

FURTHER AMENDING THE CHARTER OF THE PHILIPPINE DEPOSIT INSURANCE CORPORATION

EXECUTIVE ORDER NO. 890, April 08, 1983

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WHEREAS, developments in the Philippines financial system make it necessary to institute organizational and procedural reforms in the present system for the administration of the insurance of bank deposits;

WHEREAS, to achieve this, there is need to effect adaptive changes in the organization of the Philippine Deposit Insurance Corporation, which shall include a reconstitution of its governing board and top management structure; and

WHEREAS, under Presidential Decree No. 1416 as amended, the President is empowered to undertake such organizational and related improvements as may be appropriate in the light of changing circumstances and new developments;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution and the authority vested in me by Presidential Decree No. 1416 as amended, do hereby order and ordain:

SECTION 1. Section 2 of Republic Act No. 3591, as amended, is hereby further amended to read as follows:

“SEC. 2. The powers and functions of the Corporation shall be vested in and exercised by a Board of Directors which shall be composed of three (3) members as follows:

(a) The Governor of the Central Bank of the Philippines, who shall be the Chairman of the Board. Whenever the Governor of the Central Bank is unable to attend a meeting of the Board, a Deputy Governor of the Central Bank as may be designated by the Governor shall act as a member of the Board.

(b) The President of the Corporation, who shall be ex-officio a member of the Board. Whenever the Chairman of the Board is unable to attend a meeting of the Board, or in the event of a vacancy in the office of the Governor of the Central Bank, the President of the Corporation shall act as Chairman. In the absence of the President or in the event of his incapacity, the Vice-President of the Corporation shall attend the meeting of the Board.

(c) The Deputy Minister of Finance as may be designated by the Minister of Finance from among his deputies.

The presence of two members shall constitute a quorum, and all decisions shall require the concurrence of at least two members.

The members of the Board of Directors, except the President, or their respective alternates whenever allowed, shall receive a per diem for every board meeting attended, the amount of per diem shall be set by the President of the Philippines but may not exceed P500.00 per meeting nor the sum of P2,000.00 for every single month.

The Board of Directors shall have the authority:

(1) To prepare and issue rules and regulations as it considers necessary for the effective discharge of its

responsibilities;

(2) To direct the management, operations and administration of the Corporation;

(3) To appoint, establish the rank, fix the remuneration and remove any officer or employee of the Corporation for cause, subject to the Civil Service and pertinent compensation laws; and

(4) To authorize such expenditures by the Corporation as are in the interest of the effective administration and operation of the Corporation.”

SECTION 2. The same Act is hereby amended by adding a new section after Section 2 thereof, to read as follows:

“SECTION 2-A. There is hereby created the position of President of the Corporation, shall be the chief executive thereof and who, upon the effectivity of this Act, shall be appointed for a term of six years by the President of the Philippines: Provided, That for this position, the President may designate any qualified person who is already in government service, including any senior official of the Central Bank, who may serve on a full-time detail basis.

No person shall be appointed as President of the Corporation unless he be of good moral character and of unquestionable integrity and responsibility, and who is of recognized competence in economics, banking and finance, law, management administration or insurance: Provided, That the President shall at least be 40 years old.

The salary of the President of the Corporation shall be fixed by the President of the Philippines at a sum commensurate to the importance and responsibility attached to the position. The sum total of the salary of the President and the allowances and other emoluments which the Board of Directors may grant him shall be the ceiling for fixing the salary, allowances and other emoluments of all other personnel in the Corporation.

The powers and duties of the President of the Corporation are:

(a) To prepare the agenda for the meeting of the Board and to submit for the consideration of the Board the policies and measures which he believes to be necessary to carry out the purposes and provisions of this executive order and Republic Act No. 3591, as amended;

(b) To execute and administer the policies and measures approved by the Board;

(c) To direct and supervise the operations and internal administration of the Corporation in accordance with the policies established by the Board. The President may delegate certain of his administrative responsibilities to other officers of the Corporation, subject to the rules and regulations of the Board;

(d) To represent the Corporation, upon prior authority of the Board, in all dealings with other offices, agencies and instrumentalities of the government and with all other persons or entities, public or private, whether domestic, foreign or international;

(e) To authorize, with his signature, upon prior authority of the Board, contracts entered into by the Corporation, notes and securities issued by the Corporation, and the annual reports, balance sheets, profits and loss statements, correspondence and other documents of the Corporation. The signature of the President may be in facsimile wherever appropriate;

(f) To represent the Corporation, either personally or through counsel, in all legal proceedings or action;

(g) To delegate, with the prior approval of the Board of Directors, his power to represent the Corporation, as provided in subsections (d) and (f) of this section, to other officers of the Corporation; and

(h) To exercise such other powers as may be vested in him by the Board.

The President shall be assisted by a Vice President and other officials whose appointment and removal for cause shall be approved and whose salary shall be fixed by the Board of Directors upon recommendation of the President of the Corporation. During the absence or temporary incapacity of the President, the Vice President shall act as President and discharge the duties and responsibilities thereof.

SECTION 3. Section 7 of the same Act is hereby amended to read as follows:

“SECTION 7. Whenever the Board of Directors shall find that an insured bank or its directors or trustees have continued unsafe or unsound practices in conducting the business of the bank or which have knowingly or negligently permitted any of its officers or agents to violate any provisions of any law or regulation to which the insured bank is subject, the Board of Directors shall give to the Central Bank of the Philippines a statement with respect to such practices or violations for the purpose of securing the correction thereof and shall give a copy thereof to the bank.”

SECTION 4. Section 9 (b) and (d) of the same Act are hereby amended to read as follows:

“(b) The Board of Directors shall appoint examiners who shall have power, on behalf of the Corporation to examine any insured bank. Each such examiner shall have the power to make a thorough examination of all the affairs of the bank and in doing so he shall have power to administer oaths and to examine and take and preserve the testimony of any of the officers and agents thereof, and shall make a full and detailed report of the condition of the bank to the Corporation. The Board of Directors in like manner shall appoint claim agents who shall have power to investigate and examine all claims for insured deposits and transferred deposits. Each claim agent shall have the power to administer oaths and to examine under oath and take preserve the testimony of any person relating to such claims.”

“(d) The Corporation shall have access to reports of examination made by, and reports of condition made to the Central Bank of the Philippines or its appropriate supervising departments and the Central Bank of the Philippines shall also have access to reports of examination made on behalf of, and reports of condition made to the Corporation.”

SECTION 5. Section 16 of the same Act is hereby amended to read as follows:

“SECTION 16. (a) Every insured bank shall display at each place of business maintained by it a sign or signs, and shall include a statement to the effect that its deposits are insured by the Corporation in all of its advertisements: Provided, That the Board of Directors may exempt from this requirements advertisements which do not relate to deposits or when it is impractical to include such statement therein. The Board of Directors shall prescribe by regulation the forms of such signs and the manner of use. For each day an insured bank continues to violate any lawful provisions of this subsection or any lawful provisions of said regulations, it shall be subject to a penalty of not more than P100, which the Corporation may recover for its use: Provided, however, That the penalty of imprisonment for not more than one (1) year or a fine of not exceeding two thousand pesos (P2,000.00) or both, in the discretion of the court shall be imposed upon the directors and officers of any bank, corporation, partnership or any other company performing banking functions in the Philippines not insured under the provisions of this Act which shall in any manner, advertise or hold itself out as having insured status for the purpose of making it appear that its deposits are insured with the Corporation.

(b) No insured bank shall pay any dividends on its capital stock or interest on its capital notes or debentures (if such interest is required to be paid only out of net profits) or distribute any of its capital assets while it remains in default in the payment of any assessment due to the Corporation; and any director or officer or any insured bank who participates in the declaration or payment of any such dividend or interest or in any such distribution shall

upon conviction, be fined not more than P1,000 or imprisoned not more than one year, or both: Provided, That if such default is due to a dispute between the insured bank and the Corporation over the amount of such assessment, this subsection shall not apply if such bank shall deposit security satisfactory to the Corporation for payment upon final determination of the issue.

(c) Without prior written consent by the Corporation, no insured bank shall (1) merge or consolidate with any bank or institution or (2) assume liability to pay any deposits made in, or similar liabilities of, any bank or institution or (3) transfer assets to any bank or institution in consideration of the assumption of liabilities for any portion of the deposits made in such insured bank.

(d) The Corporation may require an insured bank to provide protection and indemnity against burglary, defalcation, and other similar insurable losses. Whenever any insured bank refuses to comply with any such requirement the Corporation may contract for such protection and indemnity and add the cost thereof to the assessment otherwise payable by such bank.

(e) Any insured bank which wilfully fails or refuses to file any certified statement or pay any assessment required under this Act shall be liable for interest on any unpaid assessment computed from the date such assessment became due and payable and on the legal rate of interest as may be prescribed by the appropriate authority (Monetary Board of the Central Bank of the Philippines) and shall be subject to a penalty of not more than P100 for each day such violations continue, which interest and penalty the Corporation may recover for its use: Provided, That this subsection shall not be applicable under the circumstances stated in the provisions of subsection (b) of this section.”

SECTION 6. The Corporation shall be reorganized within six (6) months from the date this Act takes effect. The present personnel complement of the Corporation shall in the interim continue to discharge their respective functions: Provided, That thereafter all positions shall be deemed vacant and all those not reappointed deemed laid off: Provided, further, That nothing herein shall be construed as an extension of the term of office of those who are appointed for a definite period. Officials and employees who are laid off as a result of the reorganization shall be entitled to all benefits and gratuities provided for under existing laws.

SECTION 7. All laws, decrees, executive orders, administrative orders, proclamations, rules and regulations or parts thereof that are in conflict with this executive order are hereby repealed or modified accordingly.

SECTION 8. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 8th day of April, in the year of Our Lord, Nineteen Hundred and Eighty-Three.

(SGD.) FERDINAND E. MARCOS

President of the Philippines

By the President:

(SGD.) JUAN C. TUVERA

Presidential Executive Assistant

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