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TITLE : AN ACT FURTHER AMENDING REPUBLIC ACT NUMBERED  
THREE THOUSAND FIVE HUNDRED NINETY-ONE, AS AMENDED, OTHERWISE  
KNOWN AS THE CHARTER OF THE PHILIPPINE DEPOSIT INSURANCE  
CORPORATION, AND FOR OTHER PURPOSES

TEXT :

S. No. 1539  
H. No. 7640

Republic of the Philippines  
Congress of the Philippines  
Metro Manila

Fifth Regular Session

Begun and held in Metro Manila, on Monday, the twenty-  
second day of July, nineteen hundred and ninety-one.

[REPUBLIC ACT NO. 7400]

AN ACT FURTHER AMENDING REPUBLIC ACT NUMBERED  
THREE THOUSAND FIVE HUNDRED NINETY-ONE, AS  
AMENDED, OTHERWISE KNOWN AS THE CHARTER  
OF THE PHILIPPINE DEPOSIT INSURANCE  
CORPORATION, AND FOR OTHER PURPOSES

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

SECTION 1. Section 2 of Republic Act No. 3591, as amended,  
is hereby further amended to read as follows:

"SEC. 2. The powers and functions of the Corporation shall be  
vested in and exercised by a Board of Directors which shall be  
composed of five (5) members as follows:

"(a) The Secretary of Finance who shall be the ex officio  
Chairman of the Board without compensation.

"(b) The Governor of the Central Bank, who shall be ex officio

member of the Board without compensation.

"(c) The President of the Corporation, who shall be appointed by the President of the Philippines from either the Government or private sector to serve on a full-time basis for a term of six (6) years. The President shall also serve as vice chairman of the Board.

"(d) Two (2) members from the private sector, to be appointed for a term of six (6) years without reappointment by the President of the Philippines: Provided, That of those first appointed, the first appointee shall serve for a period of two (2) years.

"No person shall be appointed as member of the Board unless he be of good moral character and of unquestionable integrity and responsibility, 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.

"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, the President of the Corporation shall act as chairman.

"The presence of three (3) members shall constitute a quorum, and all decisions shall require a vote of a majority of the members present, there being a quorum.

"The members of the Board of Directors from the private sector, except the President shall receive a per diem for every board meeting attended, the amount of which shall be Five hundred pesos (P500.00) per meeting but not to exceed the sum of Two thousand pesos (P2,000.00) for every single month.

"The Board of Directors shall have the authority:

"1. To prepare and issue rules and regulations as it considers necessary for the effective discharge of its responsibilities;

"2. To direct the management, operations and administration of the Corporation;

"3. To appoint, establish the rank, fix the remuneration and remove any officer or employee of the Corporation for cause, subject to the Civil Service and pertinent compensation laws; and

"4. To authorize such expenditures by the Corporation as are the in the interest of the effective administration and operation of the Corporation."

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

"Sec. 2-A. The President of the Corporation shall be the Chief Executive thereof and his salary shall be fixed by the President of the Philippines at a sum commensurate to the importance and

responsibility attached to the position. The sum total of the salary of the President and the allowances and other emoluments which the Board of Directors may grant him shall be the ceiling for fixing the salary, allowances and other emoluments of all other personnel in the Corporation.

"The powers and duties of the President of the Corporation are:

"(a) To prepare the agenda for the meeting of the Board and

to submit for the consideration of the Board the policies and measures which he believes to be necessary to carry out the purposes and provisions of this Act;

"(b) To execute and administer the policies and measures approved by the Board;

"(c) To direct and supervise the operations and internal administration of the Corporation in accordance with the policies established by the Board. The President may delegate certain of his administrative responsibilities to other officers of the Corporation, subject to the rules and regulations of the Board;

"(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;

"(e) To authorize, with his signature, upon prior authority of the Board, contracts entered into by the Corporation, notes and securities issued by the Corporation, and the annual reports, balance sheets, profits and loss statements, and other documents of the Corporation. The signature of the President may be in facsimile wherever appropriate;

"(f) To represent the Corporation, either personally or through counsel, in all legal proceedings or actions;

"(g) To delegate, with the prior approval of the Board of Directors, his power to represent the Corporation, as provided in subsections (d) and (f) of this Section, to other officers of the Corporation; and

"(h) To exercise such other powers as may be vested in him by the Board.

"The President shall be assisted by a Vice President Vice 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 the appointment of a new President of the Corporation by the President of the Philippines, the Vice President shall act as President and discharge the duties and responsibilities thereof."

SEC. 3. Section 3, subsections (b), (c), (f), and (g) is hereby amended to read as follows:

"(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."

"(c) The term 'receiver' includes a receiver, commission, person or other agency charged by law with the 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."

"(f) 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 or which is evidenced by passbook, check and/or certificate of deposit, printed or issued in accordance with check and/or certificate of deposit, printed or issued in accordance with the Central Bank 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."

"(g) The term 'B[insured deposit]' means the net amount due to any depositor for deposits in an insured bank (after deducting

offsets) less any part thereof which is in excess of One hundred thousand pesos (P100,000.00). Such net amount shall be determined according to such regulations as the Board of Directors may prescribe and in determining such amount due to any depositor, there shall be added together all deposits in the bank maintained in the same capacity and the same right for his benefit either in his own name or in the name of others: Provided, That the provisions of any law to the contrary notwithstanding, no owner/holder of any negotiable certificate of deposit shall be recognized as a depositor entitled to the rights provided in this Act unless his name is registered as owner/holder thereof in the books of the issuing bank."

SEC 4. Section 6, subsections (a) and (h), of the same Act is hereby amended to read as follows:

"(a) The assessment 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 the amount of Two hundred fifty pesos (P250.00). The assessment base shall be the amount of the liability of the bank for deposits according to the definition of the term 'deposit' in and pursuant to subsection (f) of Section 3 without any deduction for indebtedness of depositors.

"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."

"(h) 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 law the insured status of such bank shall be terminated by the Board of Directors: Provided, That, after the lapse of thirty (30)

days from the date when the written notice has been sent by registered mail, whether or not such notice has been actually received by the bank, the Corporation shall terminate the insured status of the bank. The bank shall give written notice of such termination to each of the depositors at his last address of record on the books of the bank and the Corporation shall publish the notice of such termination, less all subsequent withdrawals from any deposits of such depositor, shall continue to be insured for a period of ninety (90) days. No additions to any such deposits and no new deposits in such bank after the date of such termination shall be insured by the Corporation, and the bank shall not advertise or hold itself out as having insured deposits unless the same connection shall also state with equal prominence that such additions to deposits and new deposits made after such date are not so insured. In the event that such bank shall be closed on account of insolvency within the period of ninety (90) days, the Corporation shall have the same powers and rights with respect to such bank as in the case of an insured bank."

SEC.5. Section 7 of the same Act is hereby amended to read as follows:

"SEC. 7(a). Whenever upon examination by the Corporation 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 sixty (60) 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 issue a cease and desist order and require the bank or its directors or agents concerned to correct the practices or violations within sixty (60) 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 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 16 (f) hereof. The Board of Directors shall duly inform the Monetary Board of the Central Bank of the Philippines of action it has taken with respect to such practices or violations. If the bank violates the cease and desist order or fails to correct the practices or violations as required within the period prescribed herein, the corporation shall terminate the insured status of the bank on the Corporation, the bank and the depositors and their deposits shall be governed by Section 6 (h) hereof.

"(b) The actions and proceedings provided in the preceding subsection 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."

SEC. 6. Section 8 is hereby amended by adding a new paragraph to be designated as paragraph twelfth. Paragraph eighth is likewise amended. Paragraphs eighth and twelfth shall read as follows:

"Eighth -To conduct independent examinations and to require information and reports from banks, as provided in this Act, whenever deemed necessary by the Board of Directors: Provided, That to the extent practicable, said examinations shall maximize the efficient use of available relevant reports, information and findings, specifically from the Central Bank. The Board of Directors shall prescribe such regulations may be necessary to ensure the special nature and reasonable exercise of this power."

"Twelfth -To compromise, condone or release, in whole or in part, any of 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 Corporation."

SEC. 7. Section 9, subsections (b) and (d) of the same Act is hereby amended to read as follows:

"(b) The Board of Directors shall appoint examiners who shall have power, on behalf of the Corporation to examine any insured bank. Each such examiner shall have the power to make a thorough examination of all the affairs of the bank and in doing so, he shall have the power to administer oaths, to examine and take and preserve the testimony of any of the officers and agents thereof, and, to compel the presentation of books, documents, papers or records necessary in his judgment to ascertain the facts relative to the condition of the bank; and shall make a full and detailed report of the condition of the bank to the Corporation. The Board of Directors in like manner shall appoint claim agents who shall have the power to investigate and examine all claim for insured deposits and transferred deposits. Each claim agent shall have the power to administer oaths and to examine under oath and take and preserve testimony of any person relating to such claim."

"(d) The Corporation shall have access to reports of examination made by, and reports of condition made to the Central Bank of the Philippines or its appropriate supervising departments, and the Central Bank of the Philippines shall also have access to reports of examination made by, and reports of condition made to the Corporation: Provided, That the provisions of any law to the contrary notwithstanding, the Corporation shall likewise have access to reports, findings and any other information derived from any special or general examination or

inquiry conducted by the Central Bank in respect to bank fraud or serious irregularity in an insured bank: Provided, That, the Corporation shall use such reports and findings under similar terms and conditions prescribed by applicable laws on the Central Bank."

SEC. 8. Section 9, subsection (e) of the same Act is hereby amended to read as follows:

from: "(e) Personnel of the corporation are hereby prohibited  
"(1) being an officer, director, consultant, employee or stockholder, directly or indirectly, of any bank or banking institution except as otherwise provided in this Act.

"(2) receiving any gift or thing of value from any officer, director or employee thereof;

"(3) revealing in any manner, except under order of the court or authorized herein in such condition or business of any such institution. The prohibition shall not be held to apply to the giving of information to the Board of

Directors

or to any person authorized by either of them in writing to receive such information.

"Notwithstanding the provisions of this Section and Section 2, members of the Board of Directors and other 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 a designation to protect the interest of the Corporation.

"Borrowing from any bank or banking institution by examiners and other personnel of the examination departments of the corporation shall be prohibited only with respect to the particular institution in which they are assigned, or are conducting an examination. Personnel of other departments, offices or units of the Corporation shall likewise be prohibited from borrowing from any bank or banking institution during the period of time that a transaction of such institution with the corporation is being evaluated, processed or acted upon by such personnel: Provided, however, That the Board may, at its discretion, indicate the position levels or functional groups to which the prohibition is applicable.

"Borrowing by all full-time personnel of the corporation from any bank or banking institution shall be secured and disclosed to the Board, and shall be subject to such further rules and regulations as the Board may prescribe."

SEC. 9. The same Act is hereby amended by adding new sections after Section 9 thereof, to read as follows:

"SEC. 9-A The provisions of other laws, general or special, to the contrary notwithstanding, whenever it shall be appropriate for the Monetary Board of the Central Bank of the Philippines to appoint a receiver of any banking institution pursuant to existing laws, the Monetary Board shall give prior notice to and appoint the corporation as receiver.

"In addition to the powers of a receiver pursuant to existing laws, the Corporation is empowered to bring suits to enforce liabilities to or recoveries of the bank. Further, the Corporation may, upon its own responsibility, in the discretion of its Board of Directors and upon justifiable reasons, appoint and hire persons or entities of recognized competence in banking or finance as its deputies and assistants.

"The Corporation, its directors, officers and employees shall not be subject to any action, claim or demand for or in connection with any act done or omitted to be done by them in good faith in the exercise of their functions or in connection with the exercise of the powers under this Section and Sections 9-b, 9-c and 12(c) of this Act.

"SECTION 9-B. Before any distribution of the assets of the closed bank in accordance with the preferences established by law, the Corporation shall periodically charge against said assets such reasonable receivership expenses and subject to approval by the proper court, such reasonable liquidation expenses, it has incurred as part of the cost of receivership/liquidation proceedings and collect payment therefor from available assets.

"SECTION 9-C. Cases not provided in Sections 9-A above including the filing of cases to modify, set aside or restrain any action of the Corporation therein shall be governed by Section 29 of R. A. 265, as amended."

SEC. 10. Section 10, subsections (a-1,) (c) and (d) is hereby amended to read as follows:

"(a-1) The permanent insurance fund hereinabove created is hereby increased to Three billion pesos (P3,000,000,000.00) and for this purpose, such sum as be necessary is hereby appropriated from the General Fund: Provided, That the maximum amount of the insured deposit of any depositor is hereby increased to One hundred thousand pesos (P100,000.00)."

"(c) Whenever an insured bank shall have been closed on account of insolvency payment of the insured deposits in such bank shall be made by the Corporation as soon as possible either BB[B(1) by cash or (2) by making available to each depositor a transferred deposit in another insured bank in an amount equal to the the 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 of a claim for an insured deposit, it may require the 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 the claim for insured deposit 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, however, 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.

"d) The Corporation, upon payment of any depositor as provided for in subsection (c) of this Section, 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, such depositor shall retain his claim for any uninsured portion of his deposit. 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 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."

SEC. 11. Section 11, subsection (d) of the same Act is hereby amended to read as follows:

"(d) If, after the Corporation shall have given at least three (3) months notice to the depositor by mailing a copy thereof to his last known address appearing on the records of the closed bank, the depositor in the closed bank shall fail to file a claim for his insured deposit from the Corporation within eighteen (18) months after the Monetary Board of the Central Bank of the Philippines shall have ordered the closure of said bank pursuant to Section 29 of R. A. 265 as amended, all rights of the depositor against the Corporation with respect to the insured deposit shall be barred, and all rights of the depositor against the closed bank and its shareholders or the receivership estate to which the Corporation may have become subrogated, shall thereupon revert to the depositor: Provided, That the claimant shall enforce his duly-filed claim against the Corporation within one (1) year after the eighteen-month period heretofore mentioned. Thereafter, the Corporation shall be discharged from any liability on the insured deposit without prejudice to the rights of the claimant against the closed bank and its shareholders or the receivership estate: Provided, further, That when practicable, the Board of Directors may adopt other adequate means of notice to the depositor."

SEC. 12. Section 12, subsection (c) of the same Act is hereby amended to read as follows:

"(c) When the Corporation has determined that an insured

bank is in danger of closing, in order to prevent such closing, 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, 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 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.

"In all cases, however, the Corporation, prior to the exercise of this power, shall determine that actual payoff and liquidation thereof will be more expensive than the exercise of this power. 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."

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

"The Corporation is authorized to borrow from the Central Bank of the Philippines and the Central Bank is authorized to lend the Corporation on such terms as may be agreed upon by the Corporation and the Central Bank, such funds as in the judgment of the Board of Directors of the Corporation are from time to time required for insurance purposes including those provided for in Section 12(c) of this Act: Provided, That any such loan as may be granted by the Central Bank shall be consistent with monetary policy: and 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."

SEC. 14. Section 16, subsections (a), (d), (e) and (f) of the same Act is hereby amended to read as follows:

"(a) Every insured bank shall display at each place of business maintained by it a sign or signs, and shall include a statement to the effect that its deposits are insured by the Corporation in all its advertisements: Provided, That the Board of Directors may exempt from this requirement advertisements which do not relate to deposits or when it is impractical to include such statement therein. The Board of Directors shall prescribe by regulations the forms of such signs and the manner of use. For each day an insured bank continues to violate any provisions of this subsection or any lawful provisions of said regulations, it shall be subject to a penalty of not more than One thousand pesos (P1,000.00) which the Corporation may recover for its use: Provided, however, That the penalty of imprisonment for not more than one (1) year or a fine of not exceeding Twenty thousand

pesos(P20,000.00) or both, in the discretion of the court shall be imposed upon directors and officers of any bank not insured under the provisions of this Act which shall in any manner, advertise or hold itself out as having insured status for the purpose of making it appear that its deposits are insured with the Corporation."

"(d) The Corporation may require an insured bank to provide protection and indemnity against burglary, defalcation, losses arising from discharge of duties by, or particular acts of defaults of its directors, officers, or employees, and other similar insurable losses. The Board of Directors in consultation with the Central Bank, shall determine the bonding requirement as it refers to directors, officers and employers of the insured bank as well as the form and amount of the bond. Whenever any insured bank refuses to comply with any such requirement the Corporation may contract for such protection and add the cost thereof to the assessment otherwise payable by such bank."

"(e) Any assessment payable by an insured bank under this Act shall be subject to payment of interest computed from the date such assessment became due and payable and at the legal rate for loans as prescribed by law or appropriate authority and in case of willful failure or refusal to pay such assessment and interest thereon, there shall be added a penalty equivalent to twice the amount of interest payable as computed herein for each day such violations continue, which the interest and penalty the Corporation may recover for its use: Provided, That the penalty shall not be applicable under the circumstances stated in the provisions of subsection (b) of this Section."

"(f) The Board of Directors is hereby authorized at its discretion to impose upon insured banks, their directors, and/or officers, for any willful delay in the submission of reports as required by law, rules and regulations; any refusal to permit examination in the affairs of the institution; any willful making of a false statement to the Corporation; any willful failure or refusal to comply with, or violation of any provision of this Act, or any order, instruction or regulations issued by the Corporation or any commission of irregularities, and/or conducting business in an unsafe or unsound manner as may be determined by the Board of Directors, a fine not exceeding One thousand pesos (P1,000.00) a day for each type of violation, the imposition of which shall be final and executory until reversed, modified or lifted by the Board of Directors."

SEC. 15. Transitory Provisions. - a) Authority to Reorganize.

- In view of the new powers and functions herein provided, a reorganization of the Corporation is hereby authorized including adopting anew staffing pattem for effective and efficient exercise and performance of such powers and function. The formulation of the program of reorganization shall be completed as soon as possible and the full implementation of such program within eighteen (18) months after approval of this Act.

b) Implementing Details. - Organization and Staffing of the Corporation. - Upon the effectivity of this Act, the Secretary of Finance, the incumbent President of the Corporation and the Governor of the Central Bank shall constitute the Chairman and members of the Board provided hereof. The President is hereby authorized subject to the approval of the Board of Directors as appropriate, to issue such orders, rules and regulations as may be necessary to implement the reorganization authorized under the preceding section which will involve the determination and adoption of (1) a new internal structure of the Corporation as reorganized down to the divisional, section or lowest reorganization levels; (2) a new staffing pattern including appropriate salary rates.

The provisions of any law to the contrary notwithstanding, in the implementation of the reorganization herein, and in the appointments to appropriate positions in the new staffing pattern of the Corporation, no preferential or priority rights shall be given to or enjoyed by any officer or personnel of the Corporation for appointment to any position in the new staffing pattern nor shall any officer or personnel be considered as having prior or vested rights with respect to retention in the Corporation or in any position as may have been created in its new staffing pattern, even if he should be the incumbent of a similar position therein.

Pending the completion of the personnel actions above provided and the issuance of the appropriate implementing orders, all incumbents shall continue to exercise their mutual functions, duties and responsibilities.

SEC. 16. Any amount appropriated under the General Appropriations Act or any other appropriation or supplemental appropriation act shall be regularly released in accordance with the allotment system established under existing law.

SEC. 17. All acts or parts of act, presidential decrees, executive orders, administrative orders or parts thereof which are inconsistent with the provisions of this Act are hereby repealed.

SEC. 18. This Act shall take effect upon its approval.

Approved,

RAMON V. MITRA  
Speaker of the House  
of Representatives

NEPTALI A. GONZALES  
President of the Senate

This bill which is a consolidation of Senate Bill No. 1539 and House Bill No. 7640, was finally passed by the Senate and the House, of Representatives on February 7, 1992.

CAMILO L. SABIO  
Secretary General  
House of Representatives

ANACLETO D. BADOY, JR.  
Secretary of the Senate

Approved: APRIL 13, 1992

CORAZON C. AQUINO  
President of the Philippines

