

# [ PRESIDENTIAL DECREE NO. 1007, September 22, 1976 ]

## FURTHER AMENDING SECTIONS 29 AND 34 OF REPUBLIC ACT NO. 265, AS AMENDED, OTHERWISE KNOWN AS THE CENTRAL BANK ACT

**WHEREAS**, the Central Bank is entrusted with the responsibility of administering the monetary, banking and credit system of the Philippines;

**WHEREAS**, in view of the special character of banks, there is need for the monetary and banking supervisory authorities to act with dispatch where the continuance in business of a bank would involve probable loss to its depositors or creditors;

**WHEREAS**, where a bank has become insolvent or cannot institute to resume business with safety to its depositors and other creditors, its assets must be preserved and its debts and accounts settled as expeditiously as possible; and

**WHEREAS**, the action of the Central Bank in connection with the above should not be hampered by unnecessarily tedious and protracted court litigations;

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

**SECTION 1.** Section twenty-nine of Republic Act Numbered Two hundred sixty-five, as amended, is hereby amended to read as follows:

**"Sec. 29. *Proceedings upon insolvency.*** — Whenever, upon examination by the head of the appropriate supervising and examining department or his examiners or agents into the condition of any banking institution, it shall be disclosed that the condition of the same is one of insolvency, or that its continuance in business would involve probable loss to its depositors or creditors, it shall be the duty of the department head concerned forthwith, in writing, to inform the Monetary Board of the facts, and the Board may, upon finding the statements of the department head to be true, forbid the institution to do business in the Philippines and shall designate an official of the Central Bank as receiver to immediately take charge of its assets and liabilities, as expeditiously as possible collect and gather all the assets and administer the same for the benefit of its creditors, exercising all the powers necessary for these purposes including, but not limited to, bringing suits and foreclosing mortgages in the name of the banking institution.

"The Monetary Board shall thereupon determine within sixty days whether the institution may be reorganized 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 and shall prescribe the conditions under which such resumption of business shall take place as well as the time for fulfillment of such conditions. In such case, the expenses and fees in the collection and administration of the assets of the institution shall be determined by the Board and shall be paid to the Central Bank out of the assets of such banking institution.