

# [ PRESIDENTIAL DECREE NO. 2030, February 04, 1986 ]

## PROVIDING FOR THE ORDERLY DISPOSITION OF CERTAIN ASSETS OF GOVERNMENT INSTITUTIONS

**WHEREAS**, the National Government, through the agency of various financial and other government institutions, has acquired or is otherwise the owner of a large number of assets in the industrial, manufacturing and commercial sectors of the economy which, as part of the economic recovery program adopted by the National Government, it has been deemed necessary and appropriate for the National Government to divest in a planned and orderly manner;

**WHEREAS**, as an integral part of this economic recovery program and in order to facilitate the reorganization of certain government financial institutions, it is necessary to relieve those institutions of assets which adversely affect their financial viability and liquidity, and for the National Government to take over such assets and to assume the related liabilities of those institutions;

**WHEREAS**, it is the desire of the National Government to realize on such assets within the shortest possible time and, to such end, to dispose of such assets generally on terms that would permit immediate substantial cash returns to the National Government;

**WHEREAS**, it is also the desire of the National Government to retain, to the extent consistent with the foregoing objectives, industrial and other property in the Philippines for operation by Philippine nationals;

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree as follows:

### ARTICLE I

#### The Asset Disposition Trust

**SECTION 1.** *Creation of the Trust*, (a) There is hereby created a body corporate to be known as the Asset Disposition Trust (herein referred to as the Trust) that shall, in trust for and for the benefit of the National Government, take title to, conserve and dispose of the assets described in and transferred to the Trust pursuant to Section 20 of this Decree.

(b) The capitalization of the Trust shall be One Hundred Million Pesos (P100,000,000.00), which shall be paid in by the National Government, chargeable against applicable appropriations in Batas Pambansa Blg. 879.

(c) The Trust shall have its principal place of business in Metropolitan Manila.

(d) The Trust shall be attached to the Ministry of Finance for policy and program coordination.

(e) The Trust shall exist for a period of six years from the date of this Decree, and all assets held by it, all moneys and other property belonging to it, and all its liabilities outstanding upon the expiry of such period shall revert to and be assumed by the National Government.

**SEC. 2. *Responsibilities and Objectives.*** It shall be the responsibility of the Trust to administer the orderly disposition of assets transferred to and held by it pursuant to this Decree on terms and conditions deemed by it to be in the best interest of the National Government and in the furtherance of the following objective:

To realize on assets held by the Trust as quickly as possible and, consistently therewith, to optimize the realizable values of such assets by (a) returning as many assets as possible to private sector ownership, structured so as to hold out realistic prospects of productivity and profitability; (b) rationalizing capacity, productivity, employment and like matters in the various sectors of the economy represented by such assets; and (c) liquidating those assets which show no prospect of becoming viable.

**SEC. 3. *Proceeds of Realizations.*** All proceeds from the sale or other disposition of assets held by the Trust shall form part of the General Fund of the National Government and be remitted by the Trust to the National Treasury immediately upon receipt of such proceeds; *provided, however*, that the Trust shall be entitled to retain such portion of the proceeds as may be necessary to maintain a revolving fund to be utilized for the payment of the fees and reimbursable expenses of the Asset Management Corporation and other external agencies referred to in Sections 14 and 16 hereof, and meeting the costs and expenses incurred by the Trust in the conservation and disposition of assets held by it, or otherwise in the performance of its responsibilities under this Decree.

**SEC. 4. *Corporate Powers.*** The Trust is hereby authorized to adopt, alter and use a corporate seal which shall be judicially noticed; to make contracts; to lease or own real and personal property of any kind, and to sell or otherwise dispose of the same; to sue and be sued; to borrow money and incur such liabilities as may be reasonable necessary to permit it to carry out the responsibilities imposed upon it under this Decree; to receive and collect interest, rent and other income from assets held by it and to possess and exercise in respect of such assets all rights, powers and privileges of ownership; to compromise and release claims or settled liabilities, and otherwise to do and perform any and all things that may be necessary or, proper to carry out the purposes of this Decree; *provided*, that any borrowing by the Trust shall be subject to the prior approval of the Ministry of Finance; and *provided*, that in the performance of its functions under this Decree, the Trust shall not itself directly undertake the conservation and disposition of the assets held by it under this Decree, or the management of marketing thereof, but for such purposes shall employ the Asset Management corporation and the other external agencies referred to in Sections 14 and 16 hereof.

**SEC. 5. *Exemption from Taxation.*** The provisions of any law to the contrary notwithstanding, the Trust and all assets held by it under this Decree shall be exempt from all income and other taxes, fees, charges, imposts, duties and assessments imposed by the National Government or any provincial, municipal or city government or any subdivision or authority thereof or therein, including but not limited to stock transfer taxes, capital gains taxes and registration fees.

## ARTICLES II Board of Trustees

**SEC. 6. *Board of Trustees.*** The powers and functions of the Trust shall be exercised by a Board of Trustees, which shall be composed of five members, as follows:

(i) the Minister of Finance, who shall be Chairman of the Board of Trustees and who, if unable to attend a meeting, shall designate a Deputy Minister to attend as his alternate;

(ii) the Director-General of the National Economic and Development Authority, who, if unable to attend a meeting, shall designate a Deputy Director-General of the Authority to act as his alternate;

(iii) the Director-General of the Office of Budget and Management, who, if unable to attend a meeting shall designate the Deputy Director-General of the office to act as his alternate; and

(iv) two members from the private sector to be appointed by the President of the Philippines and who shall serve for the period specified in Section 1 (e).

**SEC. 7. Qualifications.** person shall be appointed member of the Board of Trustees unless he is of good moral character, of unquestionable integrity and responsibility and of recognized business competence. No director, officer, consultant or stockholder of corporations constituting or having an interest in assets held by the Trust and no director or officer of a government institution from whom such assets are to be acquired by the Trust pursuant to this Decree may be appointed members of the Board of their alternates shall not sit on the board of directors or otherwise participate in the direct management of corporations constituting assets transferred to the Trust.

**SEC. 8. Vacancies, (a)** *The President of the Philippines may remove any member of the Board of Trustees if the member is guilty of acts that are fraudulent, unlawful or manifestly opposed to the purposes of this Decree or if the member ceases to be qualified to become a member of the Board of Trustees under Section 7 of this Decree.*

*(b) Any vacancy in the Board of Trustees created by the death, resignation or removal of a member from the private sector shall be filled by the appointment by the President of the Philippines of a new member, who shall serve for the unexpired portion of the term of the previous member.*

**SEC. 9. Meetings.** *The Board of Trustees shall meet as frequently as is necessary to discharge its responsibilities, but shall meet at least once every two months. The presence of three members shall constitute a quorum, and the concurrence of three members during a meeting at which a quorum is present shall be necessary for any decision by the Board of Trustees*

**SEC. 10. Per Diems.** *Each member of the Board of Trustees or his alternate shall receive a per diem of one thousand pesos (P10,000.00) for every meeting attended; provided, that each member and his alternate shall not in the aggregate receive more than five thousand pesos in any single month; and provided, further that the President of the Philippines may from time to time to adjust the amount 01 per diems and the maximum aggregate amount payable to each member and his alternate as the President may in his discretion deem appropriate.*

**SEC. 11. Exercise of Authority.** *In the exercise of the authority granted to it under this Decree, the Board of Trustee shall:*

*(i) issue such internal rules and regulations as the Board of Trustees may deem necessary or convenient for the proper discharge of its functions;*

*(ii) enter into management and such other contracts as may be appropriate with the Asset Management Corporation and the other external agencies referred to in Section 14 and 16 hereof on such terms and conditions as the Board of Trustees may deem to be in the best interest of the National Government;*

*(iii) make available for disbursement by the Asset Management Corporation and such other external agencies such funds as may be mutually agreed upon as necessary for working capital or capital expenditures for the purpose of preserving, maintaining and putting into marketable condition the assets of the Trust; and*

*(iv) appoint, remove and fix the remuneration of personnel of the Trust: provided, that the Trust shall not hire and maintain its own personnel except to the extent deemed by the Board of Trustees to be absolutely necessary for the discharge of its responsibilities and only with the prior approval of the Minister of Finance, and, as far as practicable, shall avail itself of the services of the personnel seconded or detailed from other government offices.*

**SEC. 12.** *Legal Counsel.* The Minister of Justice shall be the ex officio legal adviser to the Trust, provided, that the Trust may engage the services of external legal counsel.

**SEC. 13.** *Liability.* Any member of the Board of Trustees or employee of the Trust who wilfully violates this Decree or who is guilty of gross negligence in the performance of his duties or who shall disclose information of a confidential nature concerning the operation of the Trust or use such information for personal gain or to the parties, shall be held liable for any loss or injury suffered or detriment of the National Government, the Trust or third by the National Government or the Trust as a result thereof, without prejudice to the application of such penalties and sanctions as may be imposed under applicable law.

### ARTICLE III

#### The Asset Management Corporation

**SEC. 14.** *Creation,* (a) The National Government through the National Development Company shall and is hereby authorized to organize under the provisions of the Corporation Code an asset management corporation (herein referred to as the Asset Management Corporation) to perform the functions contemplated in this Decree, and to subscribe to and hold up to fifty percent (50%) of the authorized capital stock of the Asset Management Corporation.

*(b) The National Government, through the Minister of Finance, shall invite and arrange for the investment in the remaining equity of the Asset Management Corporation by an international financial institution or institutions of which the Philippines is a member and by other appropriate investors, whether foreign or domestic, such investments to be made on terms that shall be mutually agreed between such institution or institutions and the National Government.*