

FURTHER AMENDING SECTIONS 29 AND 34 OF REPUBLIC ACT NO. 265, AS AMENDED, OTHERWISE KNOWN AS THE CENTRAL BANK ACT

PRESIDENTIAL DECREE NO. 1007, September 22, 1976

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/cb2ea87d3ba5/>

WHEREAS, the Central Bank is entrusted with the responsibility of administering the monetary, banking and credit system of the Philippines;

WHEREAS, in view of the special character of banks, there is need for the monetary and banking supervisory authorities to act with dispatch where the continuance in business of a bank would involve probable loss to its depositors or creditors;

WHEREAS, where a bank has become insolvent or cannot institute to resume business with safety to its depositors and other creditors, its assets must be preserved and its debts and accounts settled as expeditiously as possible; and

WHEREAS, the action of the Central Bank in connection with the above should not be hampered by unnecessarily tedious and protracted court litigations;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree and order the amendment of Republic Act No. 265, as amended, as follows:

SECTION 1. Section twenty-nine of Republic Act Numbered Two hundred sixty-five, as amended, is hereby amended to read as follows:

"Sec. 29. Proceedings upon insolvency. — Whenever, upon examination by the head of the appropriate supervising and examining department or his examiners or agents into the condition of any banking institution, it shall be disclosed that the condition of the same is one of insolvency, or that its continuance in business would involve probable loss to its depositors or creditors, it shall be the duty of the department head concerned forthwith, in writing, to inform the Monetary Board of the facts, and the Board may, upon finding the statements of the department head to be true, forbid the institution to do business in the Philippines and shall designate an official of the Central Bank as receiver to immediately take charge of its assets and liabilities, as expeditiously as possible collect and gather all the assets and administer the same for the benefit of its creditors, exercising all the powers necessary for these purposes including, but not limited to, bringing suits and foreclosing mortgages in the name of the banking institution.

"The Monetary Board shall thereupon determine within sixty days whether the institution may be reorganized or otherwise placed in such a condition so that it may be permitted to resume business with safety to its depositors and creditors and the general public and shall prescribe the conditions under which such resumption of business shall take place as well as the time for fulfillment of such conditions. In such case, the expenses and fees in the collection and administration of the assets of the institution shall be determined by the Board and shall be paid to the Central Bank out of the assets of such banking institution.

"If the Monetary Board shall determine and confirm within the said period that the banking institution is insolvent or cannot resume business with safety to its depositors, creditors and the general public, it shall, if the

public interest requires, order its liquidation, indicate the manner of its liquidation and approve a liquidation plan. The Central Bank shall, by the Solicitor General, file a petition in the Court of First Instance reciting the proceedings which have been taken and praying the assistance of the court in the liquidation of the banking institution. The court shall have jurisdiction in the same proceedings to adjudicate disputed claims against the bank and enforce individual liabilities of the stockholders and do all that is necessary to preserve the assets of the banking institution and to implement the liquidation plan approved by the Monetary Board. The Monetary Board shall designate an official of the Central Bank as liquidator who shall take over the functions of the receiver previously appointed by the Monetary Board under this Section. The liquidator shall, with all convenient speed, convert the assets of the banking institution to money or sell, assign or otherwise dispose of the same to creditors and other parties for the purpose of paying the debts of such bank and he may, in the name of the banking institution, institute such actions as may be necessary in the appropriate court to collect and recover accounts and assets of the banking institution.

"The provisions of any law to the contrary notwithstanding, the actions of the Monetary Board under this section and the second paragraph of Section 34 of this Act shall be final and executory, and can be set aside by the court only if there is convincing proof that the action is plainly arbitrary and made in bad faith. No restraining order or injunction shall be issued by the court enjoining the Central Bank from implementing its actions under this section and the second paragraph of Section 34 of this Act, unless there is convincing proof that the action of the Monetary Board is plainly arbitrary and made in bad faith and the petitioner of plaintiff files with the clerk or judge of the court in which the action is pending a bond executed in favor of the Central Bank, in an amount to be fixed by the court. The restraining order or injunction shall be refused or, if granted, shall be dissolved upon filing by the Central Bank of a bond, which shall be in the form of cash or Central Bank cashier's check, in an amount twice the amount of the bond of the petitioner or plaintiff, conditioned that it will pay the damages which the petitioner or plaintiff may suffer by the refusal or the dissolution of the injunction. The provisions of Rule 58 of the New Rules of Court insofar as they are applicable and not inconsistent with the provisions of this section shall govern the issuance and dissolution of the restraining order or injunction contemplated in this section.

"Insolvency, under this Act, shall be understood to mean the inability of a banking institution to pay its liabilities as they fall due in the usual and ordinary course of business, provided, however, that this shall not include the inability to pay of an otherwise non-insolvent bank caused by extraordinary demands induced by financial panic commonly evidenced by a run on the banks in the banking community."

SECTION 2. Section thirty-four of the same Act is hereby amended to read as follows:

"Sec. 34. Proceedings upon violation of laws and regulations. — Whenever any person or entity willfully violates this Act or any order, instruction, rule or regulation issued by the Monetary Board, the person or persons responsible for such violation shall be punished by a fine of not more than twenty thousand pesos and by imprisonment of not more than five years.

"Whenever a banking institution persists in violating its charter or by-laws or any law, or orders, instructions, rules or regulations issued by the Monetary Board, or whenever a banking institution persists in carrying on its business in an unlawful or unsafe manner, the Board may, without prejudice to the penalties provided in the preceding paragraph of this section and the administrative sanctions provided in Section 34-A of this Act, after due hearing, take action under Section 29 of this Act."

SECTION 3. This Decree shall take effect immediately.

DONE in the City of Manila, this 22nd of September, in the year of Our Lord, Nineteen Hundred and Seventy-Six.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) JUAN C. TUVERA
Presidential Executive Assistant

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.