

AN ACT TO AMEND SECTIONS TWO (C) AND (G), THREE AND FOURTEEN OF REPUBLIC ACT NUMBERED EIGHTY-FIVE, AS AMENDED.

REPUBLIC ACT NO. 3517, June 14, 1963

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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section two (c) and (g) of Republic Act Numbered Eighty-five, as amended, is hereby further amended to read as follows:

"SEC. 2. Corporate Powers.—The Development Bank of the Philippines shall have the power:

"(c) To grant loans to provincial, city and municipal government for the rehabilitation, construction, or reconstruction of public markets, irrigation, waterworks, toll bridges, slaughterhouses, for cadastral surveys and other self-liquidating or income producing services, or the purchase and acquisition of municipal electric power plants and heavy equipment and machineries and to agencies and corporations owned or controlled by the Government of the Republic of the Philippines for the production and distribution of electrical power, for the purchase and subdivision of rural and urban estates, for housing projects, for irrigation and waterworks system, and for other essential industrial and agricultural enterprises;

"(g) To issue bonds, debentures, securities, collaterals, and other obligations and/or the renewal or the refunding of the same upon, recommendation of the Secretary of Finance and with the approval of the President, but in no case to exceed at any one time an aggregate amount equivalent to ten times of its paid-in capital and surplus. These bonds and other obligations shall be redeemable at the option of the Bank at or before maturity and in such manner as may be stipulated therein and shall bear such rate of interest as may be fixed by the Bank. Such obligations shall be secured by the assets of the Bank including the stocks, bonds, debentures, and other securities underwritten, purchased or held by it under the provisions of this Act. The Bank shall provide for appropriate reserves for the redemption or retirement of said obligations. Such obligations may be issued and offered for sale at such price or prices as the Bank may determine, and shall be exempt from taxation both as to principal and interest. The said obligations shall be and are hereby fully and unconditionally guaranteed both as to principal and interest by the Government of the Republic of the Philippines and such guaranty shall be expressed on the face thereof;

"In the event that the Bank shall be unable to pay debentures, bonds, collaterals, notes or other such obligations issued by it, the Secretary of Finance shall pay the amount thereof, which is hereby appropriated out of any moneys in the National Treasury not otherwise appropriated, and thereupon, to the extent of the amounts so paid, the Government of the Republic of the Philippines shall succeed to all the rights of the holders of such bonds, notes, debentures, collaterals, or other obligations.

"Subject to the above provisions, the Bank is also authorized to issue "Rehabilitation and development bonds" in denominations of not less than fifty pesos nor more than one thousand pesos redeemable by the Bank on demand at the option of the holder of said bonds, which may be of the following types: (1) rehabilitation and development bonds at progressive staggered interest with cumulative face value; and (2) rehabilitation and development bonds bearing interests as may be determined by the Board of Governors with the advise and

consent of the Secretary of Finance and upon approval by the Monetary Board, said interest to become due and payable semi-annually and payment thereof to be annotated on the back of each bond certificate. Maturity of both types of bonds shall be fixed by the Board of Governors but in no case to exceed ten years.

"The Board of Governors shall have the power to prescribe rules and regulations for the issuance, reissuance, servicing, placement and redemption of the bonds herein authorized to be issued by the Bank as well as the registration of such bonds at the request of the holders thereof, with the approval of the Monetary Board of the Philippines."

SEC. 2. A new paragraph is hereby inserted after paragraph (k) of Section two of the same Act, which shall read as follows:

- The provision of any law to the contrary notwithstanding, the total liabilities of any person, company, corporation or firm, or political subdivision of the Government, with the exception of money borrowed against obligations of the Central Bank or of the Philippine Government, or borrowed with the full guarantee by the Government of payment of principal and interest, shall, exclusive of guarantees under paragraph (k), of Section 2 hereof, at no time exceed thirty (30%) per cent of the paid-in capital and surplus of the Bank.

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

"SEC. 3. Capital Stock.—The capital stock of the Bank shall be two billion pesos divided into two million shares having a par value of one thousand pesos each. The said capital stock shall be fully subscribed by the Government of the Republic of the Philippines.

"At least fifty per centum (50 %) of the surplus account of the Bank as of June 30, 1952 and at least twenty per centum (20%) of the net profits that may hereafter be realized as well as profits that may be assigned as dividends 3 the shares of the Government shall be automatically applied to the payment of the subscribed capital stock of the Government until the said capital stock shall have been fully paid for, in which case the said profits shall be utilized for such purposes as may be authorized by the Board of Governors.

"The provisions of Section three of Republic Act Numbered Seventeen hundred eighty-nine to the contrary notwithstanding, an amount equivalent to fifty per cent of the proceeds from the sale of reparations goods and services for fifteen years following the approval of this Act, is hereby appropriated to cover the payment of the unpaid subscription of the government to the capital stock of the Bank: Provided, That seventy-five million pesos of such amount shall be set aside as a trust fund for the purpose of aiding" the establishment of private provincial and city development banks as provided in this Act."

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

"Sec. 14. Board of Governors.—The affairs and business of the corporation shall be directed, its powers exercised, and its property managed and preserved by a Board of Governors consisting of the chairman and eight other members to be appointed by the President of the Philippines with the consent of the Commission on Appointments. The chairman and four other members of the Board to be designated by the President shall render full time service to the Corporation. The term of office of the chairman and other members of the Board shall be seven years, except that of the first members which shall be one, two, three, four, five, six, and seven years and which shall be specified in their respective appointments. The compensation of the chairman and other members of the Board of Governors shall be fixed by the President of the Philippines, who may remove any of them for cause."

"No person shall be appointed chairman or member of the Board of Governors unless he be of good moral character and unquestionable integrity and be of recognized competence in economics, agriculture, industry, finance and/or banking."

SEC. 5. This Act shall take effect upon its approval.

Approved, June 14, 1963.

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