

**[ REPUBLIC ACT NO. 3756, June 22, 1963 ]**

**AN ACT CHEATING THE NATIONAL COTTAGE INDUSTRIES BANK,  
DEFINING ITS POWERS, FUNCTIONS, AND OBJECTIVES.**

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

SECTION 1. *Name, domicile and place of business.*—There is hereby created a bank to be known as the National Cottage Industries Bank. Its principal domicile and place of business shall be in the City of Manila.

SEC 2. *Corporate Powers.*—The said Bank shall be a body corporate and shall have power:

- (a) To prescribe its by-laws;
- (b) To adopt and use a seal;
- (c) To make contracts;
- (d) To sue and be sued;
- (e) To grant short and long-term loans against security of real estate, or a pledge on cottage industries products, or cottage industries machinery and/or equipment ;
- (f) To issue bonds and other certificates of indebtedness against its credit secured by real estate but not in excess of ninety per cent (90%) thereof. Said bonds shall be exempt from any and all taxes levied or assessed by the government or any of its subdivisions. The Board of Directors shall determine the interest rates, maturities and other requirements of the said obligations;
- (g) To issue debentures with the approval of and under conditions and guarantees to be prescribed by the Central Bank; and
- (b) To exercise further, the general powers mentioned in the Corporation Law and the General Banking Law insofar as they are not inconsistent with the provision of this Act.

SEC. 3. *Capitalization—Authorized Capital Stock, Par Value.*—The Bank shall have an authorized capital stock of thirty million pesos divided into three hundred thousand par value shares of one hundred pesos each. The shares shall be divided into two groups marked Series "A" and Series "B":

- (a) Series "A" shall comprise twenty million pesos equivalent to two hundred thousand par value shares to be subscribed for by the Government of the Republic of the Philippines; and

(b) Series "B" shall comprise ten million pesos equivalent to one hundred thousand par value shares to be subscribed for by the cottage industries producers and/or manufacturers, and producers and marketing cooperatives engaged in cottage industries.

SEC. 4. *Board of Directors, Composition, and Organization.*—The affairs and business of the Bank shall be directed and its property managed and preserved, unless otherwise provided in this Act, by a Board of Directors which shall be composed of a chairman, vice-chairman, and five members. The Secretary of Commerce and Industry shall be the chairman of the Board of Directors, and the Administrator of the National Cottage Industries Development Authority shall be the vice-chairman. The President of the Republic of the Philippines shall appoint two members of the Board and the other three shall be elected by the stockholders in a general election called for purpose: *Provided, however,* That the first Board of Directors shall be all appointed by the President of the Republic of the Philippines for the first year of operation of the Bank. The two appointive members of the Board shall hold a term of office for two (2) years depending upon the discretion of the President of the Republic of the Philippines. The members of the Board shall be paid a *per diem* of twenty-five pesos per session actually attended but not exceeding two hundred fifty pesos a month.

SEC. 5. *Fiscal Year.*—The fiscal year of the Bank shall commence on July first and end on June thirtieth of the succeeding year.

SEC. 6. *Election of the three members of the Board of Directors.*—The annual meeting of stockholders shall be held on the first Saturday of March of each year for the purpose, among other things, of electing three elective members of the Board of Directors, and of transacting such other business as may be contained in the agenda. In this election, the shares held by the government shall not be entitled to vote.

SEC. 7. *Officers.*—The Bank shall have the following officers; a president, a vice-president, a secretary, a treasurer, an auditor and a legal counsel who shall be chosen by the Board of Directors. Their compensation and tenure of office shall be fixed also by the Board.

SEC. 8. *Duties of Directors and Officers.*—The duties and responsibilities of directors and officers shall be as prescribed in the regulations and by-laws of the Bank.

SEC. 9. *Powers of the Board of Directors.*—(a) To formulate policies necessary to carry out effectively the provisions of this Act, and adopt such by-laws, rules, and regulations for the effective operation of the Bank, in conformity with this Act and existing laws; and

(b) To establish branches or agencies in such points within the Philippines, subject to the approval of the Central Bank.

SEC. 10. *Other officers and employees.*—Other officers and employees of the Bank shall be appointed by the President of the Bank and confirmed by the Board. No officer or employee of the Bank shall be removed except for just cause and upon confirmation by the Board.