POSTING OF PDIC BULLETIN NO. 2004-04

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Pursuant to Sections 4 (g) and 21 (g) of R.A 3591, otherwise known as the Charter of PDIC, as amended by R.A. 9302, which took effect on August 12, 2004, the Board of Directors of PDIC by virtue of Resolution No. 2004-08-071 dated August 11, 2004, approved the promulgation of the following:

> SECTION I. Duty of Member Banks - Within thirty (30) days from effectivity of this Regulatory Issuance (RI), member banks shall post in a conspicuous place within the bank premises PDIC Bulletin No. 2004-04 on the Treatment of Joint Deposit Accounts for Purposes of Deposit Insurance and the Determination of Insured Deposits in Cases Where Depositors have Obligations with the Closed Bank.
>
> SECTION II. Penalties/Sanctions - Non-compliance with, or violation of, this RI shall subject the bank, its directors, officers and employees to the penalties provided for under Section 21 (g) of R.A. 3591, as amended by R.A. 9302.
>
> SECTION III. Separability Clause - If any provision of this RI or the application thereof to any person and/or banking institution is declared invalid for whatever reason, the other provisions hereof shall not be affected thereby.
>
> SECTION IV. Effectivity - This RI shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Adopted: 12 August 2004

(SGD.) RICARDO M. TAN
President and Chief Executive Officer

Attachment

PDIC Bulletin No. 2004-04

Treatment of Joint Deposit Accounts for Purposes of Deposit Insurance
and the Determination of Insured Deposit in Cases Where Depositors
Have Obligations with the Closed Bank

Pursuant to the provisions of Republic Act No. 9302 amending the Charter of the Philippine Deposit Insurance Corporation (RA 3591, as amended), which took effect on 12 August 2004, please be properly guided by the following interpretations with respect to the treatment of joint deposit accounts for deposit insurance purposes and the determination of insured deposits in cases where the depositors have obligations with the closed bank:

> 1. A joint account regardless of whether the conjunction "and" , "or" or "and/or" is used, shall be insured separately from an individually-owned deposit account.
>
> 2. If the account is held jointly by two or more natural persons, or by two or more juridical persons or entities, the maximum insured deposit shall be divided into as many equal shares as there are individuals, juridical persons or entities, unless a different sharing is stipulated in the document of deposit.

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Document of deposit referred to in the preceding paragraph pertains to joint account agreements, account ledgers, certificate of time deposits, passbooks or other evidence of deposits, specimen signature cards, corporate resolutions, contracts or similar instruments, copies of which must be in the custody or possession of the bank upon takeover by PDIC.

3. If the account is held by a juridical person or entity jointly with one or more natural persons, the maximum insured deposit shall be presumed to belong entirely to the juridical person or entity.

4. The aggregate of the interests or total share of each co-owner over several joint accounts, whether owned by the same or different combinations of individuals, juridical persons or entities, shall likewise be subject to the maximum insured deposit of P250,000.00

5. The amount of insurance due to any depositor for deposits in an insured bank shall be net of any matured or unmatured obligation of the depositor to the insured bank as of date of closure. In case of joint deposit accounts where only one of the co-depositors has an obligation to the closed bank, the following shall apply:

(a) Where the deposit is a joint "and/or" or "or" account which is covered by a hold-out agreement, the obligation secured by the hold-out agreement shall be deducted from the balance of the joint account, regardss of the fact that only one of the co-depositors in the joint account is indebted to the closed bank.

(b) When the deposit is a joint "and" account which is covered by a hold-out agreement, the obligation secured by the hold-out agreement shall be deducted only from the share in the joint account of the depositor who is indebted to the closed bank, unless his co-depositor is himself a co-signatory to the hold-out agreement.

(c) Where the deposit is either a joint "and", "or "or "and/or" account which is not covered by a hold-out agreement, the obligation of the depositor who is indebted to the closed bank shall be deducted only from his share in the balance of the joint deposit account.

For your guidance.

Adopted: 11 August 2004

(SGD.) RICARDO M. TAN
President and Chief Executive Officer

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