

[REPUBLIC ACT NO. 11211, February 14, 2019]

AN ACT AMENDING REPUBLIC ACT NUMBER 7653, OTHERWISE KNOWN AS "THE NEW CENTRAL BANK ACT", 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. 7653, otherwise known as "The New Central Bank Act", is hereby amended to read as follows:

"Sec. 2. *Creation of the Bangko Sentral*. -There is hereby established an independent central monetary authority, which shall be a body corporate known as the *Bangko Sentral ng Filipinos*, hereafter referred to as the *Bangko Sentral*.

"The capital of the *Bangko Sentral* shall be Two hundred billion pesos (P200,000,000,000), to be fully subscribed by the Government of the Republic of the Philippines, hereafter referred to as the Government: *Provided*, That the increase in capitalization shall be funded solely from the declared dividends of the *Bangko Sentral* in favor of the National Government. For this purpose, any and all declared dividends of the *Bangko Sentral* in favor of the National Government shall be deposited in a special account in the General Fund, and earmarked for the payment of *Bangko Sentral's* increase in capitalization. Such payment shall be released and disbursed immediately and shall continue until the increase in capitalization has been fully paid."

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

"SEC. 3. *Responsibility and Primary Objective*. — The *Bangko Sentral* shall provide policy directions in the areas of money, banking, and credit. It shall have supervision over the operations of banks and exercise such regulatory and examination powers as provided in this Act and other pertinent laws over the quasi-banking operations of non-bank financial institutions. As may be determined by the Monetary Board, it shall likewise exercise regulatory and examination powers over money service businesses, credit granting businesses, and payment system operators. The Monetary Board is hereby empowered to authorize entities or persons to engage in money service businesses.

"The primary objective of the *Bangko Sentral* is to maintain price stability conducive to a balanced and sustainable growth of the economy and employment. It shall also promote and maintain monetary stability and the convertibility of the peso.

"The *Bangko Sentral* shall promote financial stability and closely work with the National Government, including, but not limited to, the Department of Finance, Securities and Exchange Commission, the Insurance Commission, and the Philippine Deposit Insurance Corporation.

"The *Bangko Sentral* shall oversee the payment and settlement systems in the Philippines, including critical financial market infrastructures, in order to promote sound and prudent practices consistent with the maintenance of financial stability.

"In the attainment of its objectives, the *Bangko Sentral* shall promote broad and convenient access to high quality financial services and consider the interest of the general public."

SEC. 3. Section 11 of the same Act is hereby amended to read as follows:

"SEC. 11. *Meetings*. - The Monetary Board shall meet at least once a week. The Board may be called to a meeting by the Governor of the *Bangko Sentral* or by two (2) other members of the Board.

"The presence of four (4) members shall constitute a quorum: *Provided*, That in all cases the Governor or his duly designated alternate shall be among the four (4) members.

"Unless otherwise provided in this Act, all decisions of the Monetary Board shall require the concurrence of at least four (4) members.

"The *Bangko Sentral* shall maintain and preserve a complete record of the proceedings and deliberations of the Monetary Board, including the tapes and transcripts of the stenographic notes, either in their original form or in microfilm.

"The meetings of the Monetary Board may be conducted through modern technologies such as, but not limited to, teleconferencing and videoconferencing."

SEC. 4. Section 15(e) of the same Act is hereby amended to read as follows:

"SEC. 15. *Exercise of Authority*. - In the exercise of its authority, the Monetary Board shall:

"x x x

"(e) indemnify its members and other officials of the *Bangko Sentral*, including personnel of the departments performing supervision and examination functions against all costs and expenses reasonably incurred by such persons in connection with any civil or criminal action, suit or proceedings to which he may be, or is, made a party by reason of the performance of his functions or duties, unless he is finally adjudged in such action or proceeding to be liable for willful violation of this Act, performed in evident bad faith or with gross negligence.

"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 *Bangko Sentral* is advised by external counsel that the person to be indemnified did not commit willful violation of this Act, performed in evident bad faith or with gross negligence.

"The costs and expenses incurred in defending the aforementioned action, suit or proceeding may be paid by the *Bangko Sentral* in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the member, officer, or employee to repay the amount advanced should it ultimately be determined by the Monetary Board that he is not entitled to be indemnified as provided in this subsection."

SEC. 5. Section 16 of the same Act is hereby amended to read as follows:

"SEC. 16. *Responsibility.* — The general rule and the exception therefrom on the liability of public officers as provided in Sections 38 and 39 of Chapter 9, Book 1 of the Revised Administrative Code of 1987 shall apply to the members of the Monetary Board and other personnel of the *Bangko Sentral*.

"Similar responsibility shall apply to members of the Monetary Board, and other personnel of the *Bangko Sentral* for: (1) the disclosure of any information of a confidential nature, or any information on the discussions or resolutions of the

Monetary Board, or about the confidential operations of the *Bangko Sentral*, unless the disclosure is in connection with the performance of official functions with the *Bangko Sentral*, or is with prior authorization of the Monetary Board or the Governor; or (2) the use of such information for personal gain or to the detriment of the Government, the *Bangko Sentral* or third parties: *Provided, however*, That any data or information required to be submitted to the President and/or the Congress, or to be published under the provisions of this Act shall not be considered confidential.

"Unless the actions or omissions of the *Bangko Sentral*, members of the Monetary Board and its other personnel are finally adjudged to be in willful violation of this Act, performed in evident bad faith or with gross negligence, they are held free and harmless to the fullest extent permitted by law from any liability, and they shall be indemnified for any and all liabilities, losses, claims, demands, damages, deficiencies, costs and expenses of whatsoever kind and nature that may arise in connection with the exercise of their powers and performance of their duties and functions."

SEC. 6. Section 21 of the same Act is hereby amended to read as follows:

"SEC. 21. *Deputy Governors.* - The Governor of the *Bangko Sentral*, with the approval of the Monetary Board, shall appoint not more than five (5) Deputy Governors who shall perform duties as may be assigned to them by the Governor and the Board.

"In the absence of the Governor, a Deputy Governor designated by the Governor shall act as chief executive of the *Bangko Sentral* 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, a Deputy Governor as may be designated by the Governor shall be vested with authority to participate and exercise the right to vote in such meetings."

SEC. 7. Section 23 of the same Act is hereby amended to read as follows:

"SEC. 23. *Authority to Obtain Data and Information.* — The *Bangko Sentral* shall have the authority to require from any person or entity, including government offices and instrumentalities, or government-owned or -controlled corporations, any data, for statistical and policy development purposes in relation to the proper discharge of its functions and responsibilities: *Provided*, That disaggregated data gathered are subject to prevailing confidentiality laws. The *Bangko Sentral* through lie Governor or in bis absence, a duly authorized representative shall have the power to issue a *subpoena* for the production of the books and records for the aforesaid purpose. Those who refuse the *subpoena* without justifiable cause, or who refuse to supply the *Bangko Sentral* with data required, shall be subject to punishment for contempt in accordance with the provisions of the Rules of Court.

"The authority of the *Bangko Sentral* to require data from banks shall continue to be exercised pursuant to its supervisory powers set forth in this Act and other applicable laws.

"Data on individuals and firms, other than banks, gathered by the *Bangko Sentral* shall not be made available to any person or entity outside of the *Bangko Sentral* whether public or private except under order of the court or under such conditions as may be prescribed by the Monetary Board: *Provided, however,* That the collective data on firms may be released to interested persons or entities: *Provided, finally,* That in the case of data on banks, the provisions of Section 27 of this Act shall apply."

SEC. 8. Section 25 of the same Act is hereby amended to read as follows:

"SEC. 25. *Supervision and Examination.* — The *Bangka Sentral* shall have supervision over, and conduct regular or special examinations of banking institutions and quasi-banks, including their subsidiaries and affiliates engaged in allied activities.

"For purposes of this section, a subsidiary means a corporation more than fifty percent (50%) of the voting stock of which is directly or indirectly owned, controlled or held with power to vote by a bank or quasi-bank and an affiliate means a corporation the voting stock of which, to the extent of fifty percent (50%) or less, is owned by a bank or quasi-bank or which is related or linked directly or indirectly to such institution or intermediary through common stockholders or such other factors as may be determined by the Monetary Board.

"The *Bangko Sentral* shall have regulatory authority over, and conduct regular or special examinations of, entities which under this Act or by special laws are subject to its jurisdiction.

"The *Bangko Sentral* shall establish a mechanism for issues arising from bank examinations. It shall be independent and reports directly to the Monetary Board, without prejudice to the authority of the *Bangko Sentral* and its Monetary Board to take enforcement and supervisory actions against supervised entities.

"The department heads and the examiners of the supervising and/or examining departments are hereby authorized to administer oaths to any director, officer, or employee of any institution under their respective supervision or subject to their examination, and to compel the presentation of all books, documents, papers or records necessary in their judgment to ascertain the facts relative to the true condition of any institution as well as the books and records of persons and entities relative to or in connection with the operations, activities or transactions of the institution under examination, subject to the provision of existing laws protecting or safeguarding the secrecy or confidentiality of bank deposits as well as investments of private persons, natural or juridical, in debt instruments issued by the Government.

"No restraining order or injunction shall be issued by the court enjoining the *Bangko Sentral* from examining any institution subject to supervision or examination by the *Bangko Sentral*, unless there is convincing proof that the action of the *Bangko Sentral* is plainly arbitrary and made in bad faith and the petitioner or plaintiff files with the clerk or judge of the court in which the action is pending a bond executed in favor of the *Bangko Sentral*, in an amount to be fixed by the court. The provisions of Rule 58 of the New Rules of Court insofar as they are applicable and not inconsistent with the provisions of this section shall govern the issuance and dissolution of the restraining order or injunction contemplated in this section."

SEC. 9. A new section entitled Section 25-A is hereby included in the same Act to read as follows:

"SEC. 25-A. *Authority to Approve Transfer of Shares.* - Transfers or acquisitions, or a series thereof, of at least ten percent (10%) of the voting shares in banks or quasi-banks shall require the prior approval of the *Bangko Sentral*. The selling or conveying stockholder shall submit such transfer or acquisition for approval by the *Bangko Sentral* within such period as may be prescribed by the Monetary Board. In approving such transfers or acquisitions, regard shall be given by the *Bangko Sentral* to the fitness of the incoming stockholders as may be indicated in their integrity, reputation and financial capacity. Without *Bangko Sentral* approval, no such transfer or acquisition shall have legal effect nor shall the same be recognized in the books of the institution or by any government agency, and the transfer or stockholders shall remain accountable and responsible therefor. Transfer of actual control or management of the institution to the new stockholders or their representatives prior to *Bangko Sentral* approval shall make the transferor, the transferee and any person responsible therefor liable under Sections 36 and 37 of this Act. Notwithstanding any provision of law to the contrary, the *Bangko Sentral* may share with the Philippine Deposit Insurance Corporation any information that the *Bangko Sentral* may obtain pertaining to transfer or acquisition of shares or series of transfers or acquisition of shares in banks and quasi-banks."

SEC. 10. Section 27(d) of the same Act is hereby amended to read as follows:

"SEC. 27. *Prohibitions.* - In addition to the prohibitions found in Republic Act Nos. 3019 and 6713, personnel of the *Bangko Sentral* are hereby prohibited from:

"x x x

"(d) borrowing from any institution subject to supervision or examination by the *Bangko Sentral* unless said borrowing is transacted on an arm's length basis, fully disclosed to the Monetary Board, and shall be subject to such rules and regulations as the Monetary Board may prescribe."

SEC. 11. Section 28 of the same Act is hereby amended to read as follows:

"SEC. 28. *Examination and Fees.* - The supervising and examining department head, personally or by deputy, shall examine the operations of every bank and quasi-bank, including their subsidiaries and affiliates engaged in allied activities, and other entities which under this Act or special laws are subject to *Bangko Sentral* supervision, in accordance with the guidelines set by the Monetary Board taking into consideration sound and prudent practices: *Provided*, That there shall be an interval of at least twelve (12) months between regular examinations: *Provided, further*, That the Monetary Board, by an affirmative vote of at least five (5) members, may authorize a special examination if the circumstances warrant.

"The institution concerned shall afford to the head of the appropriate supervising and examining departments and to his authorized deputies full opportunity to examine its books and records, cash and assets and general condition and review its systems and procedures at any time during business hours when requested to do so by the *Bangko Sentral*: *Provided, however*, That none of the reports and other papers relative to such examinations shall be open to inspection by the public except insofar as such publicity is incidental to the proceedings hereinafter authorized or is necessary for the prosecution of violations in connection with the business of such institutions.

"Supervised institutions shall pay to the *Bangko Sentral*, no later than May 31 of each year, an annual supervision fee as may be prescribed by the Monetary Board. In determining the amount