

[REPUBLIC ACT NO. 3778, June 22, 1963]

**AN ACT TO AMEND SECTION THREE OF REPUBLIC ACT
NUMBERED SEVEN HUNDRED TWENTY, OTHERWISE KNOWN AS
THE RURAL BANK'S ACT.**

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

SECTION 1. Section three of Republic Act Numbered Seven hundred twenty,
otherwise known as the Rural Bank's Act, is hereby amended to read as follows:

"SEC. 3. In furtherance of this policy, the Monetary Board of the Central Bank of the Philippines shall formulate the necessary rules and regulations governing the establishment and operation of rural banks for the purpose of providing adequate credit facilities to small farmers and merchants, or to cooperatives of such farmers or merchants, and to supervise the operation of such banks: *Provided, however,* That only one rural bank shall be established in a single municipality or city: *Provided, further,* That where the Monetary Board finds that the existing rural bank is unable to meet the credit needs of the locality, said bank shall be allowed a period of six months, extendable for not more than six months, at the discretion of the Monetary Board, within which to increase its capitalization, after which and upon failure to comply with the said requirements, the Monetary Board shall allow the establishment of another rural bank in the same locality."

SEC. 2. This Act shall take effect upon its approval.

Approved, June 22, 1963.



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