

[**PRESIDENTIAL DECREE NO. 1771, January 14, 1981**]

AMENDING FURTHER REPUBLIC ACT NO. 265, AS AMENDED, OTHERWISE KNOWN AS "THE CENTRAL BANK ACT"

WHEREAS, supervisory and regulatory authorities should have the means to achieve their objectives and accomplish their responsibilities;

WHEREAS, the Central Bank should be able to enforce banking laws and rules and regulations in order to promote and maintain a safe and sound banking system

WHEREAS, it is necessary to afford the Central Bank greater flexibility in the use of its credit facilities to meet the demands of economic development;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order the amendment of Republic Act No. 265 as amended, as follows:

SECTION 1. Section 1 of Republic Act No. 265, as amended, is hereby amended to read as follows:

"SECTION 1. *Creation of the Central Bank.* — There is hereby created a body corporate to be known as the Central Bank of the Philippines, which shall be governed by the provisions of this Act.

"The capital of the Central Bank shall be ten billion (P10,000,000,000) pesos, the initial subscription for which shall be appropriated from the assets of the Exchange Standard Fund, as provided in Section 134 of this Act."

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

"SEC. 3. *Place of business.* — The Central Bank shall have its principal place of business in Metropolitan Manila but may have such branches, agencies and correspondents in other places as are necessary for the proper conduct of its business."

SEC. 3. Section 5 of the same Act is hereby amended to read as follows:

"SEC. 5. *Composition of the Monetary Board.* — The powers and functions of the Central Bank shall be exercised by a Monetary Board, which shall be composed of seven members, as follows:

"(a) The Governor, who shall be the Chairman of the Monetary Board. The Governor shall be appointed for a term of six years by the President of the Philippines, whenever the Governor is unable to attend a meeting of the Board, a Senior Deputy Governor shall act as Chairman.

"(b) The Minister of Finance whenever the Minister of Finance is unable to attend a meeting of the Board, he shall designate a deputy Minister to attend as his alternate ;

"(c) The Director General of the National Economic and Development Authority, whenever the Director General is unable to attend a meeting of the Board, he shall designate a deputy director-general of the authority to attend as his alternate;

"(d) The Chairman of the Board of Investments,, the Chairman of the Board of Investments is unable to attend a meeting of the Board, he shall designate a governor of the Board of Investments to attend as his alternate;

"(e) In lieu of any of the officials named in subsection (c) or (d) above, such head of any other financial or economic agency or department of the Government as the President of the Philippines may determine;

"(f) Three part-time members from the private sector, to be appointed for terms of six years by the President; *Provided, however,* that the first members appointed under the provisions of this subsection shall have terms of office of two, four and six years, respectively.

"In making appointments to the Monetary Board, the President of the Philippines shall base his selection on the integrity, experience and expertise of the appointee."

SEC. 4. The first paragraph of Section 10 of the same act hereby amended to read as follows:

"**SEC. 10. Meetings.** — The Monetary Board shall as frequently as is necessary to discharge its responsibilities properly, but shall meet at least once every two weeks The Board may be convoked either by the Minister of Finance or by the Governor of the Central Bank. "

SEC. 5. Subsections (b) and (c) of Section 14 of the same Act is hereby amended to read as follows:

"(b) Direct the management, operations, and administration of the Central Bank, reorganize its personnel, and issue such rules and regulations as it may deem necessary or convenient for this purpose. The legal units of the Central Bank shall be under the exclusive supervision and control of the Monetary Board, the provision of any law to the contrary notwithstanding.

"(c) On the recommendation of the Governor, appoint, fix the remunerations and other emoluments, and remove personnel of the Central Bank, with the exception of the Governor, subject to pertinent civil service and compensation laws: *Provided,* That the Monetary Board shall have exclusive and final authority to promote, transfer, assign, or reassign personnel of the Central Bank and these personnel actions are deemed made in the interest of the service and not disciplinary, any provisions of existing law to the contrary notwithstanding: *Provided, further,* That the Monetary Board may delegate such authority to the Governor under such guidelines as it may determine."

SEC. 6. Subsection (b) of Suction 17 of the same Act is hereby amended to read as follows:

"(b) To authorize, with his signature, contracts entered into by the Central Bank, notes and securities issuer by the Bank, and the annual reports, balance sheets, profit and loss statements, correspondence and other documents of the Bank without the approval or the concurrence of any other agency of the Government. The signature of the Governor may be in facsimile wherever appropriate;"

SEC. 7. The first paragraph of Section 18 of the same Act hereby amended to read as follows:

"SEC. 18. *Authority of the Governor in emergencies.* — In the event of war or other emergencies which require immediate action and in which, there is insufficient time to call a meeting of the Monetary Board, the Governor of the Central Bank, with the concurrence of the Minister of Finance or, in his absence, with the concurrence of any two other members of the Monetary Board, may decide any matter or take any action within the authority of the Board itself and may suspend any resolution or decision of the Board."

SEC. 8. Section 19 of the same Act is hereby amended to read as follows:

"SEC. 19. *Outside interests of the Governor.* —The Governor of the Central Bank shall be required to limit his professional activities to those pertaining directly to his position with the Central Bank; accordingly, the Governor of the Bank may not accept any other employment, whether public or private, remunerated or ad honorem with the exception of academic positions and of public commissions and positions held in representation of the interests of the Government or government agencies and which are related to the formation, direction or implementation of monetary, banking or general economic policies which concern the national interest of the Philippines."

SEC. 9. The first two paragraphs of Section 21 of the same is hereby amended to read as follows:

"SEC. 21. *Deputy-Governor.* — The Governor of the Central Bank, with the approval of the Monetary Board, shall appoint one or more senior deputy governors and deputy-governors, in a maximum number as may be approved by the President of the Philippines. They shall perform duties as may be assigned to them by the Governor and the Board."

"In the absence of the Governor of the Central Bank, a Senior Deputy Governor designated by the Governor shall act as chief executive of the Central Bank and shall exercise the powers and perform the duties of the Governor. Whenever the Governor or Senior Deputy Governor, as the case may be, is unable to attend meetings of a government boards or councils in which he is an ex-officio member pursuant to provisions of special laws, a Senior Deputy Governor or Deputy Governors as may be designated by the Governor, shall be vested with authority to participate and exercise the right to vote in such meetings. They shall have such line or staff authority as may be delegated by the Governor and the Monetary Board."