

[**PRESIDENTIAL DECREE NO. 1940, June 27, 1984**]

FURTHER AMENDING REPUBLIC ACT NUMBERED THREE THOUSAND FIVE HUNDRED NINETY-ONE, AS AMENDED, ENTITLED "AN ACT ESTABLISHING THE PHILIPPINE DEPOSIT INSURANCE CORPORATION, DEFINING THE POWERS AND DUTIES AND FOR OTHER PURPOSES."

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