

# [ PRESIDENTIAL DECREE NO. 72, November 29, 1972 ]

## **AMENDING REPUBLIC ACT NUMBERED TWO HUNDRED AND SIXTY-FIVE, ENTITLED "THE CENTRAL BANK ACT."**

**WHEREAS**, there were pending before Congress prior to the promulgation of Proclamation, No. 1081, dated September 21, 1972, urgent banking measures proposing amendments to Republic Act No. 265, entitled "The Central Bank Act," which are vital to the national development program of the Government;

**WHEREAS**, an extensive survey and study of the banking and credit system had been undertaken for the purposes of assessing its adequacy in Philippine economic growth, and of facilitating the savings-investment process in development;

**WHEREAS**, the result of the survey was an integrated set of recommendations which were accepted, with modifications by the monetary authorities, and made the basis for this Decree to effect reforms in the banking system, and to render monetary and credit policies more responsive to the requirements of economic development;

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers in me vested by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, as amended, and in order to effect the desired changes and reforms in the social, economic, and political structure of our society, do hereby order and decree the amendment of Republic Act No. 265, as follows:

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

"SEC. 2. Responsibilities and objectives. — It shall be the responsibility of the Central Bank of the Philippines to administer the monetary, banking, and credit system of the Republic.

"It shall be the duty of the Central Bank to use the powers granted to it under this Act to achieve the following objectives:

"(a) Primarily to maintain internal and external monetary stability in the Philippines, and to preserve the international value of the peso and the convertibility of the peso into other freely convertible currencies; and

"(b) To foster monetary, credit and exchange conditions conducive to a balanced and sustainable growth of the economy."

**SEC. 2.** Section five 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 with the consent of the Commission on Appointments. Whenever the Governor is unable to attend a meeting of the Board, the Senior Deputy-Governor shall act as Chairman;

"(b) The Secretary of Finance. Whenever the Secretary of Finance is unable to attend a meeting of the Board, he shall designate an undersecretary to attend as his alternate;

"(c) The Director General of the National Economic 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. Whenever 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 with the consent of the Commission on Appointments: *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. 3.** Section seven of the same Act is hereby amended to read as follows:

"**SEC. 7. Qualifications.** — No person shall be appointed as a member of the Monetary Board or as a deputy-governor of the Central Bank unless he be of good moral character and of unquestionable integrity and responsibility, and who is of recognized competence in economics, banking, finance, commerce, agriculture or industry: *Provided, however,* That the Governor and deputy-governors of the Central Bank must be of recognized competence in the field of banking: *Provided, further,* That the Governor and the members of the Monetary Board shall be natural-born Filipino citizens."

**SEC. 4.** Section eight of the same Act is hereby amended to read as follows:

"**SEC. 8. Disqualifications.** — None of the following may be a member of the Monetary Board or a deputy-governor of the Central Bank:

"(a) Persons holding any public position or office, either by election or by appointment, except those holding academic positions and the ex officio members and their respective alternates; and

"(b) Directors, officers, employees, consultants or stockholders of other banking or other financial institutions subject to supervision, regulation or examination by the Central Bank, except non-stock savings and loan

associations and provident funds organized exclusively for employees of the Central Bank."

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

"**SEC. 10. *Meetings.*** — The Monetary Board shall convene 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 Secretary of Finance or by the Governor of the Central Bank.

"The presence of four members shall constitute a quorum.

"All decisions of the Monetary Board shall require the concurrence of at least four members, except in special cases where the provisions of other sections of this Act demand a greater majority."

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

"**SEC. 11.** Attendance of the Senior Deputy-Governor and the Deputy-Governor for Economic Research. — The Senior Deputy-Governor of the Central Bank and the Deputy-Governor for Economic Research shall attend the meetings of the Monetary Board with the right to be heard but not to vote."

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

"**SEC. 12. *Remuneration of members for attending meetings of the Board.*** — The members of the Monetary Board or their respective substitutes, except the Governor and the Senior Deputy-Governor, shall receive a per diem for every Board meeting attended. The amount of per diem shall be set by the President but may not exceed two hundred fifty (P250) pesos, nor the sum of two thousand five hundred (P2,500) pesos for any single month."

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

"**SEC. 13. *Withdrawal of persons having a personal interest.*** — Whenever any member attending a meeting of the Monetary Board has a personal interest of any sort in the discussion or resolution of any given matter, or any of his business associates or any of his relatives within the fourth degree of consanguinity or second degree of affinity has such an interest, said member shall not participate in the discussion or resolution of the matter and must retire from the meeting during the deliberations thereon. The subject matter, when resolved, and the fact that a member had a personal interest in it, shall be made available to the public. The minutes of the meeting shall note the withdrawal of the member concerned."

**SEC. 9.** Section fourteen of the same Act is hereby amended to read as follows:

"**SEC. 14. *Exercise of authority.*** — In order to exercise the authority granted to it under this Act, the Monetary Board shall:

"(a) Prepare and issue such rules and regulations as it considers necessary for the effective discharge of the responsibilities and exercise

of the powers assigned to the Monetary Board and to the Central Bank under this Act;

"(b) Direct the management, operations and administration of the Central Bank and prepare such rules and regulations as it may deem necessary or convenient for this purpose;

"(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: *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; and

"(d) Authorize such expenditures by the Central Bank as are in the interest of the effective administration and operations of the Bank."

**SEC. 10.** Section fifteen of the same Act is hereby amended to read as follows:

**"SEC. 15. *Responsibility.*** — Any member of the Monetary Board or officer or employee of the Central Bank who wilfully violates this Act or who is guilty of gross negligence in the performance of his duties shall be held liable for any loss or injury suffered by the Bank as a result of such violation or negligence. Similar responsibility shall apply to the disclosure of any information of a confidential nature about the discussions or resolutions of the Monetary Board, except as required in Section 13 of this Act, or about the operations of the Bank, and to the use of such information for personal gain or to the detriment of the Government, the Bank or third parties."

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

**"SEC. 20. *Remuneration of the Governor.*** — The salary of the Governor of the Central Bank shall be fixed by the Monetary Board with the approval of the President of the Philippines at a sum commensurate to the importance and the responsibility attached to the position. The salary and allowances and other emoluments which the Monetary Board may grant the Governor shall be the ceiling for fixing the salary, allowances and other emoluments of all other personnel in the Central Bank."

**SEC. 12.** Section twenty-one of the same Act is hereby amended to read as follows:

**"SEC. 21. *Deputy-Governors.*** — The Governor of the Central Bank, with the approval of the Monetary Board, shall appoint one senior deputy-governor and not more than five deputy-governors. 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, the Senior Deputy-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 is unable to attend meetings of government boards or councils in which he is an ex officio member pursuant to provisions of special laws, the Senior Deputy-Governor shall be vested with authority

to participate and exercise the right to vote in such meetings. He shall have supervisory authority over the other deputy-governors and such other line authority as may be delegated by the Governor and the Monetary Board.

"The other deputy-governors shall be assigned specific areas of responsibility such as, but not necessarily limited to, bank supervision, economic research, operations and administration: *Provided, however,* That the Deputy-Governor for Supervision shall be in charge of all bank supervision and examination."

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

**"SEC. 23. *Authority to obtain information.*** — The Department of Economic Research shall have the authority to request from any person or entity, including Government offices and instrumentalities, any data which the Central Bank may require for the proper discharge of its functions and responsibilities. The Central Bank shall have the power to issue a subpoena for the production of the books and records of all such persons and entities for the aforesaid purpose. Those who refuse without justifiable cause the subpoena to supply the Bank with data requested or required, shall be subject to the penalties *provided* in Section 32.

"Data on individual firms, other than banks, gathered for statistical purposes by the Department of Economic Research and other departments or units of the Central Bank shall not be made available to any person or entity outside of the Central Bank whether public or private: *Provided, however,* That this prohibition shall not refer to the collective data on firms: *Provided, further,* That in the case of data on banks, the provisions of Section 27 of this Act shall apply."

**SEC. 14.** Section twenty-four of the same Act is hereby amended to read as follows:

**"SEC. 24. *Training of technical personnel.*** — The Central Bank shall promote and sponsor the training of technical personnel in the field of money and banking. Toward this end, the Central Bank is hereby authorized to defray the costs of study, at home or abroad, of outstanding employees of the Bank, of promising university graduates or of any other qualified persons who shall be determined by proper competitive examinations. The Monetary Board shall prescribe rules and regulations to govern the training program of the Bank."

**SEC. 15.** Title B, Article IV, of Chapter I of the same Act is hereby changed to read s follows:

"ARTICLE IV. — *Departments of the Central Bank*

"A. xxx    xxx    xxx

"B. SUPERVISION AND EXAMINATION DEPARTMENTS"

**SEC. 16.** Section twenty-five of the same Act is hereby amended to read as follows: