSURANCE COVERAGE TO EACH OF ITS DEPOSITORS AT THEIR ADDRESS AS RECORDED IN THE BOOKS OF THE BANK.

THE BANK SHALL NOT ADVERTISE OR REPRESENT THAT ADDITIONS TO, OR RENEWAL OF, EXISTING DEPOSITS AND NEW
DEPOSITS MADE AFTER THE EFFECTIVE DATE OF TERMINATION
ARE COVERED BY DEPOSIT INSURANCE."

SECTION 14. Section 8 of the same Act is accordingly renumbered as Section 9.

SECTION 15. Section 9, paragraph Twelfth of the same Act, as renumbered, is hereby amended to read as follows:

"Twelfth - THE PROVISIONS OF PRESIDENTIAL DECREE NO. 1445, AS AMENDED, EXECUTIVE ORDER NO. 292, AND OTHER SIMILAR LAWS NOTWITHSTANDING, [T] to compromise, condone or release, in whole or in part, any claim or settled liability to the Corporation, regardless of the amount involved, under such terms and conditions as may be imposed by the Board of Directors to protect the interest of the Corporation, AND TO WRITE OFF THE CORPORATION'S RECEIVABLES AND ASSETS WHICH ARE NO LONGER RECOVERABLE OR REALIZABLE;"

SECTION 16. Section 9 of the same Act, as renumbered, is further amended by inserting additional paragraphs after paragraph Twelve, which shall read as follows:

"THIRTEENTH - TO DETERMINE QUALIFIED INTERESTED ACQUIRERS OR INVESTORS FOR ANY OF THE MODES OF RESOLUTION OR LIQUIDATION OF BANKS;

FOURTEENTH - TO DETERMINE THE APPROPRIATE RESOLUTION METHOD AND TO IMPLEMENT THE SAME FOR A BANK SUBJECT OF RESOLUTION; AND"
FIFTEENTH - TO DETERMINE THE APPROPRIATE MODE OF
LIQUIDATION OF A CLOSED BANK AND TO IMPLEMENT THE SAME;

SECTION 17. Section 9 of the same Act is accordingly renumbered as Section 10.

SECTION 18. Section 10 paragraph (b-1) of the same Act, as renumbered, is hereby amended to read as follows:

"(b-1) The investigators appointed by the Board of Directors shall have the power on behalf of the Corporation to conduct investigations on frauds, irregularities and anomalies committed in banks, based on reports of examination conducted by the Corporation and Bangko Sentral ng Pilipinas or complaints from depositors or from other government agency. Each such investigator shall have the power to administer oaths, and to examine and take and preserve the testimony of any person relating to the subject of investigation. FOR THIS PURPOSE, THE CORPORATION MAY APPOINT OR HIRE PERSONS OR ENTITIES OF RECOGNIZED COMPETENCE IN FORENSIC AND FRAUD INVESTIGATIONS AS ITS AGENTS."

SECTION 19. Section 10 paragraph (c) of the same Act, as renumbered, is hereby amended to read as follows:

"(c) Each insured bank shall make to the Corporation reports of condition in such form and at such times as the Board of Directors may require such reports to be published in such manner, not inconsistent with any applicable law, as it may direct. Every such bank which fails to make or publish any such report within such time, as the Board of Directors may
require, shall be subject to a penalty of not more than ₱10,000 [₱100] for each day of such failure recoverable by the Corporation for its use."

SECTION 20. Section 10 paragraph (d-1) of the same Act, as renumbered herein, is hereby amended to read as follows:

"(d-1) Each insured bank shall keep and maintain a true and accurate record or statement of its daily deposit transactions consistent with the standards set by the Bangko Sentral ng Pilipinas and the Corporation. Compliance with such standards shall be duly certified by the president of the bank [or] AND the compliance officer: Provided, That refusal or willful failure to issue the required certification shall constitute a violation of this Section and shall subject such officers of the bank to the sanctions provided for under Section 26 [21] (f) of this Act."

SECTION 21. Section 10 paragraph (f) of the same Act, as renumbered, is hereby amended to read as follows:

"(f) The Corporation shall underwrite or advance ALL LEGAL [litigation] costs and expenses, including legal fees and other expenses of external counsel, or provide legal assistance to, directors, officers, employees or agents of the Corporation in connection with any civil, criminal, administrative or any other action or proceeding, to which such director, officer, employee or agent is made a party by reason of, or in connection with, the exercise of authority or performance of functions and duties under this Act: Provided, That such legal protection shall not apply to any civil, criminal, administrative or any action or proceeding that may be initiated by the Corporation, in whatever capacity, against such director, officer, employee or agent: Provided, Further, That directors, officers,
employees or agents who shall resign, retire, transfer to another agency or be separated from the service, shall continue to be provided with such legal protection in connection with any act done or omitted to be done by them in good faith during their tenure or employment with the Corporation: Provided, finally, That 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 Corporation is advised by counsel that the persons to be indemnified did not commit any negligence or misconduct."

SECTION 22. The second paragraph of Section 10 paragraph (i) of the same Act, as renumbered, is hereby amended to read as follows:

“(i) Notwithstanding the provisions of this Section and Section 3 [2], members of the Board of Directors and personnel of the Corporation may become directors and officers of any bank and banking institution and of any entity related to such institution in connection with financial assistance extended by the Corporation to such institution and when, in the opinion of the Board, it is appropriate to make such designation to protect the interest of the Corporation.”

SECTION 23. A new section entitled Section 11 of the same Act is hereby inserted between Sections 10 and 12 which shall read as follows:

“BANK RESOLUTION

SECTION 11. (A) THE CORPORATION, IN COORDINATION WITH THE BANGKO SENTRAL, MAY COMMENCE THE RESOLUTION OF A BANK UNDER THIS SECTION UPON:
1) FAILURE OF PROMPT CORRECTIVE ACTION AS DECLARED
   BY THE MONETARY BOARD; OR

2) REQUEST BY A BANK TO BE PLACED UNDER RESOLUTION.

THE CORPORATION SHALL INFORM THE BANK OF ITS ELIGIBILITY
FOR ENTRY INTO RESOLUTION.

(B) THE BANGKO SENTRAL SHALL INFORM THE CORPORATION
OF THE INITIATION OF PROMPT CORRECTIVE ACTION ON ANY
BANK AND SHALL BE AUTHORIZED TO SHARE WITH THE
CORPORATION ALL INFORMATION, AGREEMENTS OR
DOCUMENTS, INCLUDING ANY ORDER OF THE MONETARY
BOARD, IN RELATION TO THE PROMPT CORRECTIVE ACTION.
THE CORPORATION SHALL HAVE THE AUTHORITY TO INQUIRE
AND MONITOR THE STATUS OF BANKS UNDER PROMPT
CORRECTIVE ACTION.

(C) THE STOCKHOLDERS, DIRECTORS, OFFICERS OR EMPLOYEES
OF THE BANK SHALL HAVE THE FOLLOWING OBLIGATIONS:

1) ENSURE BANK COMPLIANCE WITH TERMS AND
   CONDITIONS PRESCRIBED BY THE CORPORATION FOR THE
   RESOLUTION OF THE BANK;

2) CAUSE THE ENGAGEMENT, WITH THE CONSENT OF THE
   CORPORATION, OF AN INDEPENDENT APPRAISER OR
   AUDITOR FOR THE PURPOSE OF DETERMINING THE
   VALUATION OF THE BANK CONSISTENT WITH GENERALLY
   ACCEPTED VALUATION STANDARDS;
3) ENSURE PRUDENT MANAGEMENT AND ADMINISTRATION
OF THE BANK’S ASSETS, LIABILITIES AND RECORDS;

4) COOPERATE WITH THE CORPORATION IN THE CONDUCT OR
EXERCISE OF ANY OR ALL OF ITS AUTHORITIES UNDER
THIS ACT AND HONOR IN GOOD FAITH ITS COMMITMENT OR
UNDERTAKING WITH THE CORPORATION ON THE
RESOLUTION OF THE BANK.

(d) WITHIN A PERIOD OF ONE HUNDRED EIGHTY (180) DAYS FROM
A BANK’S ENTRY INTO RESOLUTION, THE CORPORATION,
THROUGH THE AFFIRMATIVE VOTE OF AT LEAST FIVE (5)
MEMBERS OF THE PDIC BOARD, SHALL DETERMINE WHETHER
THE BANK MAY BE RESOLVED THROUGH THE PURCHASE OF ALL
ITS ASSETS AND ASSUMPTION OF ALL ITS LIABILITIES, OR
MERGER OR CONSOLIDATION WITH, OR ITS ACQUISITION, BY A
QUALIFIED INVESTOR.

FOR THIS PURPOSE, THE CORPORATION MAY:

1) DETERMINE A RESOLUTION PACKAGE FOR THE BANK;

2) IDENTIFY AND, WITH THE APPROVAL OF THE MONETARY
BOARD, PRE-QUALIFY POSSIBLE ACQUIRERS OR
INVESTORS;

3) AUTHORIZE PRE-QUALIFIED ACQUIRERS OR INVESTORS TO
CONDUCT DUE DILIGENCE ON THE BANK, FOR PURPOSES
OF DETERMINING THE VALUATION OF A BANK THROUGH
AN OBJECTIVE AND THOROUGH REVIEW AND APPRAISAL
OF ITS ASSETS AND LIABILITIES, AND ASSESSMENT OF
RISKS OR EVENTS THAT MAY AFFECT ITS VALUATION;
4) CONDUCT A BIDDING TO DETERMINE THE ACQUIRER OF THE BANK.

(E) IN DETERMINING THE APPROPRIATE RESOLUTION METHOD FOR A BANK, THE CORPORATION SHALL CONSIDER THE:

1) FAIR MARKET VALUE OF THE ASSETS OF THE BANK, ITS FRANCHISE, AS WELL AS THE AMOUNT OF ITS LIABILITIES;
2) AVAILABILITY OF A QUALIFIED INVESTOR;
3) LEAST COST TO THE DEPOSIT INSURANCE FUND; AND
4) INTEREST OF THE DEPOSITING PUBLIC.

(F) THE CORPORATION MAY APPOINT OR HIRE PERSONS OR ENTITIES OF RECOGNIZED COMPETENCE IN BANKING, FINANCE, ASSET MANAGEMENT OR REMEDIAL MANAGEMENT, AS ITS AGENTS, TO PERFORM SUCH POWERS AND FUNCTIONS OF THE CORPORATION IN THE RESOLUTION OF A BANK, OR ASSIST IN THE PERFORMANCE THEREOF.

(G) THE PDIC BOARD SHALL PRESCRIBE THE GUIDELINES OR CRITERIA FOR A BANK TO BE PLACED UNDER RESOLUTION.

(h) UPON A DETERMINATION BY THE CORPORATION THAT THE BANK MAY NOT BE RESOLVED, THE MONETARY BOARD MAY ACT IN ACCORDANCE WITH SECTION 30 OF REPUBLIC ACT NO. 7653 OR THE NEW CENTRAL BANK ACT.

(i) BANK RESOLUTION INVOLVING THE PURCHASE OF ALL ASSETS AND ASSUMPTION OF ALL LIABILITIES OF A BANK SHALL
BE EXEMPT FROM THE PROVISIONS OF ACT NO. 3952,
OTHERWISE KNOWN AS THE BULK SALES LAW.

(j) THE PROVISIONS OF THIS SECTION ARE WITHOUT PREJUDICE
TO ANY ACTION THAT THE MONETARY BOARD MAY TAKE UNDER
EXISTING LAWS.”

SECTION 24. Sections 10, 11 and 12 of the same Act are hereby deleted.

SECTION 25. A new section entitled Section 12 of the same Act is hereby
inserted between Sections 11 and 13 which shall read as follows:

“LIQUIDATION OF A CLOSED BANK

SECTION 12. (a) WHENEVER A BANK IS ORDERED CLOSED BY THE
MONETARY BOARD, THE CORPORATION SHALL BE DESIGNATED
AS RECEIVER AND IT SHALL PROCEED WITH THE TAKEOVER AND
LIQUIDATION OF THE CLOSED BANK. FOR THIS PURPOSE, THE
FOLLOWING CLAUSE IN SECTION 30 OF REPUBLIC ACT NO. 7653,
AS AMENDED, SHALL NOT BE APPLICABLE TO BANKS:

“THE RECEIVER SHALL DETERMINE, AS SOON AS
POSSIBLE, BUT NOT LATER THAN NINETY (90) DAYS
FROM TAKE-OVER, WHETHER THE INSTITUTION MAY
BE REHABILITATED OR OTHERWISE PLACED IN SUCH
A CONDITION SO THAT IT MAY BE PERMITTED TO
RESUME BUSINESS WITH SAFETY TO ITS
DEPOSITORS AND CREDITORS AND THE GENERAL
PUBLIC: PROVIDED, THAT ANY DETERMINATION FOR
THE RESUMPTION OF BUSINESS OF THE INSTITUTION
SHALL BE SUBJECT TO PRIOR APPROVAL OF THE
MONETARY BOARD.”

SECTION 26. A new section entitled Section 13 of the same Act is hereby
inserted between Sections 12 and 14 which shall read as follows:

“AUTHORITIES OF A RECEIVER AND EFFECTS OF PLACEMENT OF
A BANK UNDER LIQUIDATION

SECTION 13. (a) THE RECEIVER IS AUTHORIZED TO ADOPT AND
IMPLEMENT, WITHOUT NEED OF CONSENT OF THE
STOCKHOLDERS, BOARD OF DIRECTORS, CREDITORS OR
DEPOSITORS OF THE CLOSED BANK, ANY OR A COMBINATION OF
THE FOLLOWING MODES OF LIQUIDATION:

1) CONVENTIONAL LIQUIDATION; AND
2) PURCHASE OF ASSETS AND/OR ASSUMPTION OF
LIABILITIES

(b) IN ADDITION TO THE POWERS OF A RECEIVER PROVIDED
UNDER EXISTING LAWS, THE CORPORATION, AS RECEIVER OF A
CLOSED BANK, IS EMPOWERED TO:

1) REPRESENT AND ACT FOR AND IN BEHALF OF THE CLOSED
BANK;

2) GATHER AND TAKE CHARGE OF ALL THE ASSETS,
RECORDS AND AFFAIRS OF THE CLOSED BANK, AND
ADMINISTER THE SAME FOR THE BENEFIT OF ITS CREDITORS;

3) CONVERT THE ASSETS OF THE CLOSED BANK TO CASH OR OTHER FORMS OF LIQUID ASSETS, AS FAR AS PRACTICABLE;

4) BRING SUITS TO ENFORCE LIABILITIES OF THE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OF THE CLOSED BANK AND OTHER ENTITIES RELATED OR CONNECTED TO THE CLOSED BANK OR TO COLLECT, RECOVER, AND PRESERVE ALL ASSETS, INCLUDING ASSETS OVER WHICH THE BANK HAS EQUITABLE INTEREST;

5) APPOINT OR HIRE PERSONS OR ENTITIES OF RECOGNIZED COMPETENCE IN BANKING, FINANCE, ASSET MANAGEMENT OR REMEDIAL MANAGEMENT, AS ITS DEPUTIES, ASSISTANTS OR AGENTS, TO PERFORM SUCH POWERS AND FUNCTIONS OF THE CORPORATION AS RECEIVER OF THE CLOSED BANK, OR ASSIST IN THE PERFORMANCE THEREOF;

6) APPOINT OR HIRE PERSONS OR ENTITIES OF RECOGNIZED COMPETENCE IN FORENSIC AND FRAUD INVESTIGATIONS;

7) PAY ACCRUED UTILITIES, RENTALS AND SALARIES OF PERSONNEL OF THE CLOSED BANK FOR A PERIOD NOT EXCEEDING THREE (3) MONTHS, FROM AVAILABLE FUNDS OF THE CLOSED BANK;
8) COLLECT LOANS AND OTHER CLAIMS OF THE CLOSED BANK AND FOR THIS PURPOSE, MODIFY, COMPROMISE OR RESTRUCTURE THE TERMS AND CONDITIONS OF SUCH LOANS OR CLAIMS AS MAY BE DEEMED ADVANTAGEOUS TO THE INTERESTS OF THE CREDITORS OF THE CLOSED BANK;

9) HIRE OR RETAIN PRIVATE COUNSEL AS MAY BE NECESSARY;

10) BORROW OR OBTAIN A LOAN, OR MORTGAGE, PLEDGE OR ENCUMBER ANY ASSET OF THE CLOSED BANK, WHEN NECESSARY TO PRESERVE OR PREVENT DISSIPATION OF THE ASSETS, OR TO REDEEM FORECLOSED ASSETS OF THE CLOSED BANK, OR TO MINIMIZE LOSSES TO ITS DEPOSITORS AND CREDITORS;

11) IF THE STIPULATED INTEREST RATE ON DEPOSITS IS UNUSUALLY HIGH COMPARED WITH PREVAILING APPLICABLE INTEREST RATES, THE CORPORATION AS RECEIVER, MAY EXERCISE SUCH POWERS WHICH MAY INCLUDE A REDUCTION OF THE INTEREST RATE TO A REASONABLE RATE: PROVIDED, THAT ANY MODIFICATIONS OR REDUCTIONS SHALL APPLY ONLY TO EARNED AND UNPAID INTEREST;

12) UTILIZE AVAILABLE FUNDS OF THE BANK, INCLUDING FUNDS GENERATED BY THE RECEIVER FROM THE
CONVERSION OF ASSETS TO PAY FOR REASONABLE COSTS AND EXPENSES INCURRED FOR THE PRESERVATION OF THE ASSETS, AND LIQUIDATION OF, THE CLOSED BANK, WITHOUT NEED FOR APPROVAL OF THE LIQUIDATION COURT;

FOR BANKS WITH INSUFFICIENT FUNDS, THE CORPORATION IS AUTHORIZED TO ADVANCE THE FOREGOING COSTS AND EXPENSES, AND COLLECT PAYMENT, AS AND WHEN FUNDS BECOME AVAILABLE.

13) CHARGE REASONABLE FEES FOR THE LIQUIDATION OF THE BANK FROM THE ASSETS OF THE BANK: PROVIDED THAT, PAYMENT OF THESE FEES, INCLUDING ANY UNPAID ADVANCES UNDER THE IMMEDIATELY PRECEDING PARAGRAPH, SHALL BE SUBJECT TO APPROVAL BY THE LIQUIDATION COURT;

14) DISTRIBUTE THE AVAILABLE ASSETS OF THE CLOSED BANK, IN CASH OR IN KIND, TO ITS CREDITORS IN ACCORDANCE WITH THE RULES ON CONCURRENCE AND PREFERENCE OF CREDITS UNDER THE CIVIL CODE OR OTHER LAWS;

15) DISPOSE RECORDS OF THE CLOSED BANK THAT ARE NO LONGER NEEDED IN THE LIQUIDATION IN ACCORDANCE WITH GUIDELINES SET BY THE PDIC BOARD OF DIRECTORS, NOTWITHSTANDING THE LAWS ON ARCHIVAL PERIOD AND DISPOSAL OF RECORDS;
16) Exercise such other powers as are inherent and necessary for the effective discharge of the duties of the corporation as receiver.

The board of directors shall adopt such policies and guidelines as may be necessary for the performance of the above powers by personnel, deputies, assistants and agents of the corporation.

(C) After the payment of all liabilities and claims against the closed bank, the corporation shall pay surplus, if any, dividends at the legal rate of interest from date of takeover to date of distribution to creditors and claimants of the closed bank in accordance with the rules on concurrence and preference of credits under the civil code or other laws before distribution to the shareholders of the closed bank.

(d) The officers, employees, deputies, assistants and agents of the receiver shall have no liability and shall not be subject to any action, claim or demand in connection with any act done or omitted to be done by them in good faith in connection with the exercise of their powers and functions under this act and other applicable laws, or other actions duly approved by the court.

(e) The placement of a bank under liquidation shall have the following effects:
1) ON THE CORPORATE FRANCHISE OR EXISTENCE

UPON PLACEMENT BY THE MONETARY BOARD OF A BANK UNDER LIQUIDATION, IT SHALL CONTINUE AS A BODY CORPORATE UNTIL THE TERMINATION OF THE WINDING-UP PERIOD UNDER SECTION 16 OF THIS ACT. SUCH CONTINUATION AS A BODY CORPORATE SHALL ONLY BE FOR THE PURPOSE OF LIQUIDATING, SETTLING AND CLOSING ITS AFFAIRS AND FOR THE DISPOSAL, CONVEYANCE OR DISTRIBUTION OF ITS ASSETS PURSUANT TO THIS ACT. THE RECEIVER SHALL REPRESENT THE CLOSED BANK IN ALL CASES BY OR AGAINST THE CLOSED BANK AND PROSECUTE AND DEFEND SUITS BY OR AGAINST IT. IN NO CASE SHALL THE BANK BE REOPENED AND PERMITTED TO RESUME BANKING BUSINESS AFTER BEING PLACED UNDER LIQUIDATION.

2) ON THE POWERS AND FUNCTIONS OF ITS DIRECTORS, OFFICERS AND STOCKHOLDERS

THE RECEIVER SHALL EXERCISE ALL AUTHORITIES AS MAY BE REQUIRED TO FACILITATE THE LIQUIDATION OF THE CLOSED BANK FOR THE BENEFIT OF ALL ITS CREDITORS.

3) ON THE ASSETS

UPON SERVICE OF NOTICE OF CLOSURE AS PROVIDED IN SECTION 14 OF THIS ACT, ALL THE ASSETS OF THE CLOSED BANK SHALL BE DEEMED IN CUSTODIA LEGIS IN THE HANDS OF THE RECEIVER AND AS SUCH THESE ASSETS MAY NOT BE SUBJECT TO ATTACHMENT, GARNISHMENT, EXECUTION, LEVY OR ANY OTHER COURT PROCESSES. A JUDGE, OFFICER OF THE COURT OR ANY PERSON WHO SHALL ISSUE, ORDER, PROCESS OR CAUSE THE ISSUANCE OR IMPLEMENTATION OF THE GARNISHMENT ORDER, LEVY, ATTACHMENT OR EXECUTION, SHALL BE LIABLE UNDER SECTION 27 OF THIS ACT: PROVIDED, HOWEVER, THAT COLLATERALS SECURING THE LOANS AND ADVANCES GRANTED BY THE BANGKO SENTRAL NG PILIIPINAS SHALL NOT BE INCLUDED IN THE ASSETS OF THE CLOSED BANK FOR DISTRIBUTION TO OTHER CREDITORS: PROVIDED, FURTHER, THAT THE PROCEEDS IN EXCESS OF THE AMOUNT SECURED SHALL BE RETURNED BY THE BANGKO SENTRAL TO THE RECEIVER.

ANY PRELIMINARY ATTACHMENT OR GARNISHMENT ON ANY OF THE ASSETS OF THE CLOSED BANK EXISTING AT
THE TIME OF CLOSURE SHALL NOT GIVE ANY PREFERENCE TO THE ATTACHING OR GARNISHING PARTY. UPON MOTION OF THE RECEIVER, THE PRELIMINARY ATTACHMENT OR GARNISHMENT SHALL BE LIFTED AND/OR DISCHARGED.

4) ON LABOR RELATIONS


5) CONTRACTUAL OBLIGATIONS

THE RECEIVER MAY CANCEL, TERMINATE, RESCIND OR REPUDIATE ANY CONTRACT OF THE CLOSED BANK THAT IS NOT NECESSARY FOR THE ORDERLY LIQUIDATION OF THE BANK, OR IS GROSSLY DISADVANTAGEOUS TO THE CLOSED BANK, OR FOR ANY GROUND PROVIDED BY LAW.

6) ON INTEREST PAYMENTS

7) LIABILITY FOR PENALTIES AND SURCHARGES FOR LATE PAYMENT AND NON-PAYMENT OF TAXES

FROM THE TIME OF CLOSURE, THE CLOSED BANK SHALL NOT BE LIABLE FOR THE PAYMENT OF PENALTIES AND SURCHARGES ARISING FROM THE LATE PAYMENT OR NONPAYMENT OF REAL PROPERTY TAX, CAPITAL GAINS TAX, TRANSFER TAX AND SIMILAR CHARGES.
8) BANK CHARGES AND FEES ON SERVICES

THE RECEIVER MAY IMPOSE, ON BEHALF OF THE CLOSED
BANK, CHARGES AND FEES FOR SERVICES RENDERED
AFTER BANK CLOSURE, SUCH AS, BUT NOT LIMITED TO,
THE EXECUTION OF PERTINENT DEEDS AND
CERTIFICATIONS.

9) ACTIONS PENDING FOR OR AGAINST THE CLOSED BANK

EXCEPT FOR ACTIONS PENDING BEFORE THE SUPREME
COURT, ACTIONS PENDING FOR OR AGAINST THE CLOSED
BANK IN ANY COURT OR QUASI-JUDICIAL BODY SHALL,
UPON MOTION OF THE RECEIVER, BE SUSPENDED FOR A
PERIOD NOT EXCEEDING ONE HUNDRED EIGHTY (180) DAYS
AND REFERRED TO MANDATORY MEDIATION. UPON
TERMINATION OF THE MEDIATION, THE CASE SHALL BE
REFERRED BACK TO THE COURT OR QUASI-JUDICIAL BODY
FOR FURTHER PROCEEDINGS.

10) FINAL DECISIONS AGAINST THE CLOSED BANK

THE EXECUTION AND ENFORCEMENT OF A FINAL DECISION
OF A COURT OTHER THAN THE LIQUIDATION COURT
AGAINST THE ASSETS OF A CLOSED BANK SHALL BE
STAYED. THE PREVAILING PARTY SHALL FILE THE FINAL
DECISION AS A CLAIM WITH THE LIQUIDATION COURT AND
SETTLED IN ACCORDANCE WITH THE RULES ON
CONCURRENCE AND PREFERENCE OF CREDITS UNDER THE CIVIL CODE OR OTHER LAWS.

11) DOCKET AND OTHER COURT FEES

PAYMENT OF DOCKET AND OTHER COURT FEES RELATING TO ALL CASES OR ACTIONS FILED BY THE RECEIVER WITH ANY JUDICIAL OR QUASI-JUDICIAL BODIES SHALL BE DEFERRED UNTIL THE ACTION IS TERMINATED WITH FINALITY. ANY SUCH FEES SHALL CONSTITUTE AS A FIRST LIEN ON ANY JUDGMENT IN FAVOR OF THE CLOSED BANK OR IN CASE OF UNFAVORABLE JUDGMENT, SUCH FEES SHALL BE PAID AS LIQUIDATION COSTS AND EXPENSES DURING THE DISTRIBUTION OF THE ASSETS OF THE CLOSED BANK.

12) ALL ASSETS, RECORDS, AND DOCUMENTS IN THE POSSESSION OF THE CLOSED BANK AT THE TIME OF ITS CLOSURE ARE PRESUMED HELD BY THE BANK IN THE CONCEPT OF AN OWNER.

13) THE EXERCISE OF AUTHORITY, FUNCTIONS, AND DUTIES BY THE RECEIVER UNDER THIS ACT SHALL BE PRESUMED TO HAVE BEEN PERFORMED IN THE REGULAR COURSE OF BUSINESS.

14) ASSETS AND DOCUMENTS OF THE CLOSED BANK SHALL RETAIN THEIR PRIVATE NATURE EVEN IF ADMINISTERED BY THE RECEIVER. MATTERS RELATING TO
THE EXERCISE BY THE RECEIVER OF THE FUNCTIONS UNDER THIS ACT SHALL BE SUBJECT TO VISITORIAL AUDIT ONLY BY THE COMMISSION ON AUDIT.

SECTION 27. A new section entitled Section 14 of the same Act is hereby inserted between Sections 13 and 15 which shall read as follows:

"NOTICE OF CLOSURE AND TAKEOVER ACTIVITIES


(b) THE RECEIVER SHALL HAVE AUTHORITY TO USE REASONABLE FORCE, INCLUDING THE AUTHORITY TO FORCE OPEN THE PREMISES OF THE BANK, AND EXERCISE SUCH ACTS NECESSARY TO TAKE ACTUAL PHYSICAL POSSESSION AND CUSTODY OF THE BANK AND ALL ITS ASSETS, RECORDS, DOCUMENTS, AND TAKE CHARGE OF ITS AFFAIRS UPON THE SERVICE OF THE NOTICE OF CLOSURE."
(c) DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS OF A BANK HOLD MONEY AND OTHER ASSETS OF THE BANK IN TRUST OR UNDER ADMINISTRATION OR MANAGEMENT BY THEM FOR THE BANK IN THEIR FIDUCIARY CAPACITY. UPON SERVICE OF THE NOTICE OF CLOSURE TO THE BANK, ALL DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS OF THE CLOSED BANK SHALL HAVE THE DUTY TO IMMEDIATELY ACCOUNT FOR, SURRENDER AND TURN OVER TO THE RECEIVER, AND PROVIDE INFORMATION RELATIVE TO, THE ASSETS, RECORDS, AND AFFAIRS OF THE CLOSED BANK IN THEIR POSSESSION, CUSTODY, ADMINISTRATION OR MANAGEMENT.


SECTION 28. A new section entitled Section 15 of the same Act is hereby inserted between Sections 14 and 16 which shall read as follows:

"PURCHASE OF ASSETS AND ASSUMPTION OF LIABILITIES

SECTION 15. (a) THE RECEIVER SHALL HAVE THE AUTHORITY TO FACILITATE AND IMPLEMENT THE PURCHASE OF THE ASSETS OF THE CLOSED BANK AND THE ASSUMPTION OF ITS LIABILITIES BY
ANOTHER INSURED BANK, WITHOUT NEED FOR APPROVAL OF
THE LIQUIDATION COURT. THE EXERCISE OF THIS AUTHORITY
SHALL BE IN ACCORDANCE WITH THE RULES ON CONCURRENCE
AND PREFERENCE OF CREDITS UNDER THE CIVIL CODE OR
OTHER LAWS, SUBJECT TO SUCH TERMS AND CONDITIONS AS
THE CORPORATION MAY PRESCRIBE. THE DISPOSITION OF THE
BRANCH LICENSES AND OTHER BANK LICENSES OF THE CLOSED
BANK SHALL BE SUBJECT TO THE APPROVAL OF THE BANGKO
SENTRAL NG PILIPINAS.

(b) SUCH ACTION OF THE RECEIVER TO DETERMINE WHETHER A
BANK MAY BE THE SUBJECT OF A PURCHASE OF ASSETS AND
ASSUMPTION OF LIABILITIES TRANSACTION SHALL BE FINAL AND
EXECUTORY, AND MAY NOT BE SET ASIDE BY ANY COURT.”

SECTION 29. A new section entitled Section [17] 16 of the same Act is hereby
inserted between Sections [16] 15 and [18] 17 which shall read as follows:

“CONVENTIONAL LIQUIDATION

A. ASSET MANAGEMENT AND CONVERSION

SECTION 16. (A) THE ASSETS GATHERED BY THE RECEIVER
SHALL BE EVALUATED AND VERIFIED AS TO THEIR EXISTENCE,
OWNERSHIP, CONDITION, AND OTHER FACTORS TO DETERMINE
THEIR REALIZABLE VALUE. IN THE MANAGEMENT,
PRESERVATION AND DISPOSITION OF ASSETS, THE RECEIVER
SHALL BE GUIDED BY COST-BENEFIT CONSIDERATIONS,
RESOURCES OF THE CLOSED BANK, AND POTENTIAL ASSET RECOVERY.

(B) THE CONVERSION OF THE ASSETS OF THE CLOSED BANK SHALL BE CARRIED OUT IN A FAIR AND TRANSPARENT MANNER IN ACCORDANCE WITH THE RULES AND PROCEDURES AS MAY BE DETERMINED BY THE RECEIVER.

(C) IN THE MANAGEMENT AND/OR CONVERSION OF THE ASSETS OF THE CLOSED BANK, THE RECEIVER SHALL HAVE THE AUTHORITY TO:

1) REPRESENT THE CLOSED BANK BEFORE THE LAND REGISTRATION AUTHORITY (LRA), BUREAU OF LANDS, REGISTER OF DEEDS, THE LAND TRANSPORTATION OFFICE (LTO), THE ASSESSOR'S OFFICE OR OTHER APPROPRIATE OFFICE OF THE LOCAL GOVERNMENT UNIT, THE SECURITIES AND EXCHANGE COMMISSION (SEC), OR SUCH OTHER SIMILAR GOVERNMENT AGENCIES OR PRIVATE ENTITIES IN:

A. VERIFYING THE AUTHENTICITY OF OWNERSHIP DOCUMENTS;
B. REGISTERING THE INTEREST OF THE CLOSED BANK ON A SPECIFIC PROPERTY;
C. CONSOLIDATING OWNERSHIP OVER AN ASSET OF THE CLOSED BANK;
D. SECURING CERTIFIED TRUE COPIES OF DOCUMENTS HELD BY THE FOREGOING AGENCIES/ENTITIES IN RELATION TO AN ASSET OF THE CLOSED BANK;

E. SECURING THE APPROPRIATE CERTIFICATION FROM THE FOREGOING AGENCIES/ENTITIES IN RELATION TO AN ASSET OF THE CLOSED BANK; AND

F. PERFORMING OTHER RELATED ACTIVITIES;

2) CONDUCT A PHYSICAL OR OCULAR INSPECTION OF THE PROPERTIES OWNED BY, OR MORTGAGED TO, THE CLOSED BANK, TO DETERMINE THEIR EXISTENCE AND PRESENT CONDITION;

3) DETERMINE THE DISPOSAL PRICE OF ASSETS IN ACCORDANCE WITH GENERALLY ACCEPTED VALUATION PRINCIPLES, STANDARDS AND PRACTICES, SUBJECT TO SUCH GUIDELINES AS THE RECEIVER MAY DETERMINE;

4) DISPOSE REAL OR PERSONAL PROPERTIES OF THE CLOSED BANK THROUGH BIDDING, NEGOTIATED SALE OR ANY OTHER MODE INCLUDING LEASE WITH OPTION TO PURCHASE, WHETHER BY PIECE OR BY LOT, AS MAY BE REASONABLY DETERMINED BY THE RECEIVER BASED ON COST BENEFIT CONSIDERATIONS AND TO ALLOW EFFICIENT DISTRIBUTION OF ASSETS TO CREDITORS; AND

5) ENGAGE THIRD PARTIES TO ASSIST IN THE LIQUIDATION, MANAGE AND/OR DISPOSE THE ASSETS, HANDLE CASES
FILED AGAINST OR BY THE CLOSED BANK, SUBJECT TO SUCH GUIDELINES AS DETERMINED BY THE RECEIVER.

(D) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, THE FOLLOWING RULES SHALL APPLY TO THE MANAGEMENT AND/OR CONVERSION BY THE RECEIVER OF THE ASSETS OF THE CLOSED BANK:


2) UPON ISSUANCE BY THE MONETARY BOARD OF THE RESOLUTION ORDERING THE CLOSURE OF A BANK, ANY PERSON OR ENTITY IN CUSTODY OR POSSESSION OF ASSETS OR RECORDS OF THE CLOSED BANK, INCLUDING, BUT NOT LIMITED TO, THE CLOSED BANK'S DEPOSIT ACCOUNTS, TITLES TO REAL PROPERTY, COLLATERALS, PROMISSORY NOTES, EVIDENCE OF INDEBTEDNESS OR INVESTMENTS SHALL IMMEDIATELY TURN OVER CUSTODY OF SAID ASSETS AND RECORDS TO THE RECEIVER. SUCH OBLIGATION SHALL NOT COVER EVIDENCES OF DEPOSIT SUCH AS PASSBOOKS OR CERTIFICATES OF DEPOSIT ISSUED BY THE BANK TO ITS DEPOSITORS. PENDING
TURNOVER, ALL PERSONS OR ENTITIES IN CUSTODY OR POSSESSION OF ANY ASSET OR RECORD OF THE CLOSED BANK SHALL HOLD THE SAID ASSETS OR RECORDS IN TRUST FOR THE RECEIVER.

3) THE PERSONS OR ENTITIES IN CUSTODY OR POSSESSION OF SUCH ASSET SHALL NOT ALLOW, AUTHORIZE OR CAUSE THE WITHDRAWAL, TRANSFER, DISPOSITION, REMOVAL, CONVERSION, CONCEALMENT, OR OTHER TRANSACTION INVOLVING OR RELATING TO THE SUBJECT ASSET, UNLESS OTHERWISE DIRECTED BY THE RECEIVER.

(E) THE RECEIVER SHALL HAVE THE AUTHORITY TO INVEST FUNDS RECEIVED FROM THE CONVERSION OF THE ASSETS OF THE CLOSED BANK IN GOVERNMENT SECURITIES, OTHER GOVERNMENT-GUARANTEED MARKETABLE SECURITIES OR INVESTMENT-GRADE DEBT INSTRUMENTS.


B. PETITION FOR ASSISTANCE IN THE LIQUIDATION OF A CLOSED BANK
(G) A PETITION FOR ASSISTANCE IN THE LIQUIDATION IS A
SPECIAL PROCEEDING FOR THE LIQUIDATION OF A CLOSED
BANK, AND INCLUDES THE DECLARATION OF THE CONCOMITANT
RIGHT OF ITS CREDITORS AND THE ORDER OF PAYMENT OF
THEIR VALID CLAIMS IN THE DISPOSITION OF ITS ASSETS.

ANY PROCEEDING INITIATED UNDER THIS SECTION SHALL BE
CONSIDERED IN REM. JURISDICTION OVER ALL PERSONS
AFFECTED BY THE PROCEEDING SHALL BE CONSIDERED AS
ACQUIRED UPON PUBLICATION OF THE ORDER SETTING THE
CASE FOR INITIAL HEARING IN ANY NEWSPAPER OF GENERAL
CIRCULATION IN THE PHILIPPINES.

(H) THE LIQUIDATION COURT SHALL HAVE EXCLUSIVE
JURISDICTION TO ADJUDICATE DISPUTED CLAIMS AGAINST THE
CLOSED BANKS, ASSIST IN THE ENFORCEMENT OF INDIVIDUAL
LIABILITIES OF THE STOCKHOLDERS, DIRECTORS AND OFFICERS
AND DECIDE ON ALL OTHER ISSUES AS MAY BE MATERIAL TO
IMPLEMENT THE DISTRIBUTION PLAN ADOPTED BY THE
CORPORATION FOR GENERAL APPLICATION TO ALL CLOSED
BANKS.

(I) THE PROVISIONS OF REPUBLIC ACT NO. 8799, OTHERWISE
KNOWN AS "THE SECURITIES REGULATION CODE," AND
SUPREME COURT ADMINISTRATIVE MATTER NO. 00-8-10-SC,
ENTITLED, "THE RULES OF PROCEDURE ON CORPORATE
REHABILITATION," SHALL NOT BE APPLICABLE TO THE PETITION
FOR ASSISTANCE IN THE LIQUIDATION OF THE CLOSED BANK.

(K) THE PETITION SHALL BE FILED EX PARTE WITHIN A REASONABLE PERIOD FROM RECEIPT OF THE MONETARY BOARD RESOLUTION PLACING THE BANK UNDER LIQUIDATION.

(L) ALL PERSONS OR ENTITIES WITH CLAIMS AGAINST THE ASSETS OF THE CLOSED BANK SHALL FILE THEIR CLAIMS WITH THE RECEIVER WITHIN SIXTY (60) DAYS FROM DATE OF PUBLICATION OF THE NOTICE OF CLOSURE. CLAIMS FILED OUTSIDE THE FOREGOING PRESCRIBED PERIOD SHALL BE DISALLOWED.

CLAIMS DENIED BY THE RECEIVER SHALL BE FILED WITH THE LIQUIDATION COURT WITHIN SIXTY (60) DAYS FROM RECEIPT OF THE FINAL NOTICE OF DENIAL OF CLAIM.

(M) A CLAIM WHOSE VALIDITY HAS NOT YET BEEN DETERMINED WITH FINALITY AT THE TIME OF THE SUBMISSION OF THE FINAL ASSET DISTRIBUTION PLAN, EITHER BY REASON OF A PENDING SUIT OR FOR WHATEVER REASON, SHALL BE CONSIDERED AS CONTINGENT CLAIM AND SHALL NOT BE PAID UNDER THE PROPOSED FINAL ASSET DISTRIBUTION PLAN.

(N) UPON FINALITY OF THE ORDER APPROVING THE FINAL ASSET DISTRIBUTION PLAN, THE PETITION FOR ASSISTANCE IN THE
LIQUIDATION OF A CLOSED BANK SHALL HENCEFORTH BE, FOR ALL INTENTS AND PURPOSES, CONSIDERED CLOSED AND TERMINATED AND THE RECEIVER, ITS OFFICERS, EMPLOYEES OR AGENTS, ARE FOREVER DISCHARGED FROM ANY AND ALL CLAIMS AND/OR LIABILITY ARISING FROM OR IN CONNECTION WITH THE LIQUIDATION OF THE CLOSED BANK.

(O) THE RECEIVER SHALL SUBMIT A FINAL REPORT ON THE IMPLEMENTATION OF THE APPROVED FINAL ASSET DISTRIBUTION PLAN TO THE MONETARY BOARD AND THE SECURITIES AND EXCHANGE COMMISSION (SEC) AFTER THE EXPIRATION OF THE WINDING-UP PERIOD PROVIDED IN THIS ACT.

(P) THE SUPREME COURT SHALL PROMULGATE THE APPROPRIATE PROCEDURAL RULES TO IMPLEMENT THIS SECTION.

C. WINDING-UP

(Q) THE CREDITORS SHALL HAVE A PERIOD OF SIX (6) MONTHS FROM DATE OF PUBLICATION OF NOTICE OF THE APPROVAL BY THE COURT OF THE FINAL ASSET DISTRIBUTION PLAN OF THE CLOSED BANK WITHIN WHICH TO CLAIM PAYMENT OF THE PRINCIPAL OBLIGATIONS AND SURPLUS DIVIDENDS. DURING THIS SIX-MONTH PERIOD, THE RECEIVER SHALL HOLD AS TRUSTEE THE ASSETS ALLOCATED IN THE FINAL ASSET DISTRIBUTION PLAN FOR SAID CREDITORS.
FAILURE BY THE CREDITOR TO COMPLY WITH THE DOCUMENTARY REQUIREMENTS WITHIN THE PRESCRIBED PERIOD AND/OR REFUSAL TO ACCEPT THE ASSET AS PAYMENT SHALL BE DEEMED AS ABANDONMENT OR WAIVER OF HIS RIGHT TO PAYMENT.

(R) THE INDIVIDUAL STOCKHOLDERS OF RECORD OR THEIR DULY-AUTHORIZED REPRESENTATIVE OR THE COURT-APPOINTED STOCKHOLDERS' REPRESENTATIVE SHALL HAVE A PERIOD OF SIX (6) MONTHS FROM PUBLICATION OF NOTICE OF THE APPROVAL BY THE COURT OF THE FINAL ASSET DISTRIBUTION PLAN OF THE CLOSED BANK WITHIN WHICH TO CLAIM THE RESIDUAL ASSETS. DURING THIS SIX-MONTH PERIOD, THE RECEIVER SHALL HOLD AS TRUSTEE THE ASSETS ALLOCATED IN THE FINAL ASSET DISTRIBUTION PLAN FOR SAID STOCKHOLDERS OF RECORD.

FAILURE BY THE INDIVIDUAL STOCKHOLDERS OF RECORD OR THEIR DULY-AUTHORIZED REPRESENTATIVE OR THE COURT-APPOINTED STOCKHOLDERS' REPRESENTATIVE TO COMPLY WITH THE DOCUMENTARY REQUIREMENTS WITHIN THE PRESCRIBED PERIOD AND/OR REFUSAL TO ACCEPT THE RESIDUAL ASSETS IN KIND SHALL BE DEEMED AS ABANDONMENT OR WAIVER OF RIGHT TO RECEIVE THE RESIDUAL ASSETS.

(S) AFTER THE LAPSE OF THE SIX-MONTH PERIOD PROVIDED IN PARAGRAPHS (Q) AND (R) OF THIS SECTION, ALL ASSETS WHICH REMAIN UNCLAIMED BY THE CREDITORS AND/OR
STOCKHOLDERS OF RECORD SHALL BE TURNED OVER TO THE
BUREAU OF TREASURY.

(T) THE RECEIVER SHALL CONTINUE TO KEEP ALL THE
PERTINENT RECORDS OF THE CLOSED BANK FOR A PERIOD OF
SIX (6) MONTHS FROM DATE OF PUBLICATION OF THE APPROVAL
OF THE FINAL ASSET DISTRIBUTION PLAN. AFTER THE LAPSE OF
THIS PERIOD, THE RECEIVER IS AUTHORIZED TO DISPOSE OF THE
SAME IN ACCORDANCE RULES AND REGULATIONS TO BE
PRESCRIBED BY THE RECEIVER."

SECTION 30. Section 13 of the same Act is hereby renumbered as Section [18]

SECTION 31. A new section entitled Section [19] 18 of the same Act is hereby
inserted between Sections [18] 17 and [20] 19 which shall read as follows:

"DIVIDEND DECLARATION

SECTION 18. CONSISTENT WITH THE POLICY OF THE STATE TO
GENERATE, PRESERVE, MAINTAIN FAITH AND CONFIDENCE IN
THE COUNTRY'S BANKING SYSTEM, THE CORPORATION SHALL
BUILD UP AND MAINTAIN THE DEPOSIT INSURANCE FUND (DIF) AT
THE TARGET LEVEL SET BY THE PDIC BOARD OF DIRECTORS.
SUCH TARGET LEVEL SHALL BE SUBJECT TO PERIODIC REVIEW
AND MAY BE ADJUSTED AS NECESSARY.

THE CORPORATION IS EXEMPT FROM REPUBLIC ACT NO. 7656;
INSTEAD, THE CORPORATION SHALL REMIT DIVIDENDS TO THE
NATIONAL GOVERNMENT ONLY IF THE TARGET DEPOSIT INSURANCE FUND LEVEL FOR THE APPLICABLE YEAR HAS BEEN REACHED. FOR PURPOSES OF COMPUTING THE AMOUNT OF DIVIDENDS TO BE DECLARED AND REMITTED TO THE NATIONAL GOVERNMENT, ALL ASSESSMENT COLLECTIONS SHALL NOT BE CONSIDERED AS INCOME. THE DIVIDEND RATE SHALL BE AT LEAST FIFTY PERCENT (50%) OF THE INCOME FROM OTHER SOURCES ONLY."

SECTION 32. Section 14 of the same Act is accordingly renumbered as Section [20] 19 and is hereby amended to read as follows:

"PAYMENT OF INSURED DEPOSITS

SECTION [20] 19. Whenever an insured bank shall have been closed by the Monetary Board pursuant to Section 30 of R.A. 7653, OR UPON EXPIRATION OR REVOCATION OF A BANK’S CORPORATE TERM, payment of the insured deposits on such closed bank shall be made by the Corporation as soon as possible either (1) by cash or (2) by making available to each depositor a transferred deposit in another insured bank in an amount equal to insured deposit of such depositor: Provided, however, That the Corporation, in its discretion, may require proof of claims to be filed before paying the insured deposits, and that in any case where the Corporation is not satisfied as to the [viability] VALIDITY of a claim for an insured deposit, it may require final determination of a court of competent jurisdiction before paying such claim: Provided, further, That failure to settle the claim, within six (6) months from the date of filing of claim for insured deposit, where such failure was due to grave abuse of discretion, gross negligence, bad faith, or malice, shall, upon conviction,
subject the directors, officers or employees of the Corporation responsible
for the delay, to imprisonment from six (6) months to one (1) year:
*Provided, furthermore,* That the period shall not apply if the validity of the
claim requires the resolution of issues of facts and or law by another
office, body or agency including the case mentioned in the first proviso or
by the Corporation together with such other office, body or agency."

**SECTION 33.** Section 15 of the same Act is accordingly renumbered as Section
[21] 20 and is hereby amended to read as follows:

"**SECTION [21] 20.** The Corporation, upon payment of any depositor as
provided for in [subsection (c) of this] Section 19 OF THIS ACT, shall be
subrogated to all rights of the depositor against the closed bank to the
extent of such payment. Such subrogation shall include the right on the
part of the Corporation to receive the same dividends and payments from
the proceeds of the assets of such closed bank and recoveries on account
of stockholders' liability as would have been payable to the depositor on a
claim for the insured deposits: [but,] *PROVIDED, THAT* such depositor
shall retain his claim for any uninsured portion of his deposit, WHICH
LEGAL PREFERENCE SHALL BE THE SAME AS THAT OF THE
SUBROGATED CLAIM OF THE CORPORATION FOR ITS PAYMENT
OF INSURED DEPOSITS. All payments by the Corporation of insured
deposits in closed banks partake of the nature of public funds, and as
such, must be considered a preferred credit [similar to taxes due to the
National Government] in the order of preference under Article 2244 (G) of
the New Civil Code:[; Provided, further, That this preference shall be
likewise effective upon liquidation proceedings already commenced and
pending as of the approval of this Act, where no distribution of assets has
been made.]

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SECTION 34. Section 16 of the same Act is accordingly renumbered as Section [22] 21 and paragraph (c) thereof is hereby amended to read as follows:

"(c) Except as otherwise prescribed by the Board of Directors, neither the Corporation nor such other insured bank shall be required to recognize as the owner of any portion of a deposit evidenced by a passbook, certificate of deposit or other evidence of deposit determined by the Corporation to be an authentic document or record of the closed bank under a name other than that of the claimant, any person whose name or interest as such owner is not disclosed on the passbook, certificate of deposit or other evidence of deposit [records] of such closed bank as part owner of said deposit, if such recognition would increase the aggregate amount of the insured deposits in such closed bank."

SECTION 35. Section 17 of the same Act is accordingly renumbered as Section [23] 22.

SECTION 36. Section [23] 22 paragraph (a) of the same Act, as renumbered, is hereby amended to read as follows:

"CORPORATE FUNDS AND ASSETS

SECTION [23] 22. (a) SUBJECT TO GUIDELINES AND LIMITS AS APPROVED BY THE BOARD OF DIRECTORS, [M]oney of the Corporation denominated in the local currency, not otherwise employed, shall be invested in obligations of the Republic of the Philippines or in
obligations guaranteed as to principal and interest by the Republic of the Philippines.

THE CORPORATION MAY ALSO INVEST IN DEBT INSTRUMENTS DENOMINATED IN FOREIGN CURRENCIES ISSUED OR GUARANTEED BY THE REPUBLIC OF THE PHILIPPINES, OR DEBT INSTRUMENTS DENOMINATED IN FREELY CONVERTIBLE FOREIGN CURRENCIES ISSUED BY SUPRANATIONALS, MULTILATERAL AGENCIES, OR FOREIGN GOVERNMENTS WITH AT LEAST AN INVESTMENT GRADE CREDIT RATING.

THE CORPORATION SHALL LIKewise BE AUTHORIZED TO BUY AND/OR SELL DEBT INSTRUMENTS AND FOREIGN CURRENCIES FROM ANY GOVERNMENT SECURITIES ELIGIBLE DEALERS OR ANY COUNTERPARTIES OR BROKERS, ACCREDITED BY THE PDIC BOARD.

FOR THIS PURPOSE, THE CORPORATION SHALL BE AUTHORIZED TO OPEN SECURITIES CUSTODIANSHIP AND SETTLEMENT ACCOUNTS.”

SECTION 37. Section [23] 22 paragraph (b) of the same Act, as renumbered, is hereby amended to read as follows:

“(b) The banking or checking accounts of the Corporation shall be kept with the Bangko Sentral ng Pilipinas, [with the Philippine National Bank.] or with any other bank designated as depository or fiscal agent of the Philippine government.”
SECTION 38. An additional paragraph to Section [23] 22 of the same Act, as
renumbered, is hereby inserted after paragraph (c) which shall read as follows:

“(d) ASSETS OF THE CORPORATION SHALL BE EXEMPT FROM
ATTACHMENT, GARNISHMENT OR ANY OTHER ORDER OR
PROCESS OF ANY COURT, AGENCY OR ANY OTHER
ADMINISTRATIVE BODY.”

SECTION 39. Section 17 paragraph (d) of the same Act is accordingly
renumbered as Section [23] 22 paragraph (e) and is hereby amended to read as
follows:

"FINANCIAL ASSISTANCE

[(d)] (E) [When the Corporation has determined that an insured bank is in
danger of closing, in order to prevent such closing.] IN THE EXERCISE
OF ITS AUTHORITIES UNDER SECTION 11 OF THIS ACT, the
Corporation [, in the discretion of its Board of Directors,] is authorized to
make loans to, or purchase the assets of, or assume liabilities of, or make
deposits in[, such insured bank,:]

1) A BANK IN DANGER OF CLOSING, UPON ITS ACQUISITION
   BY A QUALIFIED INVESTOR; OR
2) A QUALIFIED INVESTOR, UPON ITS PURCHASE OF ALL
   ASSETS AND ASSUMPTION OF ALL LIABILITIES OF A BANK
   IN DANGER OF CLOSING; OR
3) A SURVIVING OR CONSOLIDATED INSTITUTION THAT HAS
   MERGED OR CONSOLIDATED WITH A BANK IN DANGER OF
   CLOSING;
upon such terms and conditions as the Board of Directors may prescribe, when in the opinion of the Board of Directors, [the continued operation of such bank] SUCH ACQUISITION, PURCHASE OF ASSETS, ASSUMPTION OF LIABILITIES, MERGER OR CONSOLIDATION, is essential to provide adequate banking service in the community or maintain financial stability in the economy.

[The authority of the Corporation under the foregoing paragraph to extend financial assistance to, assume liabilities of, purchase the assets of an insured bank may also be exercised in the case of a closed insured bank if the Corporation finds that the resumption of operations of such bank is vital to the interests of the community, or a severe financial climate exists which threatens the stability of a number of banks possessing significant resources: Provided, That the reopening and resumption of operations of the closed bank shall be subject to the prior approval of the Monetary Board.]

[The Corporation may provide any corporation acquiring control of, merging or consolidating with or acquiring the assets of an insured bank in danger of closing in order to prevent such closing or of a closed insured bank in order to restore to normal operations, with such financial assistance as it could provide an insured bank under this subsection: Provided, That, within sixty (60) days from date of assistance the Corporation shall submit a report thereof to the Monetary Board.]

The Corporation, prior to the exercise of the powers under this Section, shall determine that actual payoff and liquidation thereof will be more expensive than the exercise of this power: Provided, That when the
Monetary Board has determined that there are systemic consequences of a probable failure or closure of an insured bank, the Corporation may grant financial assistance to such insured bank in such amount as may be necessary to prevent its failure or closure and/or restore the insured bank to viable operations, under such terms and conditions as may be deemed necessary by the Board of Directors, subject to concurrence by the Monetary Board and without additional cost to the Deposit Insurance Fund.

A systemic risk refers to the possibility that failure of one bank to settle net transactions with other banks will trigger a chain reaction, depriving other banks of funds leading to a general shutdown of normal clearing and settlement activity. Systemic risk also means the likelihood of a sudden, unexpected collapse of confidence in a significant portion of the banking or financial system with potentially large real economic effects. Finally, the Corporation may not use its authority under this subsection to purchase the voting or common stock of an insured bank but it can enter into and enforce agreements that it determines to be necessary to protect its financial interests: Provided, That the financial assistance may take the form of equity or quasi-equity of the insured bank as may be deemed necessary by the Board of Directors with concurrence by the Monetary Board: Provided, further, That the Corporation shall dispose of such equity as soon as practicable."

SECTION 40. Section 18 of the same Act is accordingly renumbered as Section [24] 23 and is hereby amended to read as follows:
AUTHORITY TO BORROW

SECTION [24] 23. The Corporation is authorized to borrow from the Bangko Sentral ng Pilipinas and the Bangko Sentral is authorized to lend TO the Corporation on such terms as may be agreed upon by the Corporation and the Bangko Sentral, such funds as in the judgment of the Board of Directors of the Corporation are from time to time required for insurance purposes and financial assistance provided for in Section [17] 22 (e) of this Act: Provided, That any such loan as may be granted by the Bangko Sentral shall be consistent with monetary policy; Provided, further, That the rate of interest thereon shall be fixed by the Monetary Board [but shall not exceed the treasury bill rate].

When in the judgment of the Board of Directors the funds of the Corporation are not sufficient to provide for an emergency or urgent need to attain the purposes of this Act, the Corporation is likewise authorized to borrow money, obtain loans or arrange credit lines or other credit accommodations from any bank [designated as depository or fiscal agent of the Philippine Government]: Provided, That such loan shall be of short-term duration, PROVIDED, FURTHER, THAT NO PRIOR MONETARY BOARD OPINION SHALL BE REQUIRED FOR THE CORPORATION AND ITS COUNTERPARTIES ON INDIVIDUAL DRAWDOWNS OR BORROWINGS WITHIN AN APPROVED BORROWING PROGRAM WHERE PRIOR MONETARY BOARD OPINION HAS ALREADY BEEN OBTAINED, PURSUANT TO SECTION 123 OF REPUBLIC ACT NO. 7653."

SECTION 41. Section 19 of the same Act is accordingly renumbered as Section [25] 24 and is hereby amended to read as follows:
"ISSUANCE OF BONDS, DEBENTURES AND OTHER OBLIGATIONS"

SECTION [19] 24. With the approval of the President of the Philippines, UPON THE RECOMMENDATION OF THE DEPARTMENT OF FINANCE, the Corporation is authorized to issue bonds, debentures, and other obligations, both local or foreign, as may be necessary for purposes of providing liquidity for settlement of insured deposits in closed banks, TO FACILITATE THE IMPLEMENTATION OF BANK RESOLUTION UNDER SECTION 11 OF THIS ACT, as well as for financial assistance as provided herein, Provided, That the Board of Directors shall determine the interest rates, maturity and other requirements of said obligations: Provided, further, That the Corporation [shall] MAY provide for appropriate reserves for the redemption or retirement of said obligation.

All notes, debentures, bonds, or such obligations issued by the Corporation shall be exempt from taxation both as to principal and interest, and shall be fully guaranteed by the Government of the Republic of the Philippines. Such guarantee, which in no case shall exceed two times the Deposit Insurance Fund as of date of the debt issuance, shall be expressed on the face thereof.

THE CORPORATION MAY ISSUE NOTES, DEBENTURES, BONDS, OR OTHER DEBT INSTRUMENTS WITHOUT THE APPROVAL OF THE PRESIDENT OF THE PHILIPPINES, AS LONG AS THESE SHALL NOT BE GUARANTEED BY THE NATIONAL GOVERNMENT.
The Board of Directors shall have the power to prescribe THE TERMS AND CONDITIONS, rules and regulations for the issuance, reissuance, servicing, placement and redemption of the bonds herein authorized to be issued as well as the registration of such bonds at the request of the holders thereof."

SECTION 42. Section 20 of the same Act is accordingly renumbered as Section [26] 25.

SECTION 43. Section 21 of the same Act is accordingly renumbered as Section [27] 26.

SECTION 44. Section [27] 26 paragraph (f) of the same Act, as renumbered, is hereby amended to read as follows:

"(f) The penalty of IMPRISONMENT OF NOT LESS THAN SIX YEARS BUT NOT MORE THAN TWELVE YEARS [prision mayor] or a fine of not less than Fifty thousand pesos (P50,000.00) but not more than TEN [Two] million pesos (P10,000,000.00), [(P2,000,000.00)], or both, at the discretion of the court, shall be imposed upon [any director, officer, employee or agent of a bank]:

1) ANY DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF A BANK FOR:

a. [for] any wilful refusal to submit reports as required by law, rules and regulations;
b. any unjustified refusal to permit examination and audit of the
deposit records or the affairs of the institution;

c. any willful making of a false statement or entry in any bank
report or document required by the Corporation;

d. submission of false material information in connection with or in
relation to any financial assistance of the Corporation extended
to the bank;

e. splitting of deposits or creation of fictitious OR FRAUDULENT
loans or deposit accounts.

Splitting of deposits occurs whenever a deposit account with an
outstanding balance of more than the statutory maximum
amount of insured deposit maintained under the name of
natural or juridical persons is broken down and transferred into
two (2) or more accounts in the name/s of natural or juridical
persons or entities who have no beneficial ownership on
transferred deposits in their names within one hundred twenty
(120) days immediately preceding or during a bank-declared
bank holiday, or immediately preceding a closure order issued
by the Monetary Board of the Bangko Sentral ng Pilipinas for
the purpose of availing of the maximum deposit insurance
coverage;

f. REFUSAL TO RECEIVE THE NOTICE OF CLOSURE AS
PROVIDED UNDER SECTION 14 OF THIS ACT;
g. refusal to allow the Corporation to take over a closed bank
[placed under its receivership] or obstructing such action of the
Corporation;

h. refusal to turn over or destroying or tampering bank records;

i. fraudulent disposal, transfer or concealment of any asset,
property or liability of the closed bank [under the receivership of
the Corporation];

j. violation of, or causing any person to violate, the exemption
from garnishment, levy, attachment or execution provided under
this Act and the New Central Bank Act;

k. any willful failure or refusal to comply with, or violation of any
provision of this Act, or commission of any other irregularities,
and/or conducting business in an unsafe or unsound manner as
may be determined by the Board of Directors[,] IN RELATION
TO SECTION 56 OF REPUBLIC ACT NO. 8791, OR THE
GENERAL BANKING LAW OF 2000.

NOTWITHSTANDING ANY LAW TO THE CONTRARY, THE
FOREGOING ACTS OF DIRECTORS, OFFICERS,
EMPLOYEES OR AGENTS OF THE BANK SHALL BE
CONSIDERED AS ADDITIONAL GROUNDS FOR
DISQUALIFICATION UNDER THE FIT AND PROPER RULES
OF THE BANGKO SENTRAL.

L. “OTHER ACTS INIMICAL TO THE INTEREST OF THE BANK
OR THE CORPORATION, SUCH AS, BUT NOT LIMITED TO,
CONFLICT OF INTEREST, DISLOYALTY, AUTHORIZING RELATED PARTY TRANSACTIONS WITH TERMS DETRIMENTAL TO THE BANK AND ITS STAKEHOLDERS, AND UNAUTHORIZED DISCLOSURE OF CONFIDENTIAL INFORMATION, AS MAY BE DETERMINED BY THE CORPORATION."

2) ANY PERSON FOR:

a. REFUSAL TO DISCLOSE INFORMATION, RECORDS OR DATA PERTAINING TO THE BANK ACCOUNTS OF A CLOSED BANK TO THE RECEIVER;

b. REFUSAL TO TURN OVER POSSESSION OR CUSTODY OF THE ASSET AND RECORD OF THE CLOSED BANK TO THE RECEIVER, NOTWITHSTANDING ANY AGREEMENT TO THE CONTRARY;

c. REFUSAL OR DELAYING THE:

i. VERIFICATION OF AUTHENTICITY OF THE OWNERSHIP DOCUMENTS;

ii. REGISTRATION OF INTEREST OF THE CLOSED BANK ON A SPECIFIC PROPERTY;

iii. CONSOLIDATION OF OWNERSHIP OVER AN ASSET OF THE CLOSED BANK;
iv. ACT OF SECURING CERTIFIED TRUE COPIES OF DOCUMENTS IN RELATION TO AN ASSET OF THE CLOSED BANK;

v. ACT OF SECURING THE APPROPRIATE CERTIFICATION FROM THE AGENCIES OR ENTITIES STATED IN SECTION 16 OF THIS ACT IN RELATION TO AN ASSET OF THE CLOSED BANK;

vi. CONDUCT OF A PHYSICAL OR OCULAR INSPECTION OF THE PROPERTIES OWNED BY, OR MORTGAGED TO, THE CLOSED BANK, TO DETERMINE THEIR EXISTENCE AND PRESENT CONDITION; OR

vii. OTHER RELATED ACTIVITIES OF THE RECEIVER; OR

d. ALLOWING THE WITHDRAWAL FROM DEPOSITS OR DISPOSITION OF ANY ASSET OF THE CLOSED BANK OTHER THAN BY THE RECEIVER;

e. WILLFULLY VIOLATING ANY PROVISION OF THIS ACT;

F. CONSPIRING OR WILLFULLY PARTICIPATING IN ANY OF THE OFFENSES ENUMERATED IN PARAGRAPH 1 OF THIS SECTION;

3) ANY LAW ENFORCEMENT OFFICER OR LOCAL GOVERNMENT OFFICIAL WHO REFUSES OR FAILS TO ASSIST THE RECEIVER IN THE SERVICE OF THE NOTICE OF CLOSURE, AS PROVIDED UNDER SECTION 14 OF THIS ACT."
SECTION 45. Additional paragraphs to Section [27] 26 of the same Act, as renumbered, are hereby inserted after paragraph (g) which shall read as follows:

"(h) THE PENALTY OF IMPRISONMENT OF NOT LESS THAN TEN (10) YEARS BUT NOT MORE THAN TWELVE (12) YEARS, OR A FINE OF NOT LESS THAN FIVE HUNDRED THOUSAND PESOS (P500,000.00) BUT NOT MORE THAN TEN MILLION PESOS (P10,000,000.00), OR BOTH, AT THE DISCRETION OF THE COURT, SHALL BE IMPOSED UPON:

1) ANY DEPOSITOR WHO FILES A FICTITIOUS AND/OR FRAUDULENT CLAIM FOR DEPOSIT INSURANCE; AND

2) ANY BANK OFFICER WHO CERTIFIES TO THE VALIDITY OF THE DEPOSIT LIABILITIES WHICH IS SUBSEQUENTLY VERIFIED TO BE FICTITIOUS AND/OR FRAUDULENT.

(i) THE PENALTY OF IMPRISONMENT OF NOT LESS THAN TWELVE (12) YEARS BUT NOT MORE THAN FOURTEEN (14) YEARS SHALL BE IMPOSED UPON ANY PERSON WHO PARTICIPATES, OR ATTEMPTS TO PARTICIPATE, IN A SCHEME TO DEFRAUD A BANK.

IF THE OFFENSE SHALL HAVE BEEN COMMITTED BY A DIRECTOR OR OFFICER OF THE BANK, THE PENALTY OF IMPRISONMENT OF NOT LESS THAN FIFTEEN (15) YEARS BUT NOT MORE THAN SEVENTEEN (17) YEARS SHALL BE IMPOSED.

IF THE OFFENSE SHALL HAVE RESULTED IN SYSTEMIC CONSEQUENCES, AS DETERMINED BY THE BANGKO SENTRAL,
THE PENALTY OF IMPRISONMENT OF NOT LESS THAN EIGHTEEN
(18) YEARS BUT NOT MORE THAN TWENTY (20) YEARS SHALL BE
IMPOSED."

SECTION 46. Section 22 of the same Act is accordingly renumbered as Section [28] 27.

SECTION 47. Section 23 of the same Act is hereby renumbered as Section [29] 28 and [reinstated as follows] AMENDED TO READ AS FOLLOWS:

"SECTION [23] 28. WITHIN SIX (6) MONTHS AFTER EFFECTIVITY OF
THIS ACT, [T]he Corporation may be reorganized by the board of
directors by adopting if it so desires, an entirely new staffing pattern or
organizational structure to suit the operations of the corporation under this
act PURSUANT TO REPUBLIC ACT NO. 10149. No preferential or
priority right shall be given to or enjoyed by any personnel for appointment
to any position in the new staffing pattern nor shall any personnel be
considered as having prior or vested rights with respect to retention in the
corporation or in any position which may be created in the new staffing
pattern, even if he should be the incumbent of a similar position prior to
reorganization. [The reorganization shall be completed within six (6)
months after the effectivity of this act.] Personnel who are not retained are
deemed separated from the service."

SECTION 48. Section 24 of the same Act is accordingly renumbered as Section [30] 29.
SECTION 49. Section 25 of the same Act is accordingly renumbered as Section [31] 30.

SECTION 50. A new section entitled Section [32] 31 of the same Act is hereby inserted between Sections [31] 30 and [33] 32 which shall read as follows:


SECTION 51. A new section entitled Section [33] 32 of the same Act is hereby inserted between Sections [32] 31 and [34] 33 which shall read as follows:
"SECTION 32. TRANSITORY PROVISIONS. – (a) THE INCUMBENT PRESIDENT OF THE CORPORATION AND PRIVATE SECTOR MEMBERS OF THE BOARD OF DIRECTORS SHALL CONTINUE TO EXERCISE THEIR RESPECTIVE DUTIES AND FUNCTIONS UNTIL REPLACED BY THE PRESIDENT OF THE PHILIPPINES: PROVIDED, THAT, SUCH NEW APPOINTEES SHALL BE SUBJECT TO THE TERM OF OFFICE PROVIDED UNDER SECTION 3 OF THIS ACT, AS AMENDED.

(b) PAYMENT OF SURPLUS DIVIDENDS UNDER SECTION 13(C) OF THIS ACT, AS AMENDED, SHALL BE APPLICABLE TO BANKS WITHOUT A COURT-APPROVED FINAL ASSET DISTRIBUTION PLAN AT THE TIME OF THE EFFECTIVITY OF THIS ACT.

(c) THE PREFERENCE INDICATED UNDER SECTION 15 OF THIS ACT, AS AMENDED, SHALL BE LIKewise EFFECTIVE UPON LIQUIDATION PROCEEDINGS ALREADY COMMENCED AND PENDING AS OF THE EFFECTIVITY OF THIS ACT, WHERE NO DISTRIBUTION OF ASSETS HAS BEEN MADE.

(d) THE PROVISIONS IN SECTION 10 OF THIS ACT, AS AMENDED, ON LEGAL ASSISTANCE, PROTECTION AND INDEMNIFICATION SHALL APPLY TO ALL CASES PENDING BEFORE THE EFFECTIVITY OF THIS ACT."

SECTION 52. Section 26 of the same Act, Separability Clause is accordingly renumbered as Section [34] 33.
"Separability Clause. - If any provision or section of this Act or the
application thereof to any person or circumstances is held invalid, the
other provisions or sections of this Act, in the application of such provision
or section to other persons or circumstances, shall not be affected
thereby."

SECTION 53. Section 27 of the same Act, Repealing Clause is accordingly
renumbered as Section [35] 34.

"Repealing Clause. - All acts or parts of acts and executive orders,
administrative orders, or parts thereof which are inconsistent with the
provisions of this Act are hereby repealed."

SECTION 54. Section 28 of the same Act, Effectivity Clause is accordingly
renumbered as Section [36] 35.

"Effectivity Clause. - This Act shall take effect fifteen (15) days following
the completion of its publication in the Official Gazette or in two (2)
newspapers of general circulation."

Approved,