

AN ACT TO AMEND SECTIONS FOUR, FIVE, SIX, SEVEN AND TEN OF REPUBLIC ACT NUMBERED FOUR THOUSAND NINETY THREE, (re-charter of private development bank.)

REPUBLIC ACT NO. 4887, June 17, 1967

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

SECTION 1. Section Four of Republic Act Numbered Four thousand ninety three is hereby 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 sixty per cent of the capital stock subscribed by the private sector shall be owned and held by citizens of the Philippines: 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 banks, 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 Two thousand eighty-one, in an amount equal to the difference between the required paid-up capital and to 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 rate of one per cent during the first five years, two per cent during the following five years, and three per cent 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, finally, That such preferred shares of the bank may be sold at any time at par to private individuals who are citizens of the Philippines, and in the sale thereof, the qualified registered stockholders shall have the right of preemption 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. All members of the board of directors of the private development bank shall be citizens of the Philippines.

"SEC. 4-A. On representation of the private stockholders of the private development banks, the Development Bank of the Philippines shall, after approval of its Board of Governors and compliance by the private shareholders of the conditions of said approval, subscribe to the additional capital stock of such development banks which may be paid on installments out of the trust fund provided in paragraph three, section three, of Republic Act Numbered 2081 in amounts of not less than one hundred thousand pesos each installment or in an amount equal to the fully paid additional capital of the private stockholders but not exceeding the latter: Provided, That such shares of stock subscribed by the Development Bank of the Philippines shall have the same rights, powers and privileges enjoyed by the shares of stock of the bank mentioned in Section four hereof".

SEC. 2. Section Five of R. A. No. 1093 is hereby amended to read as follows:

"SEC. 5. Seventy-five per centum of the loanable funds of the private development bank shall be invested in medium and long-term loans for economic development purposes and in no case shall the Bank invest more than twenty-five per centum of the loanable funds in short term loans for miscellaneous purposes: Provided, However, That the twenty-five per cent (25%) of the loanable funds for short term loans may be loaned on securities other than real estate mortgage."

"SEC. 5-A. The provisions of Section thirty-one paragraph B (2) of Republic Act Numbered Three hundred thirty-seven to the contrary notwithstanding, equipment loans granted by private development banks need not be secured by the chattels or equipment acquired out of the proceeds of the loan if the borrower offers to constitute a lien or mortgage on other real estate properties seventy per cent (10%) of the appraised value of which equals or exceeds the loan granted."

SEC. 3. Section Six of R. A. No. 4093 is hereby amended to read as follows:

"SEC. 6. For the purpose of attaining the objectives of this Act and the policy of Congress as provided for in Section two of this Act, the sum of ten million pesos is hereby appropriated yearly from the net profit of the Central Bank paid into the general fund of the government under Section Forty-one, Paragraph (d) of the Central Bank Act, which sum shall constitute a revolving fund to be made available to the Development Bank of the Philippines which shall be used, together with the funds already provided under paragraph two of Section three of Republic Act Numbered Two thousand eighty-one, for the following purposes:

"(a) To pay for its subscription to preferred shares of stock in said private development banks in the manner and subject to the terms and conditions prescribed in Section four hereof;

"(b) To rediscount promissory notes and other credit instruments held by the private development bank under the following conditions and limitations:

"(1) It shall charge such rediscount or interest rates as it may determine taking into account that the main objective of the private development Bank is to engage in medium and long term loans for economic development. The determination of such rediscount or interest rates acceptable to the bank for the purpose of this provision shall be made by the said bank upon or immediately after the commencement of operations of a private development bank; and

"(2) Funds so acquired shall be used only to finance the establishment and operation of projects within the development program of the National Economic Council or along such projects and activities as the National Economic Council may, from time to time, approve."

SEC. 4. Section' Seven of R. A. No. 4093 is hereby amended to read as follows:

"SEC. 7. Any private development bank may, with the approval of the Monetary Board :

"(a) Accept savings and time deposits;

"(b) Act as correspondent for other financial institution and as collection agent;

"(c) Rediscount paper with the Central Bank, Philippine National Bank or other Banks and their branches or agencies. The Central Bank shall specify the nature of papers deemed acceptable for rediscount as well as the rediscount rate to be charged by any of these institutions."

SEC. 5. Section Ten of R. A. No. 4093 is hereby amended to read as follows:

"SEC. 10. All private development banks, with net assets not exceeding ten million pesos for Class C, twenty million pesos for Class B, and thirty million pesos for Class A banks, excluding the counterpart capital subscribed and paid-in by the Development Bank of the Philippines, shall be totally exempt from payment of all taxes, charges and fees of whatever nature and description except from compensating tax and tariff duties. For this purpose the net assets of all private development banks shall be determined as of December thirty-one (31) of each year and if such are in excess of the limits prescribed by this section they shall be liable for payment of taxes for the following calendar year; said taxes to be assessed, levied and collected in a

proportionate amount as the excess shall bear in relation to the total net assets."

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

Approved, June 17, 1967.

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