

[Act No. 3330, December 07, 1926]

AN ACT TO AMEND ACT NUMBERED SEVENTEEN HUNDRED AND NINETY, ENTITLED "AN ACT TO CONFIRM CERTAIN RIGHTS AND FRANCHISES OF THE 'BANCO ESPANOL-FILIPINO' AND TO AMEND ITS STATUTES," AS AMENDED BY ACT NUMBERED TWENTY-ONE HUNDRED AND THIRTY-TWO, IN ORDER TO EXTEND THE TERM OF THE FRANCHISE OF SAID "BANCO ESPANOL-FILIPINO," NOW KNOWN AS "BANK OF THE PHILIPPINE ISLANDS," SUBJECT TO CERTAIN CONDITIONS AND LIMITATIONS.

Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same:

SECTION 1. Articles II, V, XXIV, XXVI, XXVIII, XXIX, and XXXI of Act Numbered Seventeen hundred and ninety, as amended by Act Numbered Twenty-one hundred and thirty-two, are hereby amended to read as follows:

"ARTICLE II

"That the *Banco Espanol-Filipino*, now known as Bank of the Philippine Islands, shall be a body corporate with power to adopt a corporate seal and shall have succession for the period herein provided; that its corporate existence shall be extended for forty years from January first, nineteen hundred and three, it being understood, however, that the Government is not obliged to grant any further extension. The Bank may make contracts, sue and be sued, complain and defend, in any court of law or equity, as fully as a natural person."

"ARTICLE V

"The bank is authorized to engage in the following classes of transactions:

"1. Discounting bills of exchange whose maturity does not exceed six months, and commercial promissory notes whose maturity does not exceed one year.

"2. Making collection of drafts and other current negotiable paper, and advancing money thereon.

"3. Receiving deposits and opening current accounts'in currency or upon the deposit of public, provincial, municipal, industrial, agricultural, or railway securities issued by legally constituted corporations.

"4. Receiving and caring for money deposited in trust, arising from legacies, voluntary and other trusts, and judicial decrees, or in any other manner.

"5. Receiving in the same manner as under paragraph four, gold and silver bars, jewelry with or without precious stones, and stocks and

bonds and other securities issued by corporations.

"6. Negotiating or drawing bills of exchange, whether domestic or foreign.

"7. Dealing in gold and silver.

"8. Making loans upon the security of deposit with the bank, as collateral of precious metals, articles of commerce, products of the country, negotiable securities, and industrial and commercial bills which are easily and safely realized upon at any time: *Provided*, That all such loans shall be made under regulations established by the board of directors. Such collateral securities shall be accepted only at a rate not exceeding three-fourths of their market or appraised value, except that when the person or legal entity to which a loan is to be made is, in the judgment of the board of directors, sufficiently solvent, apart from the collateral furnished, loans may be made to the amount of ninety per centum of the market value of said collateral security: *Provided*, That said security is easily convertible into cash and the person to whom the advance is made is a client of the bank; but said person shall, upon the demand of the bank, pay in cash or deposit first-class securities to cover any depreciation in the market value of the securities furnished.

"9. Making loans on bills of lading, when invoices and insurance policies satisfactory to the bank are attached thereto: *Provided*, That the amount of such loans shall not exceed three-fourths of the current market value of the articles covered by such bills of lading.

"10. Granting current credit accounts in favor of clients who have been approved by the board of directors, such accounts paying to the bank a commission upon the sums Upon which they are entitled to draw, in addition to the interest upon amounts actually used.

"11. Buying and selling or otherwise negotiating securities, and borrowing money upon securities owned by the bank.

"12. Making loans upon real estate but the amount invested at any one time in such loans, or in any loans upon real estate security, shall not exceed twenty per centum of the paid-up capital of the bank, and if such investments are now in excess of that sum, they shall be reduced as rapidly as the interests of the bank are deemed to justify under the direction of the Treasurer of the Philippine Islands.

"13. Making loans upon vessels which are insured and free from encumbrance, provided such loans do not exceed half the value of the ship nor run for more than one year. Such loans shall not exceed ten per centum of the paid-up capital of the bank.

"14. Making loans to individuals, firms and corporations established in the Philippine Islands and which, in the opinion of the board of directors, are of undoubted solvency, provided such loans shall not exceed ninety days in duration.

"No loans shall be made by the bank directly or indirectly to any director or officer thereof except by a vote of a majority of the directors of the bank, and any officer or director of the bank authorizing, receiving or making any such loan without the authority prescribed shall be punished by imprisonment for not less than five years and not more than ten years, and by a fine of not less than two thousand pesos and not more than twenty thousand pesos.

"15. Undertaking on commission the purchase and sale of securities, and such other banking operations, under regulations established by the board of directors, as may be within the incidental powers of a bank but no powers shall be exercised which are not expressly granted by this Act, if such exercise is prohibited by the Governor-General of the Philippine Islands.

"16. Preparing, issuing, and circulating bank notes under the provisions of this Act.

"17. Engaging in the safe-deposit business.

"18. Acting as trustee on any mortgage or bond issued by any municipality, body politic, or corporation, and accepting and executing any other municipal or corporate trust not inconsistent with law.

"19. Acting under the order or appointment of any court of record as guardian, receiver, trustee, or depository of the estate of any minor, insane person, idiot, habitual drunkard, or other incompetent or irresponsible person, and as receiver and depository of any moneys paid into court by parties to any legal proceedings and of property of any kind which may be brought under the jurisdiction of the court by proper legal proceedings.

"20. Acting as the executor of any last will or testament when it is named in the last will and testament as the executor thereof.

"21. Acting under appointment of a court of competent jurisdiction as administrator of the estate of any deceased person, with the will annexed, or as administrator of the estate of any deceased person when there is no will and when in either case there is no person qualified, competent, willing, able, and entitled to accept such administration.

"22. Acting as agent for the purpose of issuing or countersigning the bonds or obligations of any corporation, association, municipality or other public authority, and receiving and managing any sinking fund on such terms as may be agreed upon.

"23. Accepting and executing any legal trust confided to it by any court of record or by any person or corporation for the holding, management, and administration of any estate, real or personal, and the rent, issues, and profits thereof.