

FURTHER AMENDING REPUBLIC ACT NUMBERED THREE THOUSAND FIVE HUNDRED NINETY-ONE, AS AMENDED, ENTITLED “AN ACT ESTABLISHING THE PHILIPPINE DEPOSIT INSURANCE CORPORATION, DEFINING T...

PRESIDENTIAL DECREE NO. 1940, June 27, 1984

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WHEREAS, the Philippine Deposit Insurance Corporation (PDIC) is tasked not only with the vital role of administering the deposit insurance scheme but also in helping in the development of a stable and sound banking system;

WHEREAS, to enable the Corporation to cope with the present problems in the domestic banking system, which may adversely affect the trust and confidence in the banking system, there is an imperative and urgent need to amend the present PDIC law, as amended;

WHEREAS, a stronger PDIC could be an effective partner of the Central Bank in maintaining a sound and stable banking system.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby order and decree the further amendment of Republic Act No. 3591, as amended, as follows:

SECTION 1. Section 3 (f) of the same Act is hereby amended, to read as follows:

“(f) The term “deposit” means the unpaid balance of money or its equivalent received by a bank in the usual course of business and for which it has given or is obliged to give credit to a commercial, checking, savings, time or thrift account or which is evidenced by passbook, check and/or certificate of deposit, printed or issued in accordance with Central Bank rules and regulations and other applicable laws, together with such obligations of a bank which, consistent with banking usage and practices, the Board of Directors shall determine and prescribe by regulations to be deposit liabilities of the Bank: Provided, That any obligation of a bank which is payable at the office of the bank located outside of the Philippines shall not be a deposit for any of the purposes of this Act or included as part of the total deposits or of the insured deposit: Provided, further, That, subject to the approval of the Board of Directors, any insured bank which incorporated under the laws of the Philippines which maintains a branch outside the Philippines may elect to include for insurance its deposit obligation payable only at such branch.”

SECTION 2. Section 6 (a) and (b) of the same Act are hereby amended, to read as follows:

“(a) The assessment rate shall be determined by the Board of Directors: Provided, That the assessment rate shall not exceed one twelfth of one per centum per annum. The semi-annual assessment for each insured bank shall be in the amount of the product of one-half (1/2) the assessment rate multiplied by the assessment base but in no case shall it be less than the amount of two hundred (P250.00) pesos. The assessment base shall be the amount of the liability of the bank for deposits, according to the definition of the term “deposit” in and pursuant to subsection (f)

of Section 3 without any deduction for indebtedness of depositors: Provided, further, That the bank—

(1) may deduct (i) from the deposit balance due to an insured bank which is subject to an immediate withdrawal; and (ii) cash items as determined by either of the following methods, at the option of the bank: (aa) by multiplying by 2 the total of the cash items forwarded for collection on the assessment base days (being the days on which the average deposits are computed) and cash items held for clearings at the close of business on said days, which are in the process of collection and which the bank has paid in the regular course of business or credited to deposit accounts; or (bb) by deducting the total of cash items forwarded for collection on the assessment base days and cash items held for clearings at the close of business on said days, which are in the process of collection and which the bank has paid in the regular course of business or credited to deposit accounts, plus such uncollected items paid or credited on preceding days which are in the process of collection: Provided, That the Board of Directors may define the terms “cash items,” “process of collection,” and “uncollected items” and shall fix the maximum period for which any such item may be deducted; and

(2) may exclude from its assessment base (i) drafts drawn by it on deposit accounts in other banks which are issued in the regular course of business; and the amount of advices or authorizations issued by it for cash letters received, directing that its deposit account in the sending bank be charged with the amount thereof; and (ii) cash funds which are received and held solely for the purpose of securing a liability to the bank but not in an amount in excess of such liability, and which are not subject to withdrawal by the obligor and are carried in a special non-interest bearing account designated to properly show purpose.

Each insured bank, as a condition to the right to make any such deduction or exclusion in determining its assessment base, shall maintain such records as will readily permit verification of the correctness thereof. The semi-annual assessment base for one semi-annual period shall be the average of the assessment base of the bank as of the close of business on March thirty-one and June thirty and the semiannual assessment base for the other semiannual period shall be the average of the assessment base of the bank as of the close of business on September thirty and December thirty-one: Provided, That when any of said days is a non-business day or a legal holiday, either National or Provincial, the preceding business day shall be used. The certified statements required to be filed with the Corporation under subsections (b) and (c) of this section shall be in such form and set forth such supporting information as the Board of Directors shall prescribe. The assessment payments required from insured banks under subsections (b) and (c) of this section shall be made in such manner and at such time or times as the Board of Directors shall prescribe, provided the time or times so prescribed shall not be later than sixty days after filing the certified statement setting forth the amount of assessment.

“(b) On or before the 31st of July of each year, each insured bank shall file with the Corporation a certified statement showing for the six months ending on the preceding June thirty the amount of the assessment base and the amount of the semiannual assessment due to the Corporation for the period ending on the following December thirty-one, determined in accordance with subsection (a) of this section, which shall contain or be verified by a written declaration that it is made under the penalties of perjury. Each insured bank shall pay to the Corporation the amount of the semiannual assessment it is required to certify. On or before the 31st day of January of each year, each insured bank shall file with the Corporation a similar certified statement for the six months ending on the preceding December thirty-one and shall pay to the Corporation the amount of the semiannual assessment for the period ending in the following June thirty which it is required to certify.”

SECTION 3. Section 6 of the same Act is hereby amended so as to delete subsection (i) thereof.

SECTION 4. The same Act is hereby amended by adding a new subsection in Section 8 thereof, to read as follows:

“Eleventh. — The Corporation may establish its own provident fund which shall consist of contributions made both by the Corporation and by its officers and employees to a common fund for the payment of benefits to such officers or employees or their heirs. The Board of Directors shall prepare and issue rules and regulations as it may deem necessary to make effective the establishment and operation of the fund.”

SECTION 5. Section 10 (b) and (d) of the same Act are hereby amended, to read as follows:

“(b) For purposes of this Act an insured bank shall be deemed to have been closed on account of insolvency when ordered closed by the Monetary Board of the Central Bank of the Philippines pursuant to Section 29 of R.A. 265, as amended.”

“(d) The Corporation, upon the payment of any depositor as provided for in subsection (c) of this section shall be subrogated to all rights of the depositor against the closed bank to the extent of such payment. Such subrogation shall include the right on the part of the Corporation, after the allocation of the amount to satisfy the uninsured portion of the depositors of the bank’s depositors, to receive the same dividends and payments from the proceeds of the assets of such closed bank and recoveries on account of stockholders’ liability as would have been payable to the depositor on a claim for the insured deposits, but such depositor shall retain his claim for any uninsured portion of his deposit: Provided, That the rights of the Corporation by virtue of abovementioned subrogation, shall be preferred as against other unsecured creditors of the bank.”

SECTION 6. Section 11 (d) of the same Act is hereby amended by adding a proviso, to read as follows:

“(d) If, after the Corporation shall have given at least three months notice to the depositor by mailing a copy thereof to his last known address appearing on the records of the closed bank, any depositor in the closed bank shall fail to claim his insured deposit from the Corporation within eighteen months after the Monetary Board of the Central Bank of the Philippines or the proper court shall have ordered the conversion of the assets of such closed bank into money, all rights of the depositor against the Corporation with respect to the insured deposit shall be barred, and all rights of the depositor against the closed bank and its shareholders or the receivership estate to which the Corporation may have become subrogated, shall thereupon revert to the depositor: Provided, however, That when practicable, the Board of Directors may adopt other adequate means of notice to the depositor.”

SECTION 7. Section 13 of the same Act is hereby amended, to read as follows:

“Sec. 13. The Corporation is authorized to borrow from the Central Bank of the Philippines and the Central Bank is authorized and directed to lend the Corporation on such terms as may be agreed upon by the Corporation and the Central Bank, such funds as in the judgment of the Board of Directors of the Corporation are from time to time required for insurance purposes including those provided for in section 12 (c) of this Act: Provided, That any such loan as may be granted by the Central Bank shall be consistent with monetary policy, and Provided, further that the rate of interest to be charged in connection with any loan made pursuant to this Section shall not be less than the current average rate on outstanding marketable and non-marketable obligations of the Republic of the Philippines as of the last day of the month preceding the making of such loan. Any such loans shall be used by the Corporation solely in carrying out its function with respect to such insurance.”

SECTION 8. Section 16 of the same Act is hereby amended by adding Subsections (f) and (g), to read as follows:

“(f) The Board of Directors is hereby authorized at its discretion to impose upon insured banks, their directors and/or officers, for any willful delay in the submission of reports as required by law, rules and regulations; any refusal to permit examination in the affairs of the institution; any willful making of a false statement to the Corporation; any willful failure or refusal to comply with, or violation of any provision of this Act, or any order, instruction or regulations issued by the Corporation or any commission of irregularities, and/or conducting

business in an unsafe or unsound manner as may be determined by the Board of Directors, a fine not exceeding Five Hundred Pesos a day for each type of violation, the imposition of which shall be final and executory until reversed, modified or lifted by the Board of Directors.

(g) Whenever an insured bank willfully violates this Act or any order, instruction, rule or regulation issued by the Corporation, the officer or officers 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.”

SECTION 9. This Decree shall take effect immediately.

Done in the city of Manila, this 27th day of June in the Year of Our Lord, Nineteen Hundred and Eighty-Four.

(SGD.) FERDINAND MARCOS

President

Republic of the Philippines

By the President:

(SGD.) JUAN C. TAVERA

Presidential Executive Assistant

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