

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

24 AUG 28 A11 :44

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SENATE
S.B. No. 2804

(In substitution of S.B. Nos. 2755 and 2766)

Prepared by the Committees on Banks, Financial Institutions & Currencies, joint with
Committees on Government Corporations and Public Enterprises

With Senators Mark A. Villar and Francis G. Escudero as authors thereof

AN ACT
PROVIDING FOR A NEW CHARTER OF THE DEVELOPMENT BANK OF THE
PHILIPPINES, REPEALING FOR THE PURPOSE EXECUTIVE ORDER NO. 81, AS
AMENDED

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

1 **Section 1. Short Title.** - This Act shall be known as "The New Development Bank of
2 the Philippines (DBP) Act".

3 **Sec. 2. Declaration of Policy.** - It is hereby declared the policy of the State to
4 strengthen the powers and functions of its premier government developmental financial
5 institution that provides developmental financing and financial services necessary for the
6 achievement of sustained economic growth. In addition, the State recognizes the financial
7 institution's important role in catalyzing economic development through its financing and
8 assistance to strategic sectors of the economy.

9 Towards this end, the State shall support the financial institution in its pursuit of social
10 progress through initiatives that enhance the welfare of the Filipino people, especially the
11 underprivileged.

12 **Sec. 3. Name and Corporate Existence.** - The Development Bank of the Philippines,
13 hereinafter referred to as the Bank, shall henceforth operate under the provisions of this
14 Act. The Bank shall continue to exist as a body corporate and shall have perpetual
15 existence from the date of effectivity of this Act. *Provided,* That the Governance

1 Commission for Government-Owned or -Controlled Corporations (GCG) shall not be
2 precluded to evaluate the performance and determine the relevance of the bank as a
3 government-owned or -controlled corporation (GOCC) in accordance with Section 5(a) of
4 Republic Act No. 10149, otherwise known as the "GOCC Governance Act of 2011."

5 **Sec. 4. Primary Objective of the Bank.** - As a government financial institution, and a
6 partner in national development, the Bank shall support the programs of the government
7 that propel economic growth and increase productivity such as the development of
8 infrastructure, expansion of businesses especially micro, small and medium enterprises
9 (MSMEs), and high-impact programs in education, health care, housing, other social
10 services and those that support the protection of the environment. *Provided,* That this
11 objective shall be pursued with utmost consideration of the need and responsibility to
12 preserve and protect the financial viability of the Bank while ensuring that it remains
13 globally competitive. It shall at all times safeguard its financial position in order that it
14 can effectively participate in the accomplishment of the national goal of attaining
15 meaningful and inclusive economic growth.

16 The Bank shall serve as a national development policy bank to support and implement
17 government policies on the direction of financial flows to priority areas, enhance
18 competition in financial markets and promote financial sector development leading to
19 capital allocation improvements thereby contributing to macroeconomic stability.

20 **Sec. 5. Principal Office, Branches, and other Offices.** - The Bank's principal office
21 and place of business shall be in Metro Manila. It may open and maintain branches and
22 agencies in accordance with applicable rules and regulations of the Bangko Sentral ng
23 Pilipinas (BSP).

24 **Sec. 6. Corporate Powers.** - In addition to the general powers of a corporation under
25 Republic Act No. 11232, otherwise known as the "Revised Corporation Code of the
26 Philippines," the Bank shall have the power to:

27 (a) Accept deposits allowed under existing law and BSP regulations, including but not
28 limited to demand, savings, and time deposits;

29 b) Grant loans and other credit accommodations for the establishment, development or
30 expansion of infrastructure, tourism, energy development and environmental projects,
31 social services, MSMEs, and agencies of the government, including local government units
32 (LGU) and GOCCs, among other sectors, and exercise all such powers and services as
33 may be necessary to carry out the business of a bank under Republic Act No. 8791,
34 otherwise known as "The General Banking Law of 2000," subject to the existing rules and
35 regulations of the Monetary Board of the Bangko Sentral ng Pilipinas, in order to perform
36 its mandate under this Act;

- 1 (c) Act as official government depository with authority to maintain deposits and deposit
2 substitutes of the National Government, its agencies, bureaus and instrumentalities, and
3 GOCCs, LGUs, and autonomous regions, as well as other territorial and political
4 subdivisions, subject to such rules and regulations as the Monetary Board may prescribe;
- 5 (d) Accept and manage trust funds and properties and carry on the business of a trust
6 corporation;
- 7 (e) Adopt, amend, or change its by-laws; adopt, alter and use a seal; lease or own real
8 and personal property and to sell or otherwise dispose of the same; make contracts; sue
9 and be sued; and exercise the general powers of a corporation mentioned in Republic Act
10 No. 11232, including the power to acquire or establish subsidiaries registered with the
11 Securities and Exchange Commission (SEC) with the right to receive dividends from such
12 subsidiaries in accordance with Section 33 hereof;
- 13 (f) Obtain from the Government Service Insurance System (GSIS) or other reputable
14 insurance companies duly accredited by the appropriate regulatory body, directors,
15 officers and liability insurance coverage, without prejudice to the right of the Bank, as
16 may be determined by its Board of Directors, to put up its own legal insurance fund;
- 17 (g) Act as administrator and/or lending conduit on behalf of the National Government, its
18 agencies, including LGUs and GOCCs, multilateral or bilateral funders;
- 19
- 20 (h) Engage in financial leasing of movable and immovable properties in connection with
21 government projects;
- 22 (i) Hold, purchase, acquire and own real and personal property, introduce necessary
23 improvements thereon to enhance and develop their social and economic value, and to
24 sell, mortgage or otherwise dispose of the same;
- 25 (j) Dispose of its acquired assets which shall not be subject to any injunction or restraining
26 order issued by any court, commission, tribunal or office which shall bar, impede or delay
27 the sale and disposition thereof except on questions of ownership and national or public
28 interest; and
- 29 (k) Offer and issue common and preferred shares of stocks in such manner and in such
30 quantities as approved by the Secretary of Finance upon the recommendation of the
31 Board and in accordance with applicable laws, rules and regulations.
- 32 The holders of preferred shares shall be non-voting. Other features of preferred shares
33 shall be determined by the Board in accordance with applicable laws and regulations.

1 Unless otherwise provided for in this Act, the exercise of the above-mentioned powers
2 shall be subject to applicable laws, rules and regulations as well as regulations
3 promulgated by the BSP.

4 **Sec. 7. Authorized Capital Stock - Par Value.** The capital stock of the Bank shall be
5 Three hundred billion pesos (Php 300,000,000,000.00) to be divided into Three Billion
6 (3,000,000,000) shares, with par value of One hundred pesos (Php 100.00) per share.
7 The Board shall determine the classification of shares, their corresponding rights,
8 privileges, or restrictions, if any: *Provided*, That, the National Government shall own, at
9 all times, at least seventy percent (70%) of the total outstanding capital stock of the
10 Bank.

11 Thirty-Two Billion pesos (Php32,000,000,000.00) or ten and 67/100 percent (10.67%) of
12 the authorized capital stock of the Bank, shall be subscribed and fully paid by the National
13 Government.

14
15 When dividends are declared for stockholders, the dividend due to the National
16 Government shall at all times be in proportion to its ownership of the Bank.

17 The President of the Philippines, upon the recommendation of the Secretary of Finance,
18 as previously approved by the Board, shall have the authority to increase the
19 capitalization of the Bank up to such an amount as may be necessary to attain the
20 objectives of this Charter, and may allocate part or all of the Bank's unrestricted retained
21 earnings towards paying for the increase in capital.

22 **Sec. 8. Investment by Government-Owned or Controlled Corporations and the**
23 **General Public.** - The provisions of their respective charters to the contrary
24 notwithstanding, all GOCCs, including government financial institutions, are authorized to
25 invest in shares of stock of the Bank.

26 **Sec. 9. Voting of Shares.-** The voting power of all the common shares of stock of the
27 Bank owned and controlled by the government shall be vested in the President of the
28 Philippines or in any *ex-officio* member of the Board.

29 **Sec. 10. Issuance of Bonds, Eligible Capital Instruments, and other Securities.**
30 - The Bank may issue all kinds of bonds, notes, debentures, other evidence of
31 indebtedness, derivatives, commodities, negotiable instruments, eligible capital
32 instruments and other securities, and the renewal or refunding thereof within and/or
33 outside the Philippines, at such terms, rates, and conditions as the Board may determine,
34 subject to compliance with the provisions of applicable laws, and rules and regulations
35 promulgated by the Monetary Board of the Bangko Sentral ng Pilipinas (BSP).

1 The Bank shall acquire, assign, or otherwise dispose of marketable securities and other
2 debt instruments which are essential to the effective conduct of its general banking
3 activities.

4 The Bank shall provide for appropriate reserves, as necessary, for the redemption or
5 retirement of the foregoing. These bonds and other obligations shall be redeemable at
6 the option of the Bank at or before maturity and in such manner as may be stipulated
7 therein and shall bear such rate of interest as may be fixed by the Bank.

8 Such obligations shall be secured by the assets of the Bank, including the stocks, bonds,
9 debentures, and other securities purchased or held by it under the provisions of this Act,
10 as necessary to ensure the successful issuance of such obligations. These bonds and
11 other obligations may be long- term, medium, or short-term, with fixed interest rate or
12 floating interest rate.

13 **Sec. 11. Board of Directors, Composition, Tenure, and Per Diems.** - The powers
14 and functions of the Bank shall be vested in and exercised by a Board of Directors which
15 shall be composed of nine (9) members as follows:

16 (a) The Secretary of Finance who shall be the *ex-officio* Chairperson of the Board;

17 (b) The Secretary of the National Economic and Development Authority, as an *ex-officio*
18 member;

19 (c) Five (5) regular directors and two (2) independent directors to be appointed by the
20 President of the Philippines in accordance with the appointment process and the Fit and
21 Proper Rule under Republic Act No. 10149.

22 The *ex-officio* directors may each designate an alternate, who shall be an official with a
23 rank not lower than Assistant Secretary.

24
25 The Chairperson shall preside over the meetings of the Board.

26 The President of the Bank shall be the Vice-Chairperson of the Board. In case the
27 Chairperson is absent or incapacitated, the President shall act as Chairperson and preside
28 over the meetings of the Board. In case of incapacity or absence of both the Chairperson
29 and the Vice-Chairperson, the Board shall designate a temporary chairperson from among
30 its members.

31 No person shall be elected or appointed director of the Bank unless such person is a
32 Filipino citizen, of good moral character, and has attained proficiency, expertise and
33 recognized competence in one or more of the following: banking, finance, economics,
34 law, business management, governance, sustainability, digital transformation, rural
35 economy, banking, co-operation, small-scale industry, information technology, and
36 information security.

1 Except for the President, no incumbent officer or employee of the Bank may be appointed
2 as a member of the Board; nor shall any incumbent officer of any other bank be eligible
3 as a member of the Board.

4 The President and Chief Executive Officer (CEO) shall be elected annually by the members
5 of the Board in accordance with Section 13 hereof.

6 The term of office of the President and the other members of the Board of Directors shall
7 be for a period of one year or until such time that their successors are appointed and
8 have qualified.

9 The compensation, per diems, allowances, incentives, and other benefits, for the
10 members of the Board shall be subject to the provisions of Republic Act No. 10149.

11 **Sec. 12. Powers and Duties of the Board of Directors.** - The Board shall have the
12 following duties, powers and authority:

13 (a) Formulate policies necessary to carry out effectively the provisions of this Act and to
14 prescribe, amend, and repeal by-laws, rules and regulations for the effective operation of
15 the Bank, and the manner in which the general business of the Bank may be conducted,
16 and the powers granted by law to the Bank are exercised;

17 (b) Approve loans, other credit accommodations and guarantees issued or obtained by
18 the Bank, and prescribe terms and conditions to govern the granting of the foregoing,
19 and engage in such other financial activities under such terms and conditions as it as may
20 be deemed necessary, consistent with the provisions of this Act and the existing banking
21 laws and regulations promulgated by the Monetary Board: *Provided, That,* the Board may
22 delegate the authority to approve loans, other credit accommodations and guarantees to
23 such officers as may be deemed necessary;

24 (c) Adopt an annual budget upon the recommendation of the President for the effective
25 operation and administration of the Bank;

26 (d) Compromise or release, in whole or in part, any claim or settled liability to the Bank
27 regardless of the amount involved, under such terms and conditions it may impose to
28 protect the interests of the Bank. This authority to compromise shall extend to claims
29 against the Bank: *Provided, That,* the Board may delegate the authority to compromise
30 or release any claim or settled liability to the President or such other officers of the Bank
31 as may be deemed necessary

32 (e) Establish such branches, agencies and other offices which the Board shall determine
33 to be necessary and convenient in accordance with applicable rules and regulations of
34 the BSP;

1 (f) Notwithstanding any law to the contrary, adopt an organizational structure, staffing
2 pattern and personnel qualification standards of the Bank and to reorganize, rationalize
3 and restructure the same, or realign the various functions in the Bank to ensure effective
4 accomplishment of its mandates and strategic goals, the alignment of its organizational
5 structure and staffing pattern with industry standards, and its responsiveness to
6 regulatory requirements, subject to the provisions of Republic Act No. 10149;

7 (g) Design, adopt and revise, as it may deem necessary, an early separation plan for
8 employees of the Bank to ensure the availability of a human resource pool qualified and
9 capable of implementing the Bank's authorities under this Charter in a manner responsive
10 and attuned to market developments, and to provide incentives for those who shall be
11 separated from the service, subject to the provisions of Republic Act No. 10149;

12 (h) Maintain, manage, and operate the existing "Provident Fund" of the Bank, which shall
13 consist of contributions, made both by the Bank and its officers or employees, to a
14 common fund for the payment of benefits to such officers and employees, or their heirs,
15 under such terms and conditions consistent with Republic Act No. 10149; and

16 (i) Perform other functions, duties and responsibilities necessary, related and incidental
17 to the above-mentioned powers and functions.

18 The Board shall exercise its powers in a manner consistent with the principles of
19 transparency, fairness and accountability: *Provided*, That, the Board may delegate its
20 powers to the President as may be deemed necessary.

21 **Sec. 13. President and Chief Executive Officer.** - The President of the Bank shall be
22 the Chief Executive Officer who shall be elected annually by the members of the Board
23 from among its ranks. The President and CEO shall be subject to the disciplinary powers
24 of the Board and may be removed by the Board for cause. No person shall be appointed
25 President of the Bank unless of good moral character and reputation, with at least ten
26 (10) years of previous experience in banking, and has a reputed proficiency, expertise
27 and recognized competence in banking or financial management.

28 The President shall, among other powers and duties, execute, carry out, and administer
29 the policies, measures, orders and resolutions approved by the Board; direct and
30 supervise the operation and administration of the Bank; and exercise such other powers
31 and perform such other function or duty as may be directed or assigned by law,
32 regulations, executive issuances or by the Board from time to time.

33
34 The President shall be assisted by Vice Presidents and other officials. The salary of the
35 President, Vice President, and other officials shall be subject to the provisions of Republic
36 Act No. No. 10149. During the absence or temporary incapacity of the President, or in
37 case of vacancy or permanent incapacity and pending appointment of a new President of
38 the Bank, the Board shall designate the Officer-in-Charge of the Bank.

1 The President shall have the powers and duties to:

2 (a) Sign and execute all contracts concluded by the Bank and enter into all necessary
3 obligations required or permitted by this Act; and sign all notes, securities certificates,
4 and other major documents of the Bank;

5 (b) Exercise, as Chief Executive Officer of the Bank, the powers of control and supervision
6 over decisions and actions of subordinate officers, and all other powers that may be
7 granted by the Board;

8 (c) Report to the Board the main facts concerning the operations of the Bank and to
9 recommend changes in policies which one may deem advisable;

10 (d) Appoint, promote or remove employees and officers of the Bank. *Provided*, That
11 promotions, transfers, assignments or reassignments of officers and personnel of the
12 Bank are personnel actions deemed made in the interest of the service, any provision of
13 the Civil Service Law to contrary notwithstanding;

14 (e) Submit an annual report to the President of the Philippines on the result of the
15 operations of the Bank; and

16 (f) As required by circumstances, delegate any of the powers, duties or functions to any
17 officer or director of the Bank.

18 **Sec. 14. Qualifications of Executive Officers.** - No person shall be appointed to any
19 executive position in the Bank mentioned in the preceding section unless qualified by the
20 Fit and Proper Rule, in accordance with the Civil Service law, rules and regulations.
21 *Provided, That*, in determining whether a person is fit and proper for a particular position,
22 the following shall be considered: integrity or probity, physical and mental fitness;
23 relevant education, training, and competencies to the job, such as knowledge and
24 expertise, skills and diligence to fully carry out responsibilities.

25 **Sec. 15. Legal Matters and Cases.** - Any provision of existing law or executive order
26 to the contrary notwithstanding, the Bank shall have its own Legal Department which
27 shall have the power to represent the Bank in cases filed before courts, tribunals, and
28 quasi-judicial bodies, render opinions, prepare and review contracts/agreements. The
29 Head of the Legal Department shall be appointed by the President.

30 In appropriate cases, the Bank may also avail of the legal services of external counsel,
31 subject to the approval of the Board and the Office of the Government Corporate Counsel
32 (OGCC): *Provided*, however, That the present Legal Services Group in the Bank shall
33 serve as its in-house legal counsel and the principal law office of the Bank.

1 The Bank may, upon the recommendation of its Chief Legal Counsel, deputize any
2 member of its legal staff to act as special sheriff in foreclosure cases, in the sale or
3 attachment of the debtor's properties and in the enforcement of court writs and processes
4 in cases involving the Bank. The special sheriff of the Bank shall make a report to the
5 proper court after any action taken by him, which shall treat such action as if it were an
6 act of its own sheriffs in all respects.

7 The sale of mortgaged properties under the provisions of existing laws or of this Act shall
8 be conducted under the direction of the sheriff of the province or any special sheriff of
9 the Bank, or of a municipal judge or notary public of the city or municipality where the
10 sale is to be made, who shall be entitled to collect the fees provided for in the Rules of
11 Court with respect to sale of properties under execution.

12 ***Sec. 16. Disposal of Real Estate and Other Properties in the Collection of Debt.***

13 - Real estate and other properties acquired by the Bank in the collection of debts or
14 investment by way of foreclosure or other means shall be sold or disposed of in
15 accordance with law, within five (5) years after their respective dates of acquisition.

16 For this purpose, the Board shall be the appropriate regulatory authority to promulgate
17 the necessary implementing rules and regulations.

18 ***Sec. 17. Exemption from Attachment.*** - The provisions of any law to the contrary
19 notwithstanding, collaterals, securities on loans or other credit accommodations and
20 guarantees granted by the Bank or its predecessors-in-interest shall not be subject to
21 attachment, execution, stay order or any other court process, nor shall they be included
22 in the property of insolvent persons or institutions, unless all debts and obligations of the
23 debtor to the Bank and its predecessors-in-interest have been previously paid, including
24 accrued interest, penalties, collection expenses, and other charges.

25 No attachment or execution shall be issued against the Bank or its property before final
26 judgment in any suit, action or proceeding in any court.

27 Moreover, there shall also be no restraining order, temporary or permanent injunction,
28 and/or stay order issued by any court, except the Court of Appeals and the Supreme
29 Court, against the Bank in any action taken to foreclose the collateral or security for the
30 loan, whether such order is sought by the borrower(s) or any third party or parties, except
31 after notice and hearing in which it is established by the borrower and admitted by the
32 Bank that at least twenty percent (20%) of the total loan obligations have been paid after
33 the filing of foreclosure proceedings.

34 ***Sec. 18. Right of Redemption.*** - Any individual or juridical mortgagor of the Bank
35 whose real property has been judicially sold at public auction, or any individual mortgagor
36 of the Bank whose real property has been extra-judicially sold at public auction shall,

1 within one (1) year counted from the date of registration of the Certificate of Foreclosure
2 Sale with the applicable Register of Deeds, have the right to redeem the real property by
3 paying to the Bank all of the latter's claims as determined by the Bank.

4 Notwithstanding the provisions of Act No. 3135, otherwise known as "An Act to Regulate
5 the Sale of Property Under Special Powers Inserting In or Annexed to Real Estate
6 Mortgage," as amended, juridical mortgagors whose real property has been extrajudicially
7 sold at public auction shall have the right to redeem the property until, but not after, the
8 registration of the Certificate of Foreclosure Sale with the applicable Register of Deeds,
9 which registration shall in no case be more than three (3) months from the date of
10 foreclosure, whichever is earlier.

11 The Bank may take possession of the foreclosed property during the redemption period.
12 When the Bank takes possession during such period, it shall be entitled to the fruits of
13 the property with no obligation to account for them, the same being considered
14 compensation for the interest that would otherwise accrue on the account. Neither shall
15 the Bank be obliged to post a bond for the purpose of such possession.

16 **Sec. 19. Human Resource.** - The Board shall provide for an organization and staffing
17 pattern of officers and employees of the Bank and upon the recommendation of the
18 President.

19 All positions in the Bank shall be governed by the provisions of Republic Act No. 10149.

20 The Bank officers and employees, including all members of the Board, shall not engage
21 directly or indirectly in partisan political activities or take part in any election except to
22 vote.

23 No officer or employee of the Bank subject to Civil Service Law shall be dismissed except
24 as provided by law.

25 **Sec. 20. Environmental, Social, and Governance Principles.** - As an integral part
26 of the National Government, the Bank is inherently mandated to be socially responsible,
27 to act and operate as good corporate citizen. The Governing Board of the Bank shall
28 recognize and perform obligations that the Bank has towards the National Government,
29 its majority stockholder, as well as the minority stockholders when existing, together with
30 the employees, suppliers, customers and other stakeholders, and the communities in
31 which it operates.

32 **Sec. 21. Inhibition from Board Meeting of Members with Personal Interest.** -
33 Whenever any member attending a meeting of the Board, or any of his or her relatives
34 within the second civil degree of consanguinity or affinity has a personal or pecuniary
35 interest, directly or indirectly, in any matter in the agenda of the board meeting or in the
36 discussion or resolution of any given matter, said member shall disclose said interest to
37 the Board and shall not participate in the discussion or resolution of the matter and must
38 retire from the meeting during the deliberation thereon. The members of the Board

1 present in the meeting should still constitute a quorum despite the inhibition of the
2 subject member in any matter, discussion or resolution in the same meeting.

3 The minutes of the meeting, which shall note the subject matter, the fact that a member
4 had a personal interest in it, and the withdrawal of the member concerned, may be made
5 available to the public.

6 For this purpose, the members of the Board shall, at the beginning of their respective
7 terms, disclose to the Board any and all interests they may have in any corporation,
8 partnership, or association and shall, thereafter, disclose to the Board, any change
9 thereto.

10 **Sec. 22. Prohibition on Persons with Personal/Pecuniary Interest.**- No member
11 of the Board, officer, attorney, agent, or employee of the Bank shall in any manner,
12 directly or indirectly participate in the deliberation upon or the determination of any
13 question affecting his or her direct personal interest or that of relatives within the second
14 civil degree of consanguinity or affinity, or of any corporation, partnership, or association
15 in which the member, officer, attorney, agent, or employee has a direct interest. Any
16 person violating the provision of this section shall be removed from office and shall upon
17 conviction be penalized with a fine of not less than Fifty thousand pesos (Php 50,000.00)
18 but not more than Two million pesos (Php 2,000,000.00) or by imprisonment of not less
19 than two (2) years but not more than ten (10) years, or both at the discretion of the
20 court.

21 **Sec. 23. Borrowing by Directors, Officers and Employees; Restriction and**
22 **Limitation.** - No (1) director or officer or employee of the Bank; or (2) any corporation,
23 partnership, or company wherein any member of the Bank's Board of Directors, officer or
24 employee, or their relatives within the first civil degree of consanguinity or affinity is a
25 director, officer or controlling shareholder either directly or indirectly, for one's self or as
26 representative or agent of others, borrow any of the deposits of funds from the Bank,
27 nor shall he become a guarantor, or in any manner be an obligor for money borrowed
28 from the Bank or loaned by it: *Provided, That* this prohibition on loans to directors,
29 officers and employees shall not include loans allowed in the form of fringe benefits
30 granted in accordance with rules and regulations as may be prescribed by the Monetary
31 Board: *Provided, further,* That this prohibition shall not apply to loans to corporations
32 wherein the director, officer or employee of the Bank sits on the board of the borrower
33 corporation to represent the interest of the Bank.

34 **Sec. 24. Rules and Regulations on Conflict of Interest.** - The Board is hereby
35 authorized to issue rules and regulations for the purposes of determining and resolving
36 conflict of interest questions, which rules shall, in particular, include the requirement on
37 all officers and employees of the Bank to disclose any shareholdings they, or their
38 relatives within the second civil degree of consanguinity or affinity, may have in any

1 corporation, partnership, or company in excess of two percent (2%) of the equity of said
2 corporation, partnership, or company or in any related party transactions defined by the
3 Monetary Board of the BSP and the Board of the Bank.

4 **Sec. 25. Prohibition on Officers and Employees of the Bank.**- Except as required
5 by law, or upon order of a court of competent jurisdiction, or the express order of the
6 President of the Philippines or written permission of the client, no officer or employee of
7 the Bank shall reveal nor allow to be examined, inquired or looked into, by any third
8 person, government official, bureau or office any information relative to details of
9 individual accounts or specific banking transactions, condition or business of any of its
10 clients, or funds or properties in the custody of the Bank belonging to private individuals:
11 *Provided, That* in respect to deposits or whatever nature, the provisions of existing law
12 shall apply.

13
14 This prohibition shall not apply to the exchange of confidential credit information among
15 government financial institutions or among banks, in accordance with established banking
16 practices or as may be allowed by law.

17 **Sec. 26. Exaction of Fee, Commission, Gift or Charge.** - No unauthorized fee,
18 commission, gift, or charge of any kind shall be exacted, demanded, or paid, for obtaining
19 loans from the Bank, and any officer, employee, or agent of the Bank found guilty of
20 exacting, demanding, or receiving any fee services in obtaining any service or transaction
21 from the Bank, shall be penalized by a fine of not less than Fifty thousand pesos (Php
22 50,000.00) but not more than Two million pesos (Php 2,000,000.00), imprisonment for
23 not less than six (6) years and one (1) month but not more than fifteen (15) years, and
24 perpetual disqualification from public office and confiscation or forfeiture in favor of the
25 government of any prohibited interest and unexplained wealth.

26 **Sec. 27. Examination of the Bank.**- The Bank shall be subject to supervision and
27 examination by the appropriate department of the BSP. *Provided, That* in conducting the
28 said examination, the BSP shall duly consider the Bank's risk-taking activities in
29 furtherance of its mandate.

30 **Sec. 28. General Penal Provisions.**- Any director, officer or employee of the Bank
31 who violates, or permits any of the officers, employees or agents of said Bank or any
32 other person to violate, any of the provision of this Act not specifically punished in the
33 preceding sections and any person violating any provision of this Act or aiding and
34 abetting the violation thereof, shall be penalized with a fine not less than Fifty Thousand
35 pesos (Php 50,000.00) but not more than Two Million pesos (Php 2,000,000.00) or by
36 imprisonment for not less than two (2) years but not more than ten (10) years, or both,
37 at the discretion of the court.

1 **Sec. 29. Other Liability of Guilty Officer or Employee.**- Any member of the Board
2 or officer or employee of the Bank who willfully violates any of the provisions of this Act
3 shall, in addition to the criminal and administrative liability resulting from such act, be
4 held liable for any loss or injury suffered by the Bank as a result of such violation.

5 **Sec. 30. Liability of Directors, Officers or Partners of Offending Corporation or**
6 **Partnership.** - If the violation of the provisions of this Act is committed by a corporation
7 or partnership, the directors, officers or partners hereof who participated in the violation
8 shall be criminally liable for such violation.

9 **Sec. 31. Applicability of Banking Laws.**- The provisions of Republic Act No. 7653,
10 otherwise known as the "New Central Bank Act," as amended by Republic Act No. 11211,
11 Republic Act No. 8791, and other applicable banking laws, insofar as they are not in
12 conflict with any provision of this Act, shall apply to the Bank.

13 The penal provisions of Section 66 of Republic Act No. 8791, in relation to Sections 34,
14 35, 36 and 37 of Republic Act No. 7653, as amended by Republic Act No. 11211 shall be
15 applicable to directors, officers, employees and borrowers of the Bank.

16 **Sec. 32. Transitory Provision.** - Nothing in this Act shall operate to abolish the Bank
17 and affect the validity or legality of any right, duty, or obligation created by or in respect
18 of the Bank prior to the effectivity this Act.

19 Within one hundred eighty (180) days after the effectivity of this Act, the Bank is
20 authorized to reorganize and/or rationalize the Bank's organizational structure to attract
21 fresh and critical talents to join the Bank's workforce in response to dynamic industry
22 trends, incentivize early separation of tenured employees and those with medical
23 conditions who will be considered for retirement before the optional retirement age of
24 sixty (60) years old, and improve headcount management and succession planning,
25 subject to the provisions of Republic Act No. 10149 and applicable issuances by the GCG.

26 All those who shall retire from the service or are separated therefrom on account of the
27 reorganization of the Bank under the provisions of this Charter shall be entitled to all
28 gratuities and benefits provided for under existing laws and/or supplementary retirement
29 plans adopted by and effective in the Bank, subject to the provisions of Republic Act No.
30 10149 and applicable issuances by the GCG.

31 **Sec. 33. Control Over Subsidiaries and Dividends from Subsidiaries.**- The Bank,
32 thru its President and CEO, may temporarily appoint directors in cases where urgent
33 action is needed from the subsidiaries' board but the present number of directors does
34 not constitute a quorum.

1 Every subsidiary shall declare and remit at least fifty percent (50%) of its annual net
2 earnings as cash, stock or property dividends, without impairing its viability and the
3 purposes for which it has been established, to the Bank as the parent corporation:
4 Provided, further. That the percentage of annual net earnings that shall be declared by
5 such subsidiary may be adjusted by the President and CEO.

6 **Sec. 34. Transfer of Assets and Liabilities of the Development Bank of the**
7 **Philippines.-** The Bank shall transfer to the National Government its assets and liabilities
8 as may be necessary to commence its operations under this Act on a viable basis, as
9 determined by the appropriate authorities. Such assets to include, but need not be limited
10 to its acquired assets and non-performing accounts, and such liabilities, to include real as
11 well as contingent liabilities. The National Government is hereby authorized to accept the
12 same under terms and conditions as may be mutually acceptable to the Bank and the
13 National Government, and shall be subject to applicable laws, rules and regulations.

14 **Sec. 35. Maintenance, Care and Preservation of Assets Transferred to the**
15 **National Government.** The Bank is hereby authorized to enter into an agreement with
16 the National Government as transferee of assets from the Bank as herein provided, either
17 as an interim arrangement or otherwise and under such terms and conditions as may be
18 necessary to preserve, maintain and/or to dispose of such assets transferred to the
19 National Government.

20 **Sec. 36. Separability Clause.** If any provision of this Act is declared invalid or
21 unconstitutional, the remainder thereof not otherwise affected by shall remain in full force
22 and effect.

23 **Sec. 37. Repealing Clause.** Executive Order No. 81, as amended, is hereby repealed.
24 All other laws, presidential decrees, executive orders, letters of instruction, proclamations
25 or administrative regulations that are inconsistent with any of the provisions of this Act,
26 are hereby repealed, amended, or modified accordingly.

27 **Sec. 38. Effectivity.** This Act shall take effect after fifteen (15) days following its
28 publication in the *Official Gazette* or in a newspaper of general circulation.

29 Approved,