[BATAS PAMBANSA BLG. 63, April 01, 1980]

AN ACT AMENDING FURTHER REPUBLIC ACT NUMBERED FORTY HUNDRED AND NINETY-THREE, AS AMENDED, OTHERWISE KNOWN AS THE "PRIVATE DEVELOPMENT BANKS' ACT".

Be it enacted by the Batasang Pambansa in session assembled:

SECTION 1. Section 3 of Republic Act Numbered Forty hundred and ninety-three, as amended, is hereby further amended to read as follows:

"SEC. 3. A private development bank shall exercise all the powers and shall assume all the obligations of a savings and mortgage bank as provided in the General Banking Act, except as otherwise provided herein: *Provided*, That no private development bank shall be operated without a certificate of authority from the Monetary Board of the Central Bank which shall be issued upon compliance with the provisions of this law.

"Nothing in this section shall be construed as precluding a private development bank from engaging, with prior approval of the Monetary Board, in commercial banking services or from operating under an expanded commercial banking authority, as provided under Section 21-B of Republic Act No. 337, as amended, nor from exercising, whenever applicable and not inconsistent with the provisions of this Act and Central Bank regulations, such other powers incident to a corporation."

SEC. 2. Section 4 of the same Act, as amended, is hereby further amended to read as follows:

"SEC. 4. A private development bank shall be organized in the form of a stock corporation and its paid-up capital shall not be less than four million pesos for Class A, two million pesos for Class B, and one million pesos for Class C: *Provided*, That at least seventy percent of the voting stock subscribed by the private sector shall be owned and held by citizens of the Philippines, except where a new bank is established as a result of the consolidation of existing private development banks in any of which there are foreign-owned voting stocks at the time of consolidation: *Provided, however*, That the Monetary Board may, with the approval of the President of the Philippines, reduce the required minimum percentage of Philippine ownership prescribed herein from seventy percent (70%) to sixty percent (60%) : *Provided, further*, That if said subscription of private shareholders to the initial capitalization of a private development bank cannot be secured or is not available, the Development Bank of the Philippines on representation of the said private shareholders and with the approval of its Board of Governors shall, within thirty days from date of approval by the Board of Governors, and after compliance by the private stockholders with the conditions of said approval, subscribe to the capital stock of such development bank, which shall be paid in full at the time of subscription out of the trust fund

provided in Section three, paragraph three, of Republic Act Numbered Twenty hundred and eighty-one, in an amount equal to the difference between the required paid-up capital and the. fully paid subscribed capital of the private stockholders but not exceeding the latter: *Provided, furthermore*, That the Board of Governors shall act on the representation made by the private shareholders within thirty days from the date it is filed: Provided, still further, That such shares of stock subscribed by the bank shall be preferred shares entitled to cumulative dividends at the yearly rate of one percent during the first five years, two percent during the following five years, and three percent thereafter, shall be preferred as against common and other preferred stockholders in the distribution of assets in the event of liquidation, and shall be entitled to voting privileges: *Provided, still further*, That such preferred shares of the bank may at any time be paid off at not less than par and retired in whole or in part if, in the opinion of the Monetary Board, the bank has accumulated enough capital strength to permit retirement of such shares, or sold at not less than par to private individuals who are citizens of the Philippines, and in the sale thereof, the qualified registered stockholders shall have the right of pre-emption within one year from the date of offer in proportion to their respective holdings, but in the absence of such buyers, preference shall be given to residents of the province or city where the development bank is located: *Provided, finally*, That such preferred shares may be converted to common shares when sold to private individuals. All members of the board of directors of the private development bank shall be citizens of the Philippines: *Provided, however*, That no appointive or elective public official, whether full-time or part-time, shall at the same time serve as officer of any private development bank, except in cases where such service is incident to financial assistance provided by the government or a government-owned or controlled corporation to the bank: *Provided, further*, That in the case of merger or consolidation of private development banks duly approved by the Monetary Board, the limitation on the maximum number of corporate directors in a corporation, as provided for in Section 14 of the Corporation Code of the Philippines, shall not be applied so that membership in the new board may include up to the total number of, directors provided for in the respective articles of incorporation of the merging or consolidating private development banks."

SEC. 3. Section 5 of the same Act is hereby further amended to read as follows:

"SEC. 5. At least seventy-five *per centum* of the aggregate par value of the preferred shares of the private development bank held by the Development Bank of the Philippines shall be invested in medium and long-term loans for economic development purposes: *Provided, however*, That the restrictions prescribed herein shall no longer apply if all the preferred shares held by the Development Bank of the Philippines have been retired or have been transferred to private shareholders."

SEC. 4. Sections 5-A and 7 of the same Act are hereby repealed.

SEC. 5. Section 7-A of the same Act is hereby renumbered as Section 7 and amended to read as follows: