

[Act No. 2132, February 01, 1912]

AN ACT AMENDING ACT NUMBERED SEVENTEEN HUNDRED AND NINETY OF THE PHILIPPINE COMMISSION, ENACTED OCTOBER TWELFTH, NINETEEN HUNDRED AND SEVEN, ENTITLED "AN ACT TO CONFIRM CERTAIN RIGHTS AND FRANCHISES OF THE BANCO ESPAÑOL-FILIPINO AND TO AMEND ITS STATUTES," FOR THE PURPOSE OF EXTENDING THE CORPORATE POWERS OF THE SAID BANCO ESPAÑOL-FILIPINO. AND FOR OTHER PURPOSES.

By authority of the United States, be it enacted by the Philippine Legislature, that:

SECTION .1. The following articles of the articles of incorporation of the Banco Español-Filipino, now known as the Bank of the Philippine Islands, embodied in Act Numbered Seventeen hundred and ninety, are hereby amended so as to read as follows:

"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 hills 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 loan 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 bond 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 rents, issues, and profits thereof.

"No bond or other security shall be required from the bank for the faithful performance of its duties as trustee, executor, administrator, guardian, receiver, or depositor, and the capital of the bank shall be security for the faithful performance of all the trust duties of the same: *Provided, however,* That claims on the bank as executor of the will of any deceased person, or as administrator with or without the will annexed of any deceased person or as guardian, receiver, trustee, or depository under and by virtue of an order or appointment of any court shall have priority over all other claims except as provided in Article XXV of this Act.

"The authority conferred upon the bank under paragraphs eighteen, nineteen, twenty, twenty-one, twenty-two, and twenty-three of this article shall be subject to amendment, alteration, or repeal by the Philippine Legislature; and the bank shall keep separate books and accounts for the transactions had and money received under said paragraphs; and the money so received shall be kept separate and distinct from the capital of the bank and shall not be counted as a part of the legal reserve which the bank is required to have under Article XXXI."

"Article VII.

"All notes and bills of exchange discounted by the bank must bear at least two signatures of known solvency, and must comply in other respects with the provisions of the existing laws except that such transactions may, with the approval of the president of the bank, be for a longer period than ninety days, and one signature may be dispensed with when loans are made on negotiable securities, as provided by paragraph eight of Article V.

"Warrants or drafts drawn by the Treasurer of the Philippine Islands or of the United States may be accepted without the signatures and conditions required in the case of private parties."

"Article XV.

"The bank may order the sale of collateral security in its custody,